



**Financial Futures Committee
January 28, 2016
6:30 pm, Mac Bernd Professional Development Center**

WELCOME & OPENING REMARKS FROM BOARD MEMBERS.....Dr. Aaron Reich
John Hibbs
Kristen Hudson
AISD Board Community Engagement Committee

COMMITTEE INTRODUCTIONS.....David Wilbanks
FFC Chairperson

CHARGE TO FINANCIAL FUTURES COMMITTEE.....David Wilbanks

2016-2021 STRATEGIC PLANDr. Marcelo Cavazos
Superintendent of Schools

DRAFT COMMITTEE NORMS.....David Wilbanks

BUDGET OVERVIEW.....Cindy Powell
Chief Financial Officer

BUDGET PARAMETERS.....Cindy Powell

STATE FUNDING SYSTEM.....Cindy Powell


BUDGET FORECAST.....Cindy Powell

2016-17 BUDGET.....Cindy Powell


ENROLLMENT & SPECIAL POPULATION PROJECTIONS.....Cindy Powell

DISTRICT PROFILE & SELECT COMPARISON DATA.....Cindy Powell

CLOSING THOUGHTS.....David Wilbanks




Financial Futures Committee
January 28, 2016




Opening Remarks

AISD Trustees
Dr. Aaron Reich
John Hibbs
Kristen Hudson

Superintendent
Dr. Marcelo Cavazos




Charge to 2016-17 FFC
David Wilbanks, FFC Chairperson




FFC Charge

- Gather external and internal data on issues relating to Texas public education, including school finance and accountability, to understand how those issues affect AISD's general operating budget.
- Review the 2016-2021 strategic plan to understand the impact that the strategic plan may have on the general operating budget.
- Review the current general operating budget to gain an understanding of cost drivers.




FFC Charge

- Review each of the following in order to assess the impact that each item has on the 2016-17 general operating budget and provide input on each, as appropriate:
 - Academic Services priorities and operational efficiency priorities presented to the Committee by the District.
 - Current staffing methods in relation to state education law and current administration protocol
 - Compensation and benefits, including available salary market information, health insurance and wellness plan
 - Operating costs associated with bond projects that will be completed prior to or during the 2016-17 fiscal year




FFC Charge

- Formalize recommendations for the 2016-17 budget, as appropriate, including possible additions, reductions or deletions to the budget. **Recommendations should be aligned with the strategic plan, priorities and budget considerations presented by Administration and should consider operational efficiencies.** Committee may recommend that budget items/initiatives be: (1) deferred to a future year budget or possible future bond election, (2) eliminated, or (3) outsourced.




FFC Charge

- Report advisory, consensus recommendations to the administration and Board regarding the 2016-17 AISD budget at the Board meeting on April 21, 2016.



FFC Charge
Committee Member Attendance

- Committee members shall miss no more than two Committee meetings to be eligible to vote on recommendations compiled by the Committee.
- A majority of the Committee membership must be present at scheduled meetings in order for the Committee to vote. If less than a majority of the Committee membership is present, they shall meet but not vote.



2016-21 Strategic Plan
Achieve Today. Excel Tomorrow.
Dr. Marcelo Cavazos


 **We Believe:**


- Our success depends upon
 - A commitment by all to a clear and focused vision
 - Effective teaching and leadership
 - A positive culture that promotes continuous improvement by all
 - An engaged community
- Our students can excel




 **Vision**


- The AISD will be a premier school district and a leader in education.




 **Mission**


- The mission of the Arlington Independent School District is to empower and engage all students to be contributing, responsible citizens striving for their maximum potential through relevant, innovative and rigorous learning experiences.



 **Goal**


- 100% of AISD students will graduate exceptionally prepared for college, career and citizenship



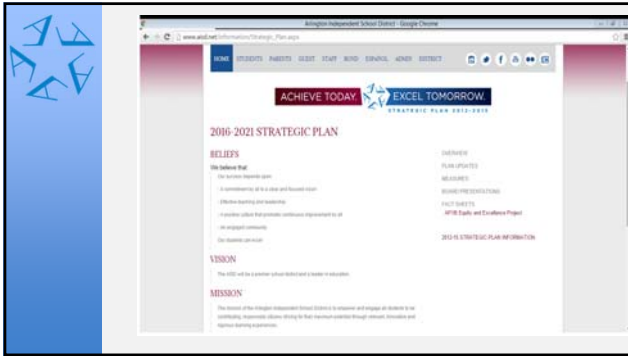
 **Performance Objective Categories**

- Academic Achievement
- College Readiness
- Workforce Readiness
- Leadership, Citizenship and Responsibility



 **Next Steps**


- Roll out approved plan
- Design activities to meet identified strategies
- Define progress measures and establish reporting schedule
- Allocate resources to support identified activities and progress measures



FFC Overview	
Meeting Date	Topic
January 28, 2016	Draft Committee Norms 2015-16 Budget Overview School Finance System School Finance Lawsuit Enrollment Projections
February 9, 2016	Vote on Committee Norms Operating Costs Related to Bond Projects Operations Group Discussions
February 23, 2016	Strategic Plan Performance Data Academic Services Priorities
March 8, 2016	Group Discussions on Academic Services Priorities
March 22, 2016	Staffing Compensation Group Discussions
April 5, 2016	Develop Recommendations


Draft Committee Norms

David Wilbanks, FFC Chairperson



Budget Overview


Cindy Powell, Chief Financial Officer



Budget Preparation Timeline

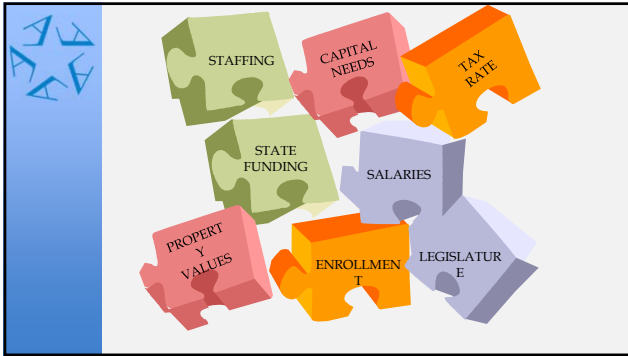
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Planning										
Enrollment Projections										
Legislative Session										
Budget Prep (Schools/Depts.)										
Staffing										
Financial Futures Committee										
Budget Reviews										
Payroll Budget Prep										
Revenue Estimates										
Board										
Discussion/Hearings/Action										
Receive Certified Prop Values										
Adopt Property Tax Rate										

AISD Fiscal Year: July 1 – June 30



Who's Involved

- Campuses
 - Teachers/Secretary/Principal
 - Site-Based Team
- Human Resources Department
- Department Administrators
 - Academic Services/Operations/Technology
- Budget & Finance Administrators
- Superintendent & Executive Staff
- DIDC
- Financial Futures Committee (Citizens Committee)
- Public
- Board of Trustees



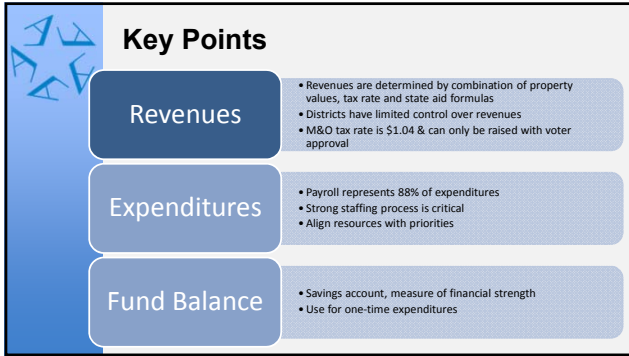
Keys to Success

- Prioritize needs
- Return on investment
- Staffing
 - Set formulas & stick with them
 - Equity
- Community input
- Conservative estimates
- Operational efficiencies



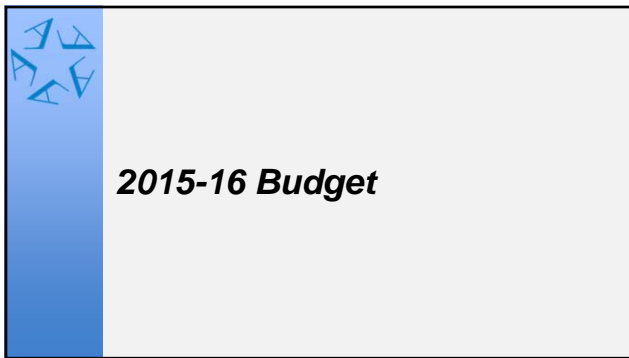
Budget Parameters
Board Policy CE(LOCAL)

- Target resources to support achievement growth
- Competitive compensation
- Staffing ratios approved before staffing process begins
- Balanced budget with limited use of fund balance
- Prioritize budget reductions with least negative impact on classroom

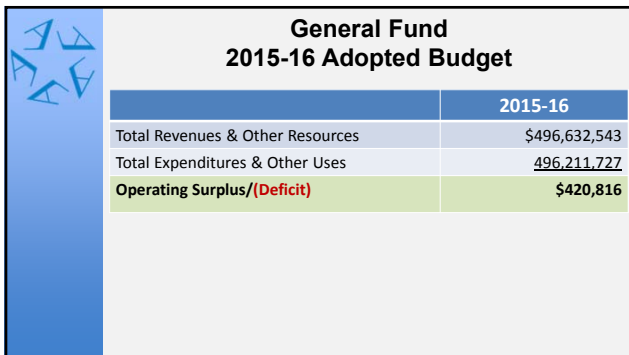


Key Points

- Revenues**
 - Revenues are determined by combination of property values, tax rate and state aid formulas
 - Districts have limited control over revenues
 - M&O tax rate is \$1.04 & can only be raised with voter approval
- Expenditures**
 - Payroll represents 88% of expenditures
 - Strong staffing process is critical
 - Align resources with priorities
- Fund Balance**
 - Savings account, measure of financial strength
 - Use for one-time expenditures



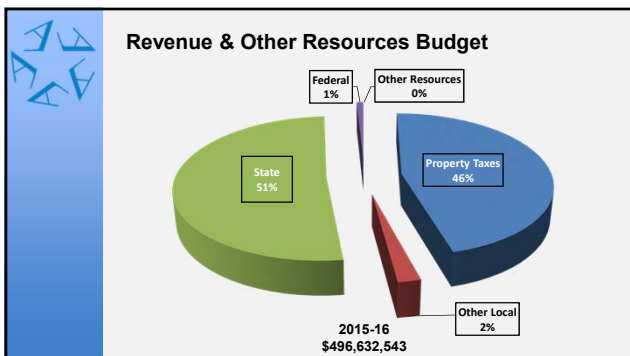
2015-16 Budget



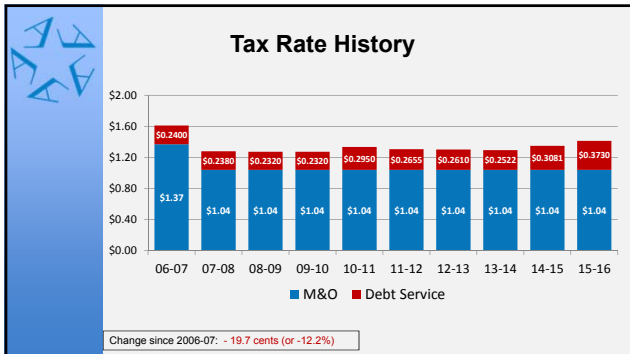
**General Fund
2015-16 Adopted Budget**

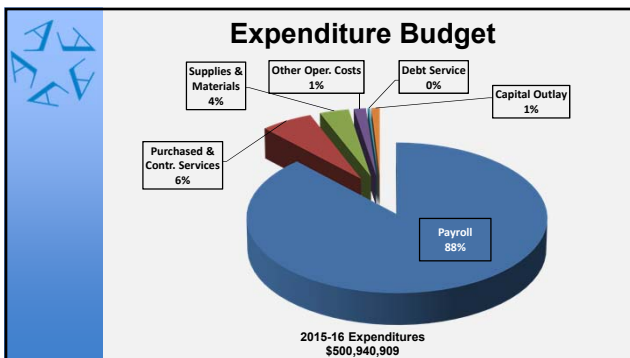
	2015-16
Total Revenues & Other Resources	\$496,632,543
Total Expenditures & Other Uses	<u>496,211,727</u>
Operating Surplus/(Deficit)	\$420,816

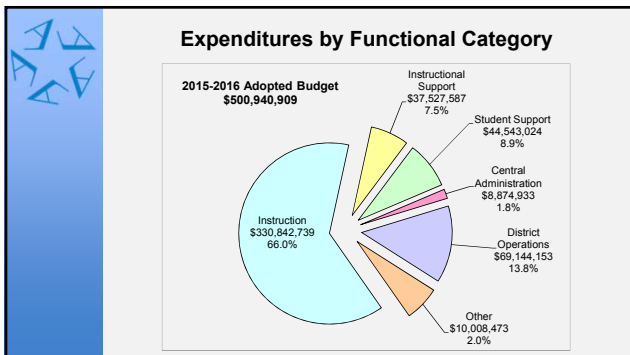
General Fund 2015-16 Adopted Budget	
	2015-16
Total Revenues & Other Resources	\$496,632,543
Total Expenditures & Other Uses	<u>496,211,727</u>
Operating Surplus/(Deficit)	\$420,816
Cost to Construct New Elem School <i>(from surplus fund balance)</i>	<u>\$4,729,182</u>
Net Surplus/Deficit	(\$4,308,366)
Projected Beginning Fund Balance	\$188,763,103
Projected Ending Fund Balance	\$184,454,737




Tax Rate	
	2015-16
Maintenance & Operations	\$1.040000
Debt Service	<u>\$0.372952</u>
Total Tax Rate	\$1.412952










 **General Fund Highlights**

- 3% salary increase
- 121 new positions:
 - Teachers for ACHS, fine arts/dual language academies, change in 6th grade staffing ratio, STEM Academy, dyslexia program
 - Staff for new Patrick Elementary
 - Professional: teacher support interventionists, behavior support interventionists, APs, professional learning coordinator, fine arts specialist, instructional technology coordinator, network & server specialists, communications specialist, diagnostician
 - Admin Support & Educational Aides: STEM Lab Managers, TAs, ARD & SHARS clerks, Jones Academy clerk, operations clerk, Academic Services secretaries, professional development records clerk
 - Auxiliary: Maintenance, bus drivers and campus security officers

 **General Fund Highlights**

- Increases in substitute and extra-duty rates approved by the Board on May 21st
- Budget reflects Academic Services priorities
 - Quality Tier I Instruction
 - College & Career Readiness
 - Inclusive Education
 - Bond Initiatives

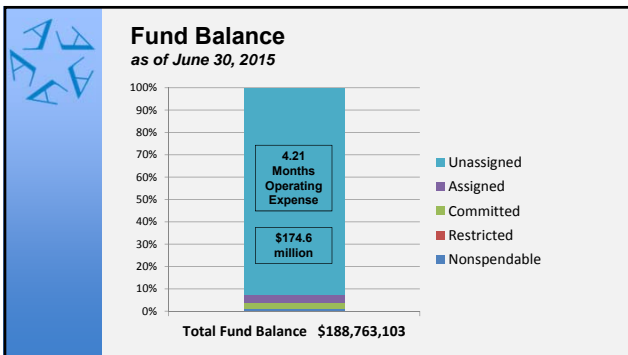


 **General Fund Highlights**

- Impact of Bond Program on General Fund Operating Costs
 - Net reduction in operating cost of \$1 million for 2015-16
 - Closing Hutcheson and Ferguson Jr. Highs
 - Additional utility costs at Workman Jr. High

General Fund 2015-16 Adopted Budget (in millions)	
	2015-16
Beginning Fund Balance	\$188.8
Revenues	\$496.6
Expenditures	<u>\$500.9</u>
Operating Surplus/Deficit	(\$4.3)
Ending Fund Balance	\$184.5

- ### Fund Balance
- Fund balance is similar to a savings account
 - It is the cumulative sum of actual year-end surpluses and deficits over the years
 - Fund balance provides cash during times when the district has deficit cash flow (e.g., in fall before tax collections begin)
 - General rule of thumb – only use fund balance for one-time costs
 - Credit rating agencies want an entity to have at least 2 months of operating expense in unassigned fund balance






Fund Balance Commitment

- On Nov. 5th, the Board of Trustees committed \$17.1 million of surplus fund balance for classroom additions and renovations at Sam Houston High School.




State Funding System




State Funding System

- Two sources of revenue for all Texas school districts
 - Property Taxes
 - State Aid
- Property values help determine state aid
 - The higher your property values, the less state aid you receive and vice-versa




State Funding System


- State funding formulas – series of formulas that use:
 - Prior year property values
 - Current year tax rate & tax collections
 - Cost of Education Index
 - Average Daily Attendance
 - Special program participation (e.g., special education, career & technology, bilingual/esl, gifted/talented, high school allotment, state compensatory education)



School Finance System


- Maximum M&O tax rate permitted by state law is \$1.17
- Most districts have an M&O rate of \$1.04
- Any increase above \$1.04 must be approved by voters through a tax ratification election
- Legislature cut education funding by \$5.4 billion in 2011
- Funds restored by Legislature since 2011:
 - 2013: \$3.4 billion
 - 2015: \$1.5 billion





School Finance Lawsuit

- Five plaintiff groups (representing more than 600 school districts) & one intervener sued state
 - Lawsuits filed in fall 2011
- Final District Court Ruling on Aug. 28th
 - School Funding System Unconstitutional:
 - Inadequate
 - Arbitrary
 - Unsuitable
 - Inequitable
 - Fails "meaningful discretion" test



School Finance Lawsuit

- State has appealed that ruling to the State Supreme Court
- Oral arguments held on September 1st
- Final ruling expected after March 2016 primaries
- Possible special session to address court ruling:
 - Summer 2016
 - Depends on nature of the ruling and any deadlines set by court

Multi-Year Budget Forecast (in millions)

Including Use of Surplus Fund Balance for SHHS Master Plan

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Projected 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20
Beg. Fund Bal.	156.3	188.8	188.8	188.8	185.5	162.8	153.7	145.6
Revenues/Oth. Res	489.1	498.2	496.6	492.2	487.9	492.6	491.5	489.2
Expend/Oth. Uses	456.6	498.2	500.9	495.5	510.6	501.7	499.6	499.9
Surplus/(Deficit)	32.5	0.0	(4.3)*	(3.3)*	(22.7)**	(9.1)**	(8.1)	(10.7)
Ending Fund Bal.	188.8	188.8	184.5	185.5	162.8	153.7	145.6	134.9

ASSUMPTIONS:
 Property Value Growth: 3% 2016-17; 3.5% 2017-18;
 3.0% 2018-19; 2.5% 2019-20
 M&O Tax Rate: No change
 Enrollment: Flat to 25% decrease/year
 State Funding: No change in formulas after 2015-16
 New TRS mandate beginning 2014-15 with state offset; no state offset after 2014-15 (impact is \$4 million)

Salary Increases : None after 2015-16
 Strategic Plan One-Time Costs: None after 14-15
 Includes operating costs for new facilities at scheduled openings

* 2015-16 deficit is the result of constructing a new elementary school from surplus fund balance.
 ** 2016-17 & 2017-18 deficits include planned use of surplus fund balance to construct classroom addition, new cafeteria, new kitchen at SHHS.
 All Forecast Years: Changes that will impact budget include enrollment growth, property value growth, legislative actions

Revised: Oct. 21, 2015




2016-17 Budget



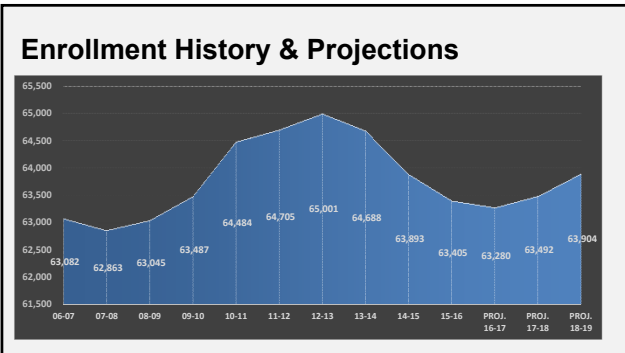
2016-17 Considerations

- Opening two new elementary schools
- Opening six multi-purpose activity centers
- Enrollment projections & special program participation
- Competitive compensation
- Strategic Plan – Year 1 activities
- Elementary Gifted/Talented program
- Academic Services priorities



2016-17 Enrollment Projection

	2015-16 Enrollment	2016-17 Projected Enrollment	Increase/ (Decrease)
Total	63,405	63,280	(125)

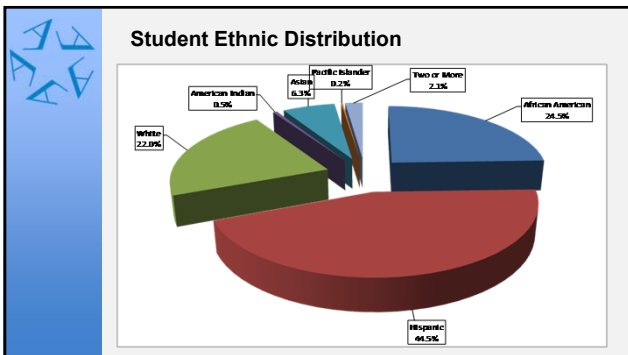


District Profile & Select Comparison Data

Student Data

	AISD	STATE
Total Students (membership)	63,814	5,215,282
Ethnic Distribution		
African American	24.5%	12.6%
Hispanic	44.5%	52.0%
White	22.0%	28.9%
American Indian	0.5%	0.4%
Asian	6.3%	3.9%
Pacific Islander	0.2%	0.1%
Two or More Races	2.1%	2.0%
Economically Disadvantaged	68.2%	58.8%
English Language Learners (ELL)	26.4%	18.2%
At-Risk	64.5%	51.2%

Source: 2014-15 Texas Academic Performance Report & Standard Reports published by TEA



Staff Data (all funds)

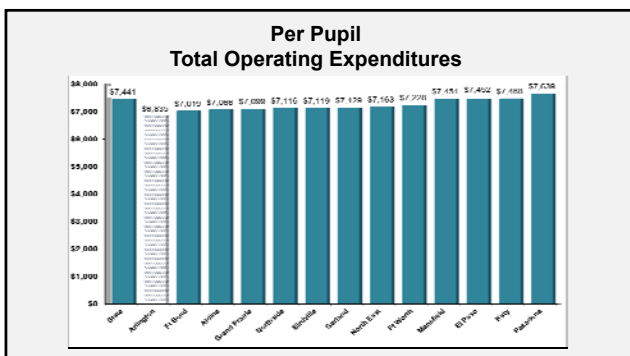
	AIJD	STATE
Total Staff	8,064	673,140
Teachers	50.7%	50.8%
Professional Support	10.6%	9.7%
Campus Administration	2.5%	2.9%
Central Administration	0.6%	1.0%
Educational Aides	10.1%	9.6%
Auxiliary Staff	25.6%	25.9%
Students per Teacher	15.6	15.2
Avg. Years Experience of Teachers	11.4	11.0
Avg. Years Experience of Teacher w/District	8.8	7.5
Instructional Staff Percentage	66.3%	64.6%

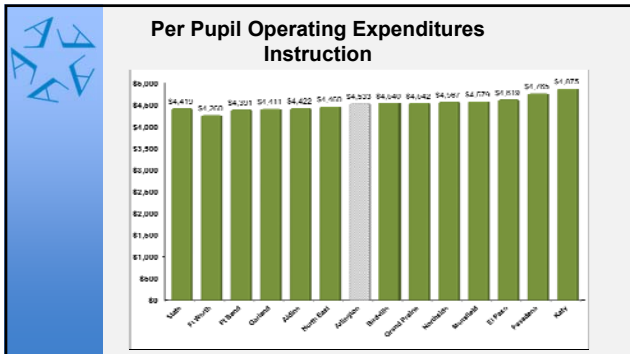
Source: 2014-15 Texas Academic Performance Report published by TEA

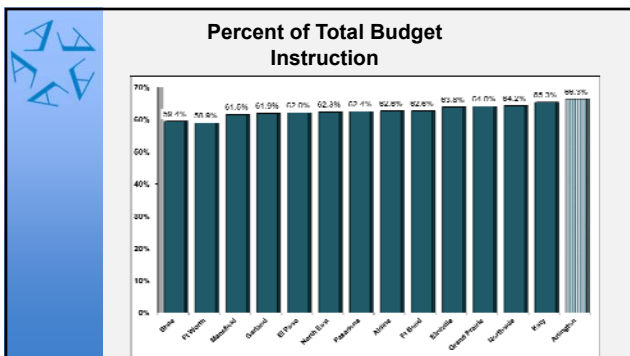
Class Size Information

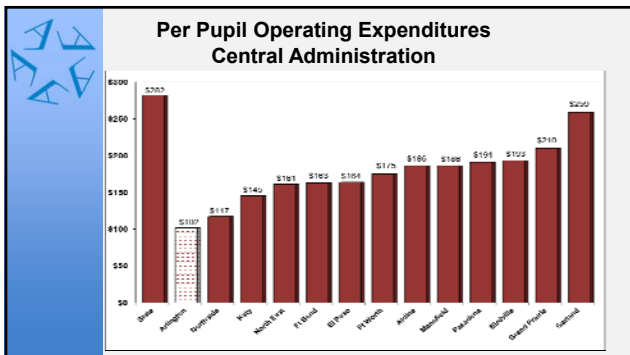
Grade	AIJD	State
Kindergarten	18.3	19.2
Grade 1	18.8	19.3
Grade 2	18.6	19.3
Grade 3	18.5	19.1
Grade 4	19.0	19.1
Grade 5	22.0	20.8
Grade 6	24.5	20.3

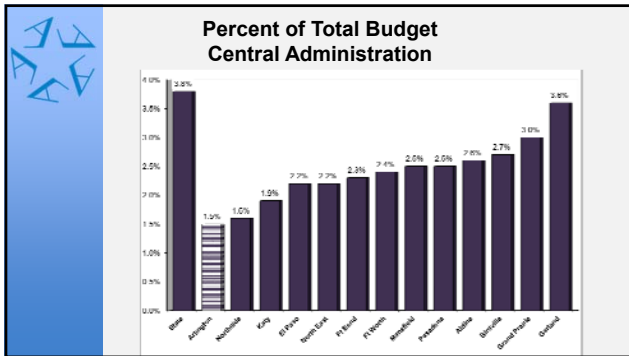
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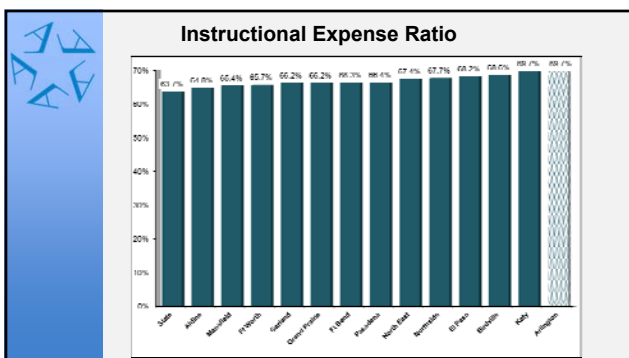












Questions?
