



Arlington
INDEPENDENT SCHOOL DISTRICT
More Than a Remarkable Education

**Financial Futures Committee
March 28, 2017
6:30 pm, Mac Bernd Professional Development Center**

WELCOME & OPENING REMARKS FROM BOARD MEMBERS.....	John Hibbs Bowie Hogg Polly Walton AISD Board Finance Committee
OPENING REMARKS FROM SUPERINTENDENT.....	Dr. Marcelo Cavazos Superintendent
COMMITTEE INTRODUCTIONS.....	David Wilbanks FFC Chairperson
CHARGE TO FINANCIAL FUTURES COMMITTEE.....	David Wilbanks
FFC FRAMEWORK.....	Cindy Powell Chief Financial Officer
FFC MEETING SCHEDULE.....	David Wilbanks Cindy Powell
2016-2021 STRATEGIC PLAN	Cindy Powell
BUDGET PROCESS.....	Cindy Powell
2016-17 BUDGET	Cindy Powell
FUND BALANCE.....	Cindy Powell
CLOSING THOUGHTS.....	David Wilbanks



Financial Futures Committee

March 28, 2017



Opening Remarks

Board Finance & Academics Committee

John Hibbs

Bowie Hogg

Polly Walton

Superintendent

Dr. Marcelo Cavazos



Charge to FFC

David Wilbanks, FFC Chairperson



FFC Purpose

- to provide findings and recommendations from community stakeholders to the Board of Trustees (“Board”) relating to ***budgets and long-range financial planning*** to support the District’s Strategic Plan.



FFC Charge

- Review external and internal data on issues relating to Texas public education, including the school finance and accountability systems and Texas bond election laws, to understand how those issues affect AISD's budget, tax rates and long-range financial planning.
- Review the District's *strategic plan* to understand the impact that the strategic plan may have on the budget, tax rates and long-range financial planning.
- Review the current general operating budget to gain an understanding of cost drivers and financial trends.



FFC Charge

- Review data including, but not limited to, the following topics in order to assess the impact on AISD budgets and provide input, as appropriate:
 - Enrollment trends and projections
 - Property value trends and projections
 - Academic Services priorities and operational efficiency priorities presented to the Committee by the AISD administration
 - 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



FFC Charge

- Formalize recommendations for the ***budget and long-range financial plans*** as appropriate to support the District's strategic plan, including possible additions, reductions or deletions to the budget. Recommendations should be aligned with the strategic plan, priorities and budget considerations presented by AISD administration and should consider operational efficiencies. The 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

- Present advisory, consensus reports and recommendations to the administration and Board ***annually or more frequently, if necessary***, regarding the AISD budget and long-range financial plans.



FFC Charge

Committee Member Attendance

- Committee members ***shall miss no more than two Committee meetings in any calendar year*** (not including subcommittee meetings) to remain a member of the Committee.
- Any member who misses three Committee meetings in any calendar year will be removed from the Committee, and the Board may appoint an alternate to that vacant position.



FFC Charge

Committee Member Attendance

- Two-thirds of the Committee membership must be present at scheduled meetings in order for the Committee to vote. If less than two-thirds of the Committee membership is present, they shall meet but not vote.
- All decisions of the Committee shall be made by majority vote of those in attendance who are eligible to vote.



FFC Framework

Cindy Powell, Chief Financial Officer



Background

- Financial Futures Committee (FFC) was established in 1992
 - Original name: Citizens Budget Review Committee
- FFC provides community input to the Board regarding the budget
- Board approves a charge to the FFC annually
- FFC charge has varied over the years
 - Focus has primarily been on the upcoming General Fund budget



Strategic Plan

- AISD's strategic plan sets forth priorities and annual strategies
 - Strategic Plan was developed with community input
- District work and budgets supporting the work have evolved to strictly reflect the strategic plan
- Because the strategic plan specifically sets forth District priorities, there is less need for community focus on the annual operating budgets



Opportunity

Focus FFC work on long-range financial planning



Example FFC Topics

- Enrollment trends
- Staffing
- Strategic plan activities
- Compensation
- Tax rates
- Facility capacities
- Fund balance
- Operational efficiencies



Committee Terms

- Staggered two-year terms
- In initial year, 9 individuals are appointed to one-year terms and 9 individuals are appointed to two-year terms
 - Sets up the staggered terms



FFC Operations

- Approximately six meetings per year
- Report to Board annually or more frequently, as necessary
- Board appoints committee chairperson
- Board Finance & Academics Committee will serve as Board liaisons to the FFC



FFC Schedule & Topics Overview

Meeting Date	Topic
March 28, 2017	FFC Charge Context Around FFC Work Strategic Plan Overview Budget Process 2016-17 Budget Budget Parameters
April XX, 2017	Property Values State Funding System 2017 Legislative Agenda
May XX, 2017	District Profile/Comparison Data 2017-18 Budget Development Update Strategic Plan Strategies & Activities for 2017-18

Note: FFC agendas may be adjusted as appropriate to address current issues.



FFC Schedule & Topics Overview

Meeting Date	Topic
August XX, 2017	State Accountability System Overview District of Innovation Committee Discussions
October XX, 2017	Enrollment Trends & Projections Staffing Process Class Size Compensation & Benefits New Position Request Process Committee Discussions
December XX, 2017	Strategic Plan Strategies & Activities for 2018-19 2016-17 Audit Report Committee Discussions

Note: FFC agendas may be adjusted as appropriate to address current issues.



2016-21 Strategic Plan
Achieve Today. Excel Tomorrow.
Cindy Powell, Chief Financial Officer



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



Budget Process

Cindy Powell, Chief Financial Officer



Fiscal Year

July 1 – June 30



Budget Preparation Timeline

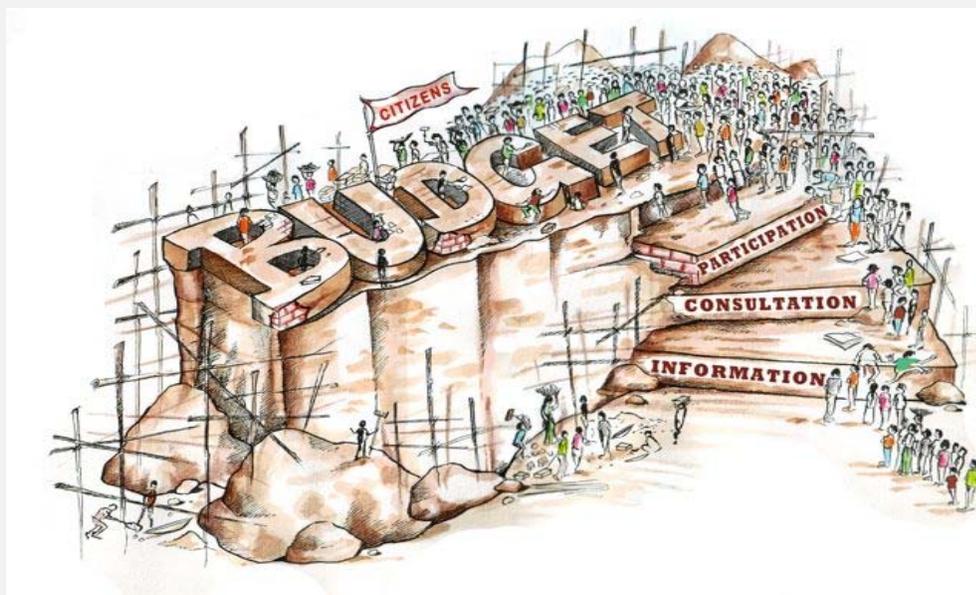
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Planning	█	█								
Enrollment Projections		█								
Legislative Session			█	█	█	█	█			
Budget Prep (Schools/Depts.)			█	█						
Staffing/New Position Requests				█	█	█				
Budget Reviews				█	█					
Payroll Budget Prep						█	█			
Revenue Estimates							█	█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

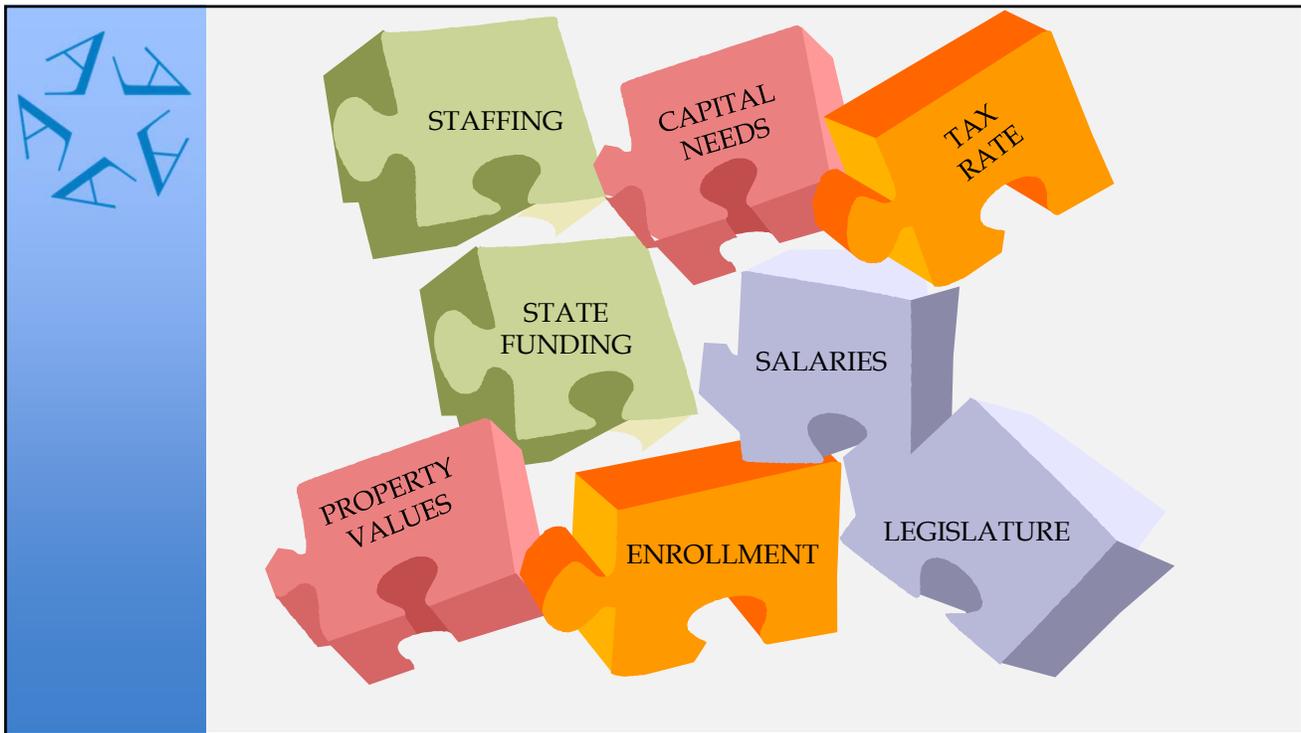
AISD Fiscal Year: July 1 – June 30



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





Key Considerations

- Legislative Mandates & Funding
- Demographics
 - enrollment & program participation
- Strategic Plan Priorities
- Student Performance
- Competitive Compensation
- Capital Needs
- Inflation
- Property Values



Academic Priorities

- Multi-year timelines in alignment with strategic planning
- Provide Focus
- Promotes quality implementation
- Supportive of professional learning
- Data-driven



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



2016-17 Budget



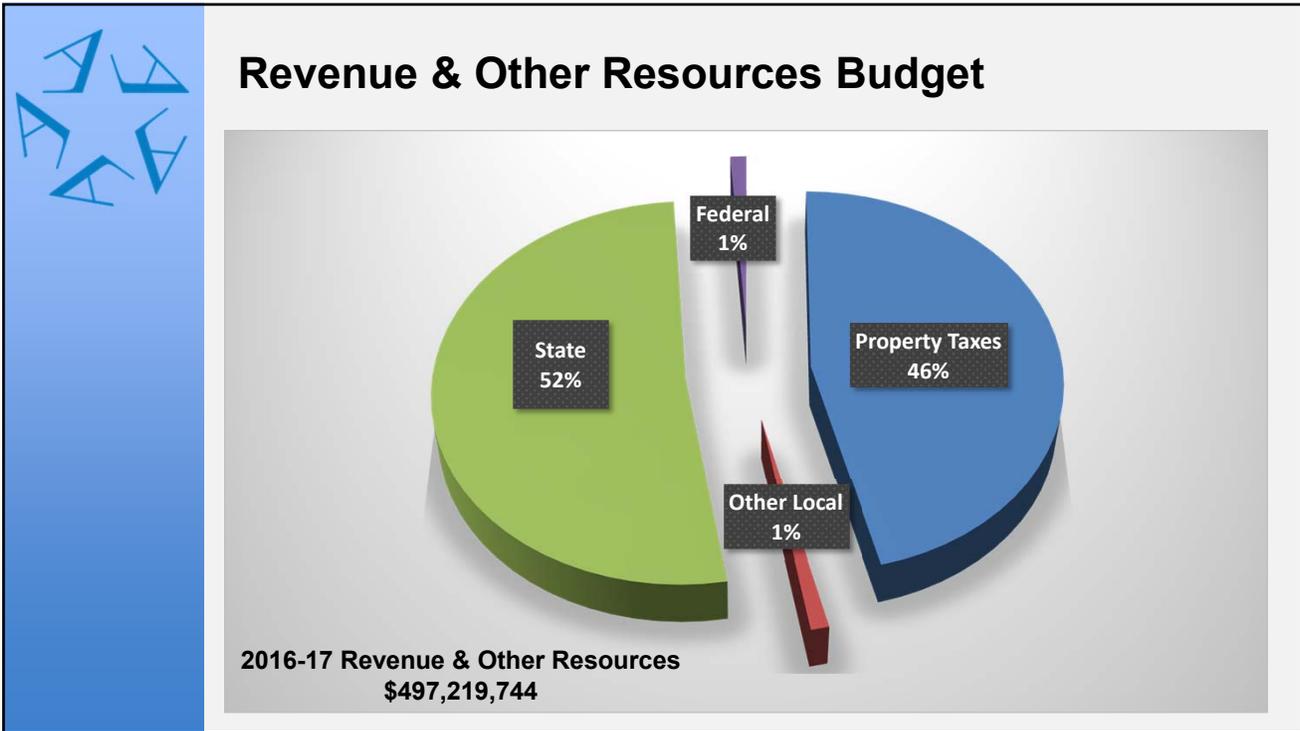
General Fund 2016-17 Adopted Budget

	2015-16
Total Revenues & Other Resources	\$497,219,744
Total Operating Expenditures & Other Uses	<u>511,854,280</u>
Operating Surplus/(Deficit)	(\$14,634,536)



General Fund 2016-17 Adopted Budget

	2015-16
Total Revenues & Other Resources	\$497,219,744
Total Operating Expenditures & Other Uses	<u>511,854,280</u>
Operating Surplus/(Deficit)	(\$14,634,536)
Cost to Construct SHHS 9 th Grade Center <i>(from surplus fund balance)</i>	<u>\$17,100,000</u>
Net Surplus/Deficit	(\$31,734,536)
Beginning Fund Balance	\$204,724,888
Ending Fund Balance	\$172,990,352

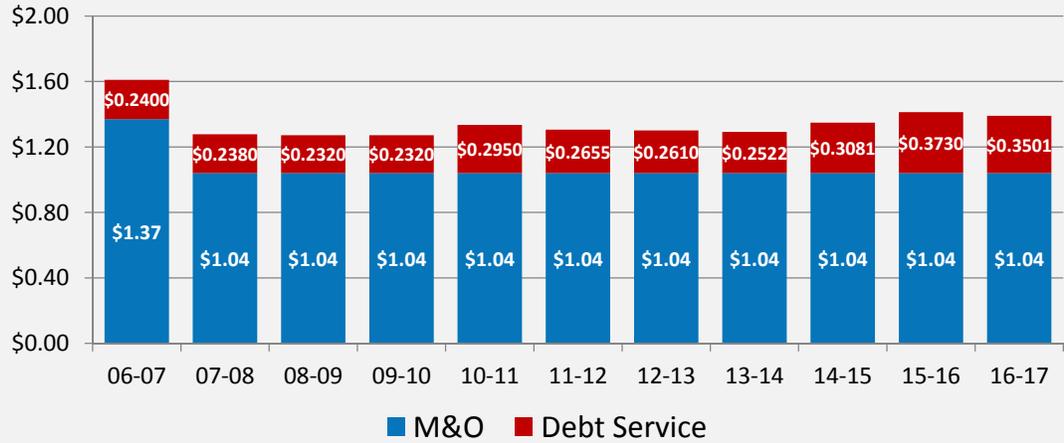


Tax Rate

	2016-17
Maintenance & Operations	\$1.040000
Debt Service	<u>\$0.35008</u>
Total Tax Rate	\$1.39008



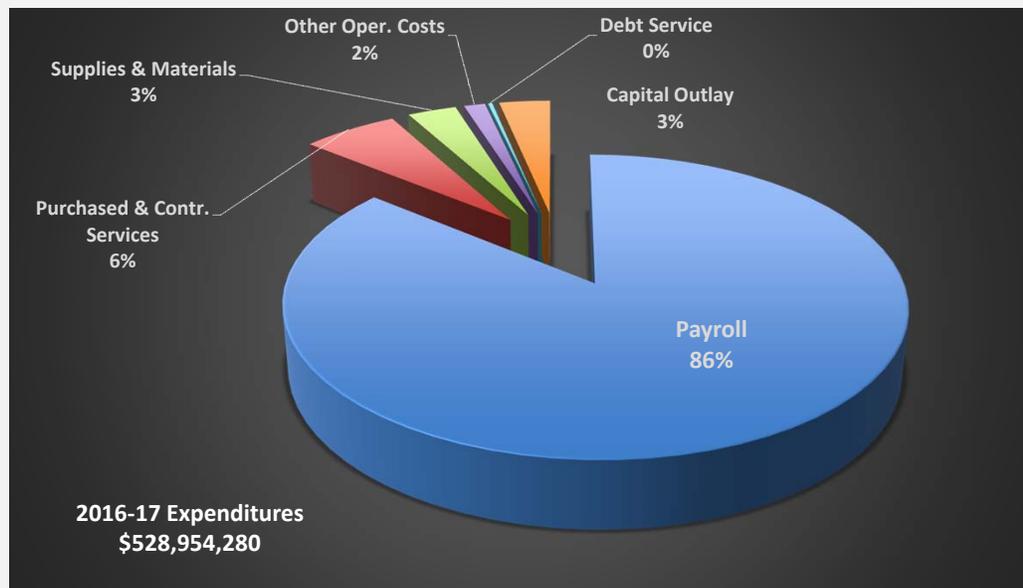
Tax Rate History

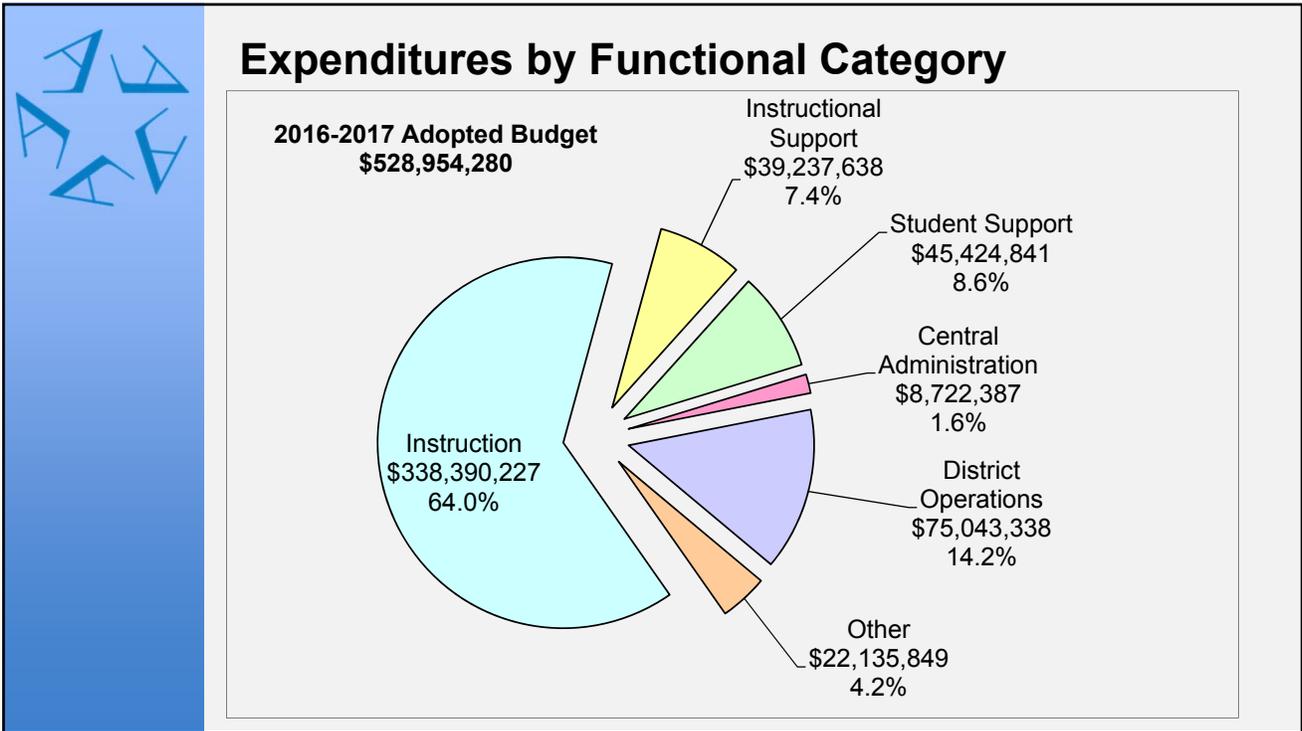


Change since 2006-07: - 21.99 cents (or -13.7%)



Expenditure Budget





-
- General Fund Highlights**
- Built on estimated enrollment of 63,280 students
 - 2% salary increase for employees other than auxiliary employees (computed on base pay)
 - 4.66% salary increase for auxiliary employees (computed on pay grade mid-point)
 - \$10/month increase in contribution towards health insurance



General Fund Highlights

- Net change in staff FTEs: 136.0
 - *Gifted & Talented teachers* 27.0
 - *2 new elementary schools* 43.5
 - *6 new multi-purpose activity centers* 6.0
 - *STEM lab managers* 20.0
 - *Campus staffing changes (ratios)* 27.5
 - *Administrative recommendations* 12.0 *
 - *Total* 136.0

** Including 4 positions that have \$0 impact on budget because their cost will be completely offset by reductions in contracted services or workers compensation.*



General Fund Highlights

- Budget is aligned to Strategic Plan
- Strategic Plan Objective Categories:
 - Academic Achievement
 - College Readiness
 - Workforce Readiness
 - Leadership, Citizenship and Responsibility



General Fund Highlights

▪ Academic Achievement

- Finalize curriculum management system
 - Revise curriculum review cycle
 - Select and implement a curriculum management system platform
- Develop and implement a student assessment policy and procedures
- Develop and implement a research agenda
- Implement user-friendly data protocol system (eScholar)
- Implement program evaluation policy and procedures to include a review of potential barriers for students success



General Fund Highlights

▪ Academic Achievement

- Professional learning plan
- Implement T-TESS
- instructional planning, programming and professional learning related to the 2014 bond program
 - STEM labs
 - CTE Center programming
 - Fine Arts Center programming
 - Fine Arts/Dual Language Academies



General Fund Highlights

- **College Readiness**
 - Redesign of Gifted/Talented program
 - Add 27 Elementary School GT Lead Teachers
 - Early College High School
 - 3rd cohort of 125 students
 - Collaboration with TCC
 - Fine Arts/Dual Language Academies
 - 2nd cohort of students



General Fund Highlights

- **Workforce Readiness**
 - Career and Technical Education Center planning
 - CTE course and curriculum development
 - CTE Center staffing
 - Professional learning



General Fund Highlights

- **Leadership, Citizenship & Responsibility**
 - Promote a physically and emotionally safe learning environment
 - Update and implement comprehensive communications plan to include both internal and external audiences
 - Establish customer service expectations



General Fund Highlights

- FFC recommendations addressed in budget:
 - Competitive compensation for all employees
 - 4.66% salary increase for auxiliary employees
 - Expanding student access to Venture and Dropout Prevention Programs
 - Educating state legislators about the escalating costs of employee health insurance and explore possible alternatives or solutions

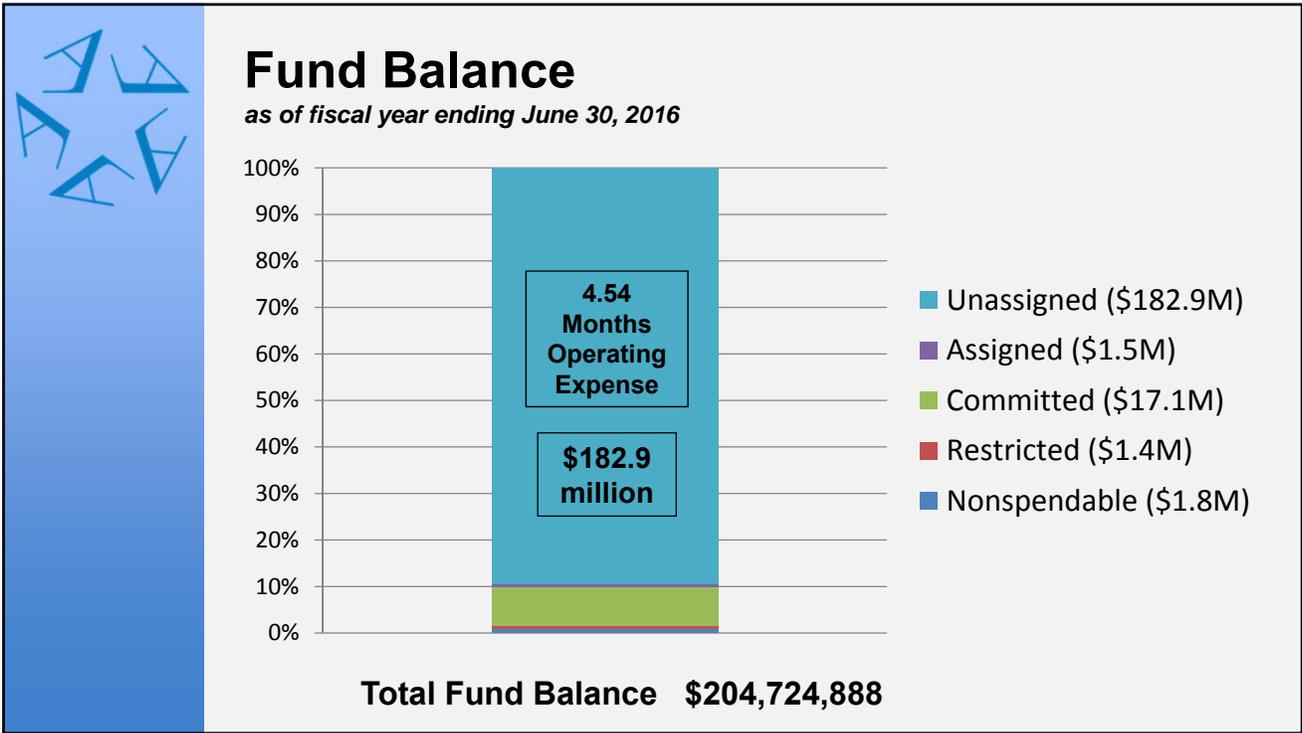


Fund Balance



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



Budget Methods



Budget Methods

- **Staffing**
 - Personnel costs are 86% of entire budget
 - Position control is critical
 - Staffing guidelines administered by the HR Department
 - Staffing formulas are used to staff schools equitably and to control costs



Budget Methods

- **Schools**
 - **Basic allotment** – provides for the regular education program, excluding payroll, utilities, maintenance and copiers
 - based on projected enrollment
 - high school - \$57.80/student
 - jr. high & elementary - \$52.70/student
 - **site-based**, school determines use of basic allotment
 - **Adjustments** – made as warranted (e.g., additional resources targeted to schools struggling academically)



Budget Methods

- **Schools** (*continued*)
 - **Program budgets** -Provide for the incremental cost of programs serving special student populations

Program Area	Allocation Method
State Compensatory Education	Per at-risk student
Career & Technology Education	Per section
Bilingual/ESL	Per Bilingual/ESL student
Special Education	Per teacher (supplemented per ARD requirements)
High School Allotment	



Budget Methods

- **Departments**
 - Zero-based budgeting
 - Department budgets are developed based on
 - legal requirements
 - strategic plan
 - responsibilities assigned to the department
 - **Adjustments** – made as warranted



Revenue Projections

- Key assumptions
 - Average daily attendance & special program populations
 - Property Values
 - Tax collections
 - State Aid Funding formulas (may change during a legislative year)
- Assumptions are refined throughout budget prep process as data becomes available



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 86% of expenditures
- Strong staffing process is critical
- Align resources with priorities

Fund Balance

- Savings account, measure of financial strength
- Use for one-time expenditures



Questions?