



FFC 2.0

Putting the future back in FFC

Feb 15, 2018



FFC Purpose

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



~~Enrico Accenti~~

Michelle Buss

Stephen Crumby

Jeannie Deakyne

~~Cynthia Derry~~

Yvonne Emanuel

Harry Flood

Thomas Hackley

Cheryl Hodge

Tyson Jones

Emily Klophaus

Shawn Lynch

Kim Martinez

Anne Mason

Theresa Moffitt

Sarah Spurrier

Marcie Walker

David Wilbanks

Vickie Moss*

Mark Schatzman*



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David Wilbanks

Vickie Moss*

Mark Schatzman*



■ 1 year term
■ 2 year term

FFC Charge



FFC Charge: Texas School Finance



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.



FFC Charge: Strategic Plan



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**.



FFC Charge: General Operating Budget



Review the **current general operating budget** to gain an understanding of the cost drivers and financial trends.



FFC Charge: Key topics



Review data, but not limited to, the following topics...



FFC Charge:
Key topics

Enrollment trends and
projections



FFC Charge:
Key topics

Property value trends and
projections



FFC Charge: Key topics

Academic Services priorities and operational efficiency priorities presented to the Committee by the AISD administration



FFC Charge: Key topics

Current **staffing methods** in relation to state education law and current administration protocol



FFC Charge: Key topics

Compensation and benefits,
including available salary market
information, health insurance and
wellness plan



FFC Charge: Key topics

Operating costs associated
with **bond projects**



FFC Charge: Recommendations

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.



FFC Charge: Recommendations

Recommendations should be **aligned with the strategic plan**, priorities and budget considerations presented by Administration and should **consider operational efficiencies**.



FFC Charge: Recommendations

Committee may recommend that budget items/initiatives be:

1. **deferred** to a future year budget or possible future bond election
2. **eliminated**
3. **outsourced**



FFC Charge: Report to the Board

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.





Our Meetings



Meeting Schedule

March 28, 2017	General Operating Budget
April 11, 2017	Texas School Finance/Property Values
May 15, 2017	Strategic Plan/Comparison Data
August 15, 2017	Operating Budget/Tax Rates/Legislative Update
October 10, 2017	Enrollment Trends and Management
December 12, 2017	Staffing & Compensation
January 11, 2018	Work Session 1: ID Challenges
January 25, 2018	Work Session 2: ID Solutions



Our work

Texas School Finance
Legislative Environment

Comparison
Data

Property Values
Property Tax Rates

General
Operating
Budget

Enrollment
Trends

Strategic Plan

STRATEGIC PLAN
2016-2021
EXCEL TOMORROW.

Staffing
& Compensation

Texas School Finance
Legislative Environment

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Strategic Plan

2016-2021

STRATEGIC PLAN

Staffing
& Compensation

Texas School Finance
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Strategic Plan

2016-2021

STRATEGIC PLAN

Staffing
& Compensation



Work Session 1 Objective:
ID key **challenges** for each of the
topics covered



Work Session 2 Objective:
develop an optimal **solution set**
to the challenges identified



Topic 1

General Operating Budget

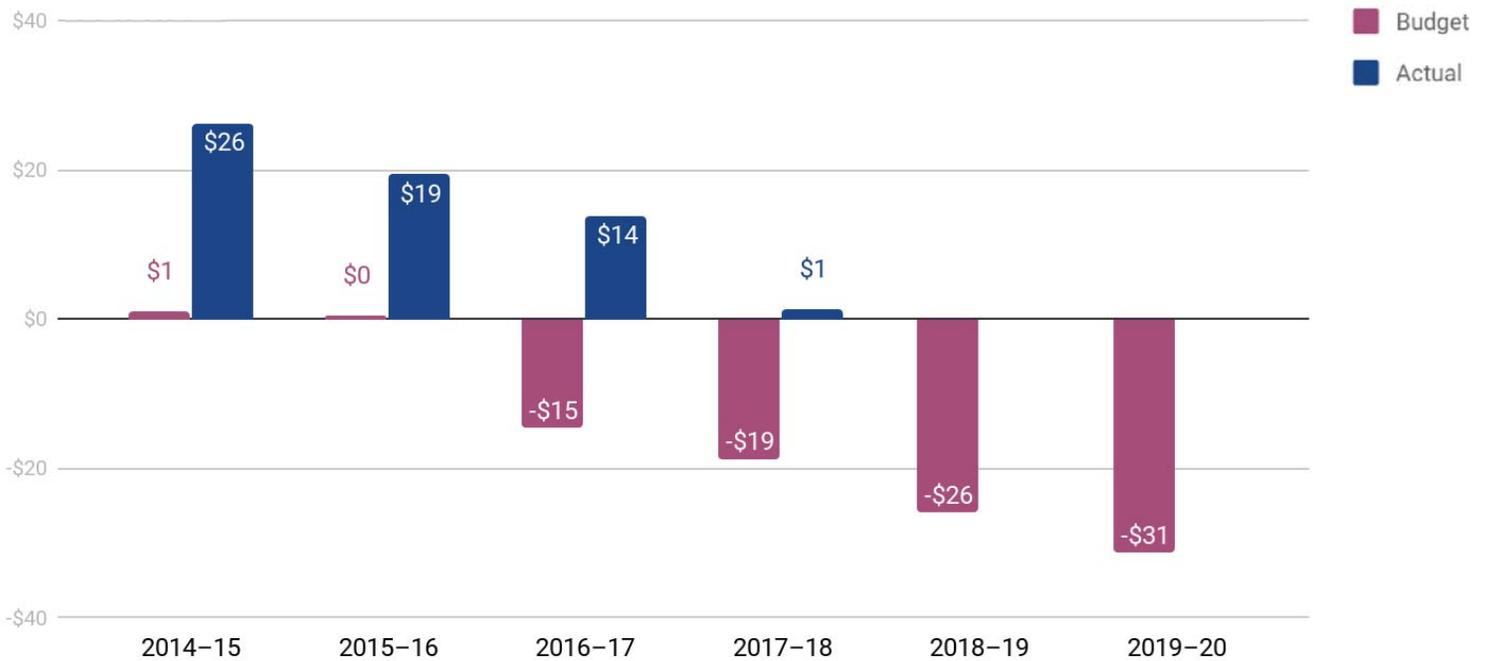


Topic 1

General Operating Budget

- M&O Tax Rate is set at \$1.04
- Can only go higher with a Tax Ratification Election (TRE)
- State aid revenue declining due to declining enrollment & increasing property values
- Payroll represents 86% of budget
- 2017-18 Budget has operating deficit of \$18.7 M
- Budget deficits projected next 4 years.

Operating Surplus/Deficit



Topic 1

General Operating Budget



Challenge:

Declining revenue and projected deficits for the foreseeable future are unsustainable.



Topic 2

Texas School Finance Legislative Environment



Topic 2

Texas School Finance System & Legislative Environment

- Vouchers, Property Tax Reform, School Finance Reform—question marks going forward
- As property values go up, state aid decreases
- No new funding appropriated by 85th Legislature
- Little confidence in the new School Finance Commission

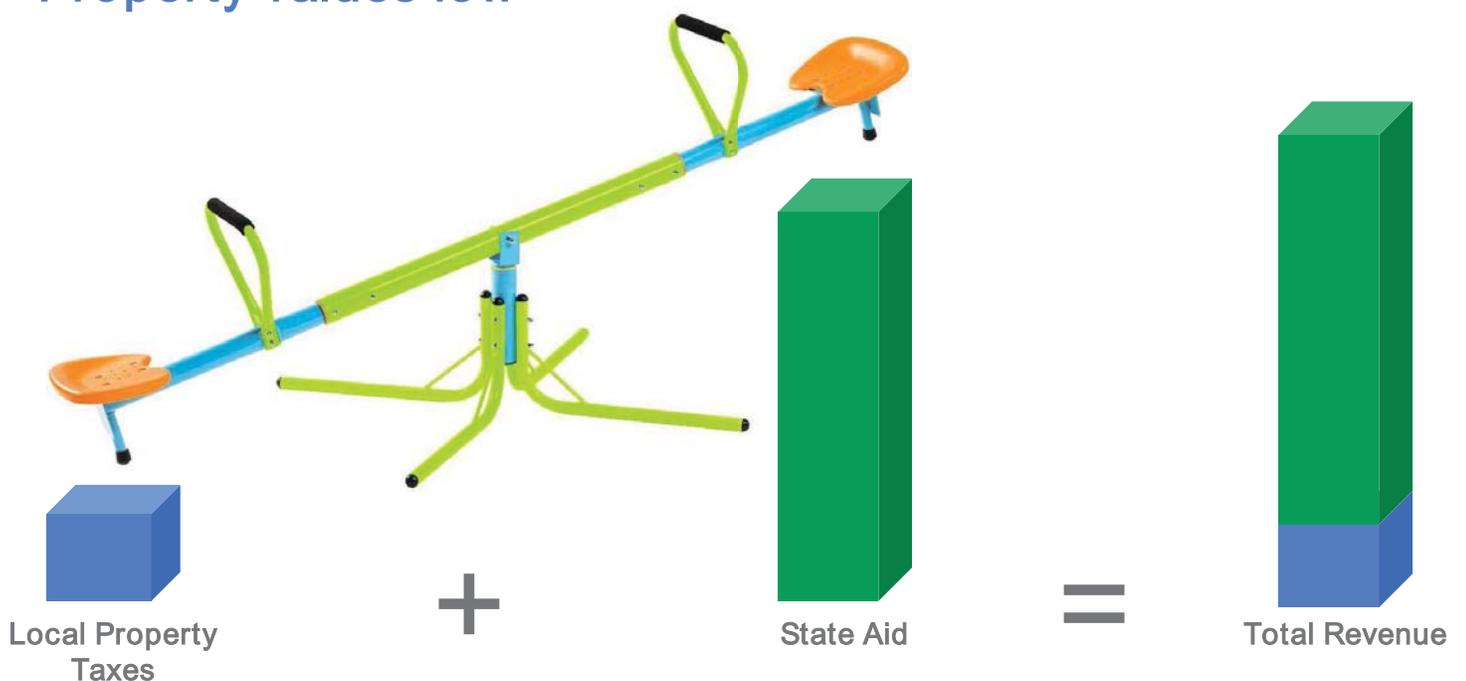
Topic 2

Texas School Finance System & Legislative Environment

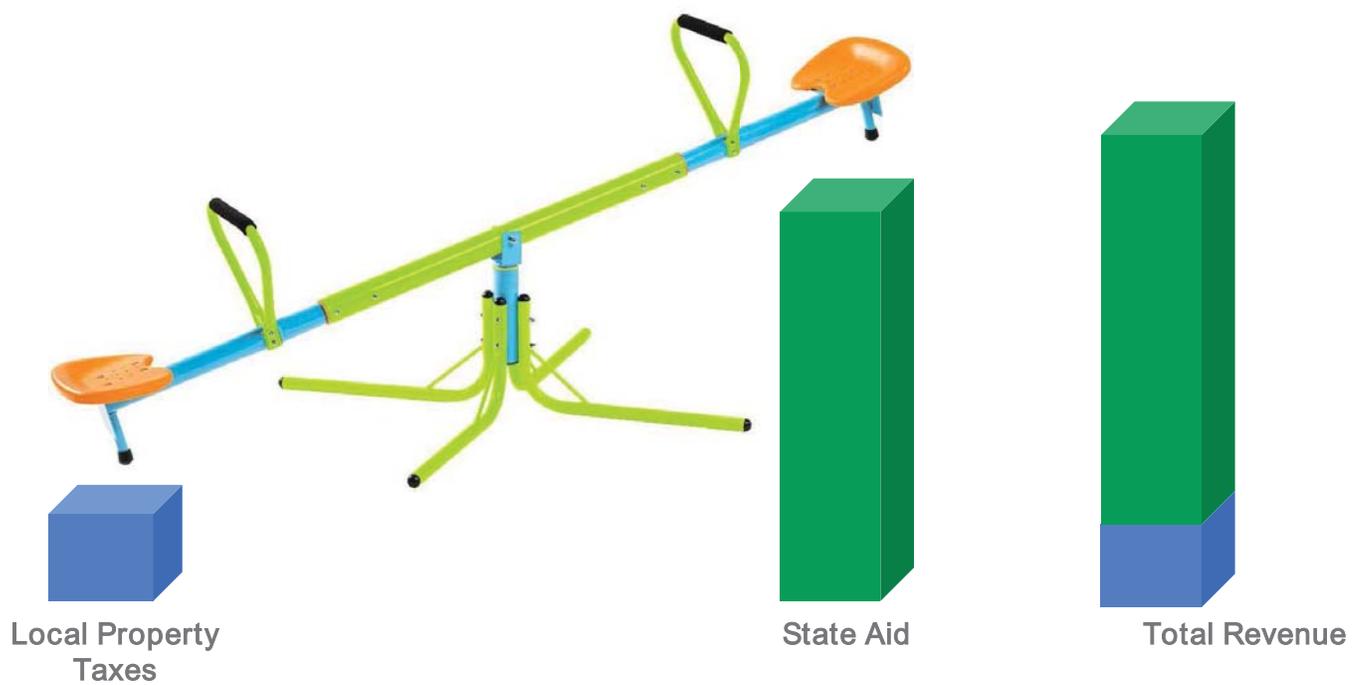
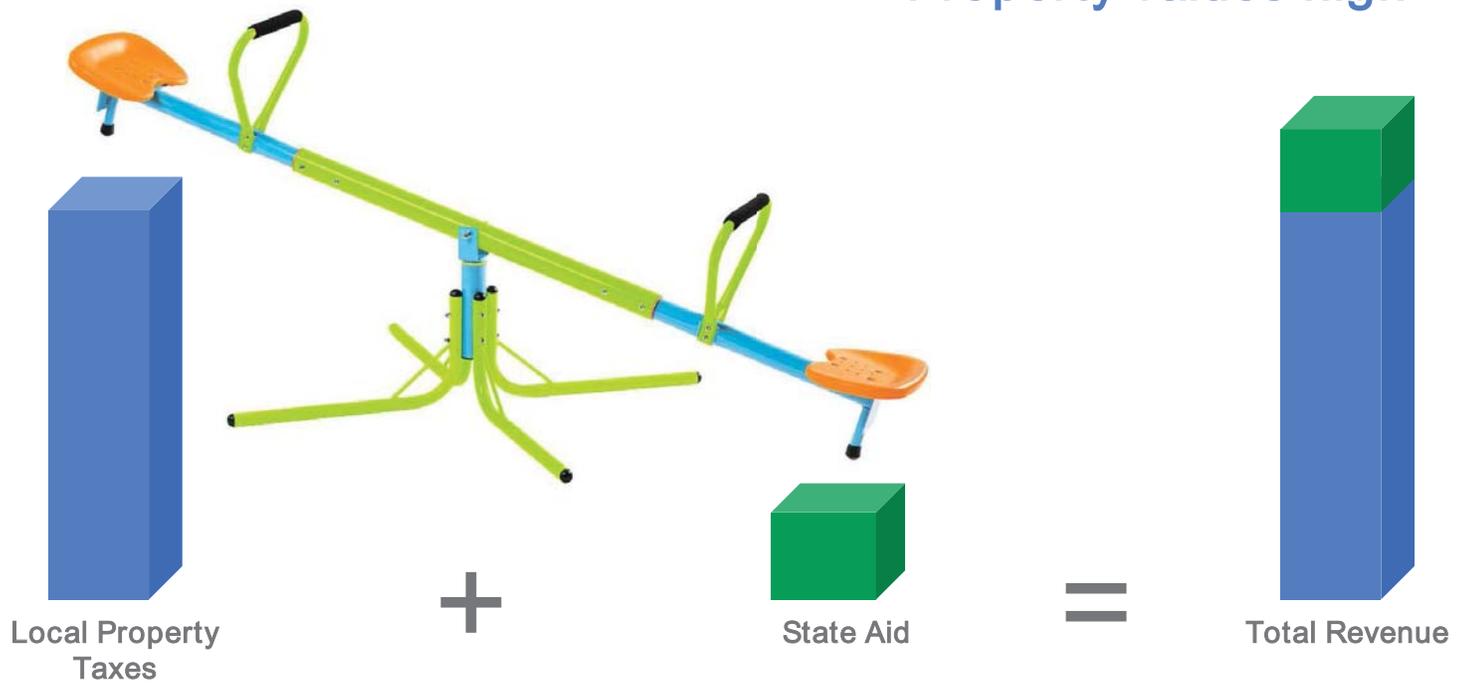
Challenge:

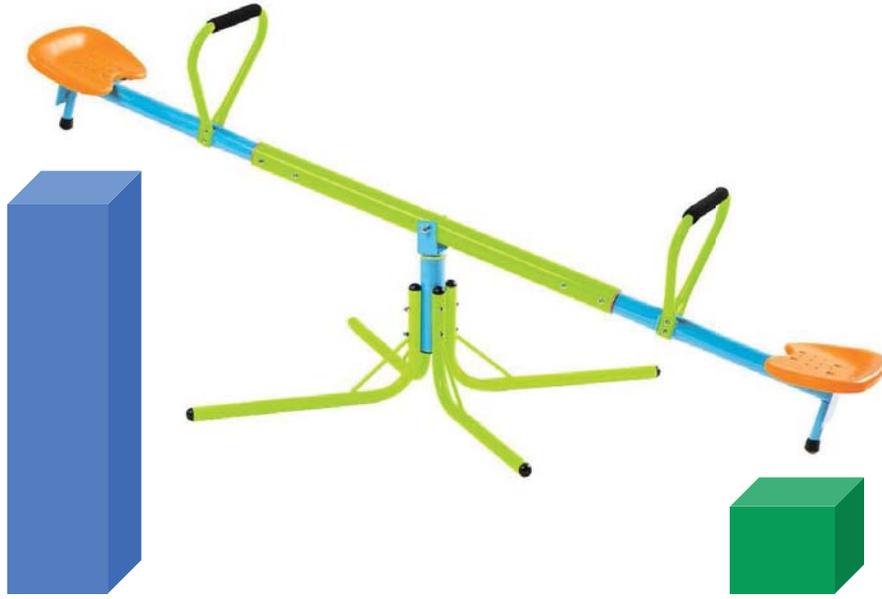
State of Texas funding for public education is inadequate, and is at risk of declining in the current political environment.

Case 1: Property values low



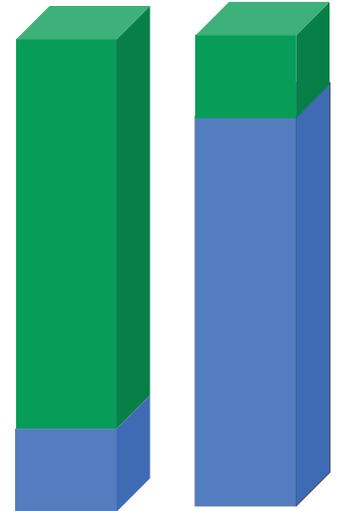
Case 2:
Property values high





Local Property Taxes

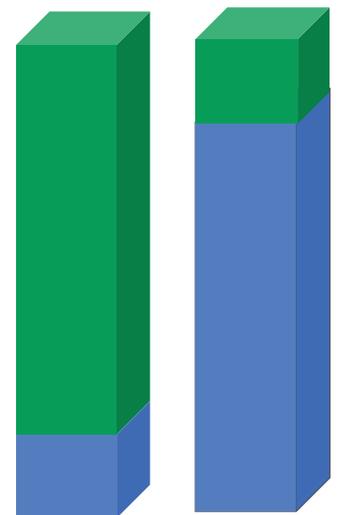
State Aid



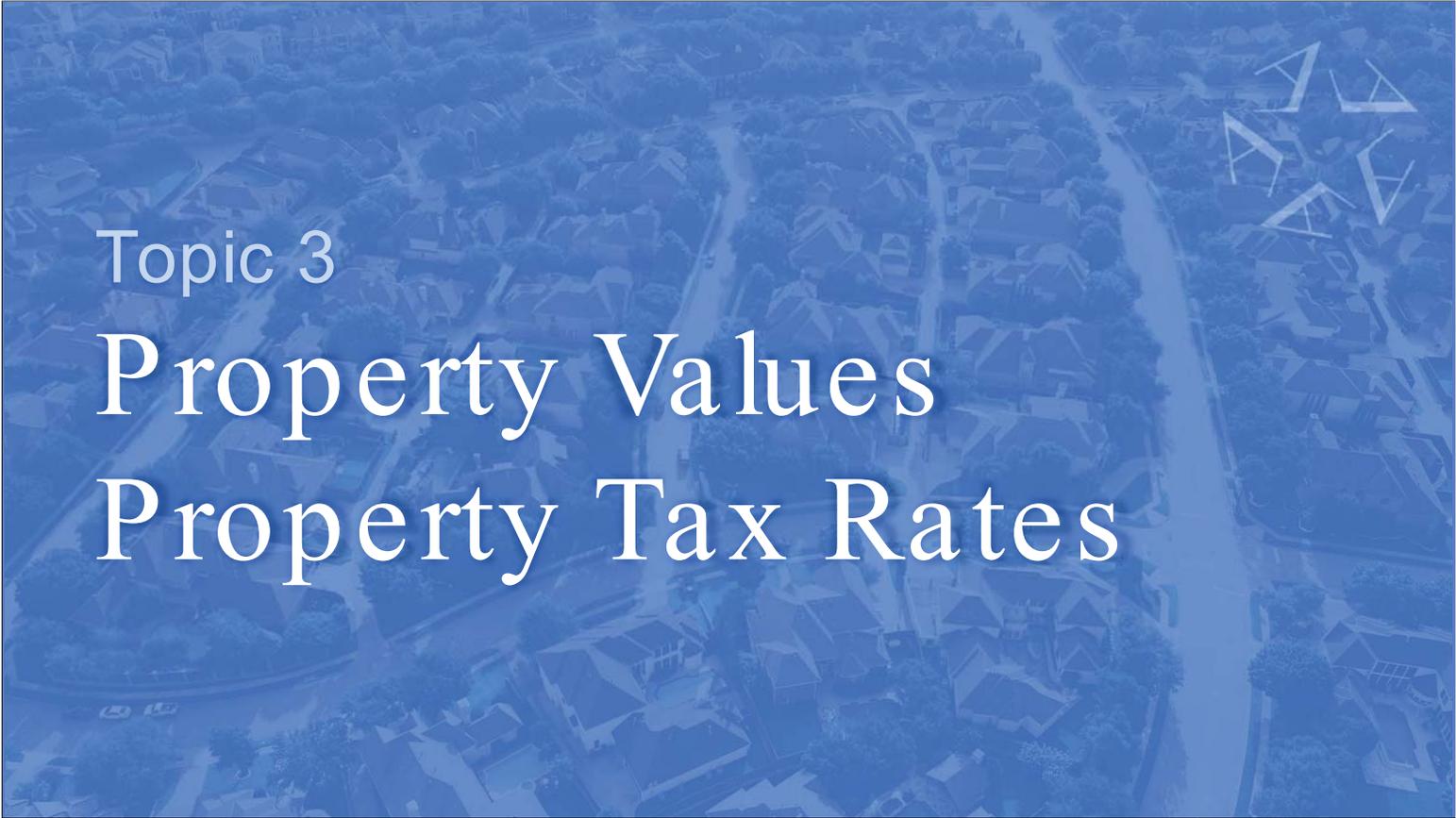
Total Revenue

No matter if our property taxes rise, our **total revenue stays the same!**

The State funding formulas ensure our **total revenue is always fixed at a set amount** that doesn't grow with inflation.



Total Revenue



Topic 3

Property Values Property Tax Rates



Topic 3

Property Values/Property Tax Rates

- As property values increase, state aid decreases
- Modest growth in values is projected over next four years
- M&O tax rate is \$1.04 & can only be raised with voter approval through a Tax Ratification Election (TRE)

Topic 3

Property Values/Property Tax Rates

Absent additional funding from the state, districts will be forced at some point to make difficult budget choices

- Raise the M&O tax rate through a Tax Ratification Election (TRE)
- Spend fund balance
- Make budget reductions, which may reduce opportunities for students

Topic 3

Property Values/Property Tax Rates

Challenge:

In order to support the current strategic plan and continue quality opportunities for students, more revenue is needed...

Our current
budget is
maxed out at
our current
M&O rate!

Topic 3

Property Values/Property Tax Rates

Challenge:

...in the current environment, it will be a public relations challenge to educate voters on the need for increased taxes.

Topic 4 Strategic Plan



Topic 4 Strategic Plan



- Strategic Plan is organized into four performance objective categories with strategies sequenced across five years
- Strategies include new instructional programming including a redesign of the elementary G/T program and expanded world language programs
- Strategies may impact budget including future facility needs

Topic 4 Strategic Plan

ACHIEVE TODAY. EXCEL TOMORROW.

2016-2021

STRATEGIC PLAN



- Objectives:*
- Academic Achievement
 - College Readiness
 - Workforce Readiness
 - Leadership, Citizenship, & Responsibility

Topic 4 Strategic Plan

ACHIEVE TODAY. EXCEL TOMORROW.

2016-2021

STRATEGIC PLAN



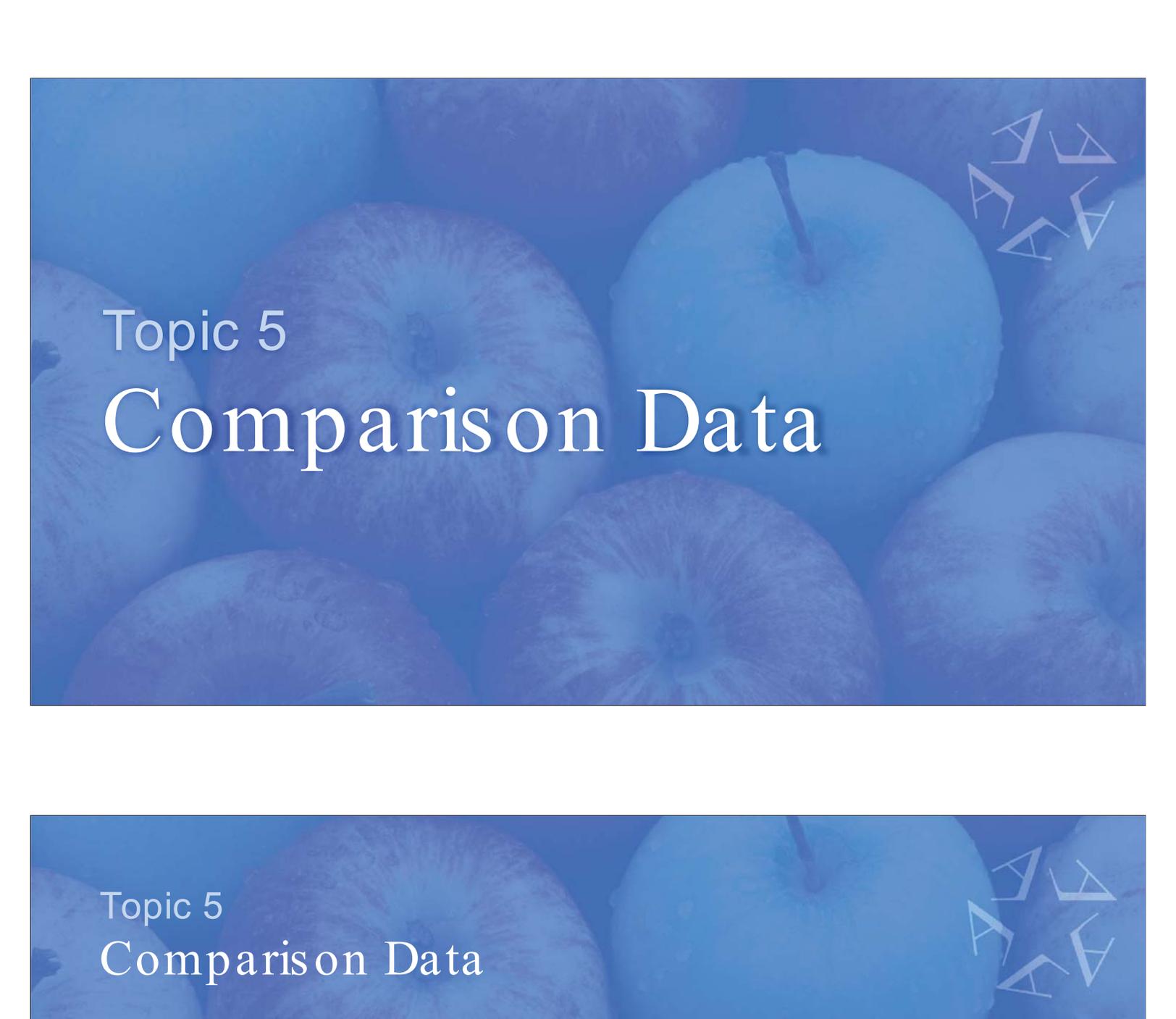
Challenge:





Topic 5

Comparison Data

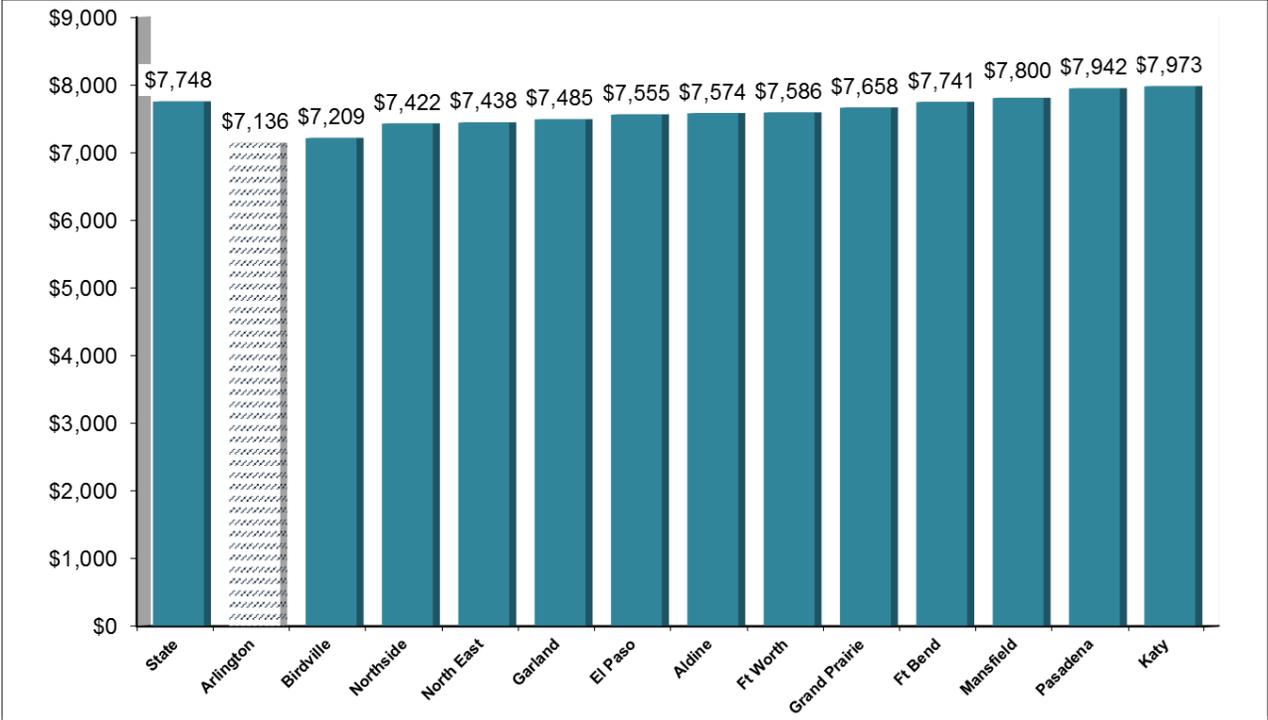


Topic 5

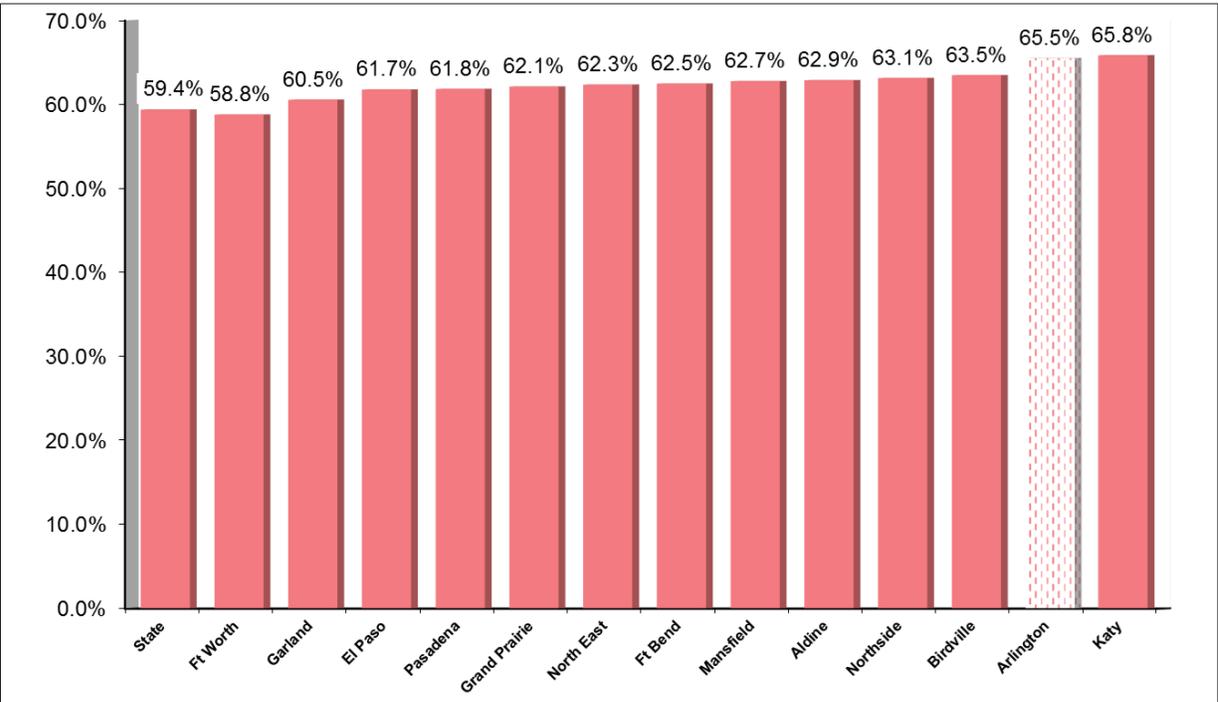
Comparison Data

- AISD spends less per student than state average and its 12 comparison districts
- AISD concentrates more of its operating expenditures on instruction than 11 of its 12 comparison districts

Per Pupil Total Operating Expenditures



Instruction Percent of Total Budget



The background of this slide features a blue-tinted image of several apples. In the upper right corner, there are several white, stylized 'A' characters arranged in a cluster.

Topic 5 Comparison Data

Challenge:

We have limited flexibility to reduce our budget without affecting students because we already spend less outside of the classroom than the state average.

The background of this slide features a blue-tinted image of a classroom with rows of desks and chairs. In the upper right corner, there are several white, stylized 'A' characters arranged in a cluster.

Topic 6 Enrollment Trends

Topic 6 Enrollment Trends

- Changes in enrollment impact state aid & expenditures
- Enrollment has declined 4.3% since 12-13 and is forecast to continue declining
- Greatest decline has occurred at elementary level
- Competition from charters and neighboring ISDs
- AISD has open transfer policy & plans to eliminate all transfer fees
- Enrollment management strategies include staffing tightly to enrollment projections, program offerings, marketing, facilities
- Facilities must provide relevant learning spaces

Topic 6 Enrollment Trends

Elementary
2014–2016

-5.1%

Topic 6
Enrollment Trends

Challenges:

1. How to improve public perception of AISD, especially at the elementary level, and identify programs that attract and maintain students?

Topic 6
Enrollment Trends

Challenges:

2. How do we eliminate the barriers to enrollment?



Topic 7

Staffing & Compensation



Topic 7

Staffing & Compensation

- Success depends on effective teaching and leadership
- Relevant, innovative and rigorous learning experiences
- Align resources, including staffing, to curriculum outcomes and instructional priorities
- Staff tightly to enrollment projections to manage budget
- Competitive, responsible compensation



Topic 7

Staffing & Compensation

1% raise =

\$3.9

million/yr



Topic 7

Staffing & Compensation

Challenge:

We **must** pay competitively to attract and retain highly qualified staff even within the current school financial environment.

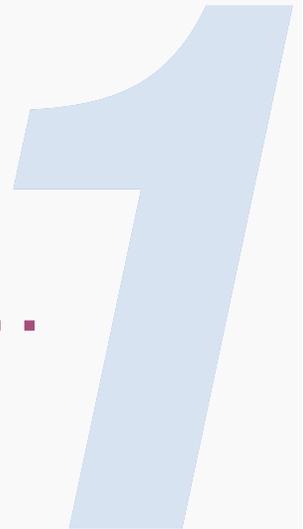


2018 FFC Recommendations



BIG
BOLD
BROAD

RECOMMENDATION 1...



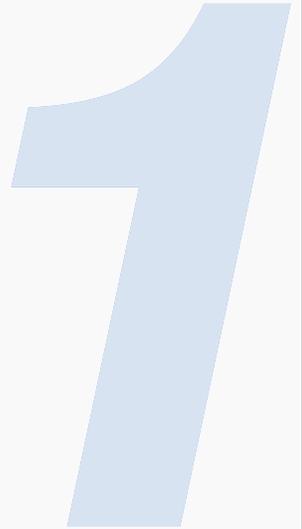
We recommend **investing in the overall elementary experience** including facilities, programs of choice, services, personnel, and marketing to counter declining enrollment trends.



Examples:

- Elementary STEM Academy
- Full-day pre-k/expanded pre-k
- Reimagined spaces for 21st Century learning
- Foreign language offerings
- Teacher Aides to relieve teachers

FFC 2018 Recommendations



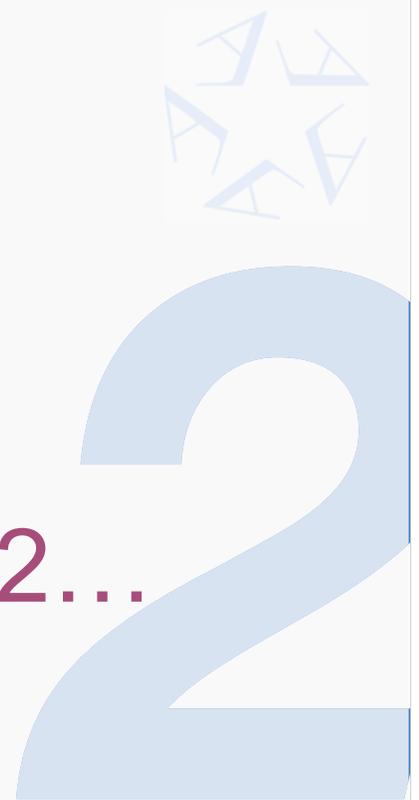
Marketing is key!

Parents need to know the **grass is greener in AISD**—not on the other side of the fence.

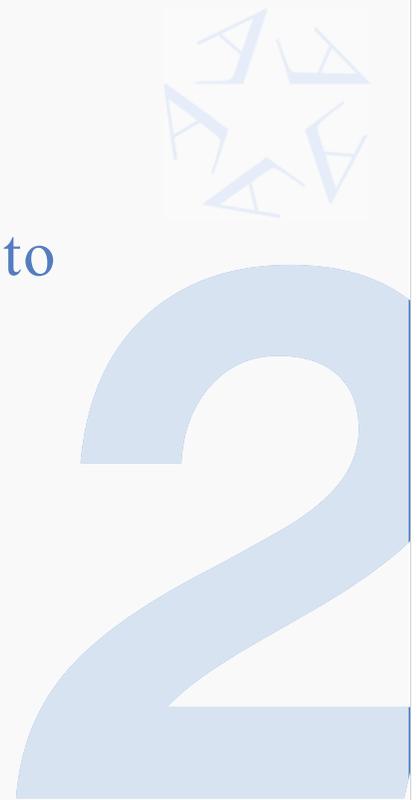
FFC 2018 Recommendations

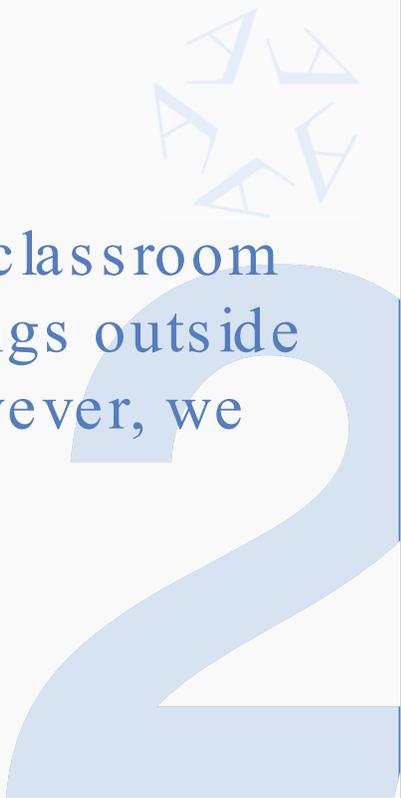


RECOMMENDATION 2....



We recommend the Board continue to evaluate the cost-effectiveness of facilities, programs, personnel, and services.





Because we spend less outside the classroom than other districts, meaningful savings outside of the classroom will be limited. However, we still need to look for opportunities.

FFC 2018 Recommendations



RECOMMENDATION 3....



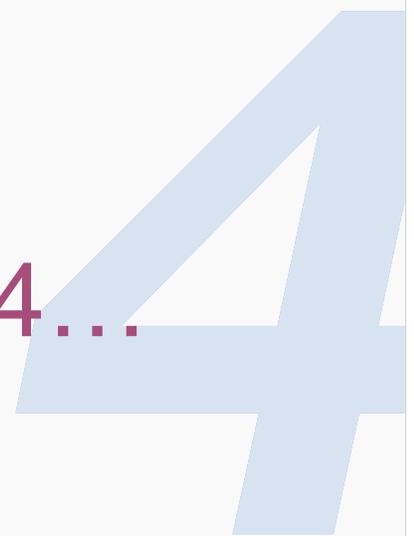
The district **must** continue to provide competitive compensation and invest in leadership development to attract and retain highly qualified staff.



FFC 2018 Recommendations



RECOMMENDATION 4....





We recommend the Board **decrease the I&S tax rate** and **increase the M&O tax rate**—by equal amounts—resulting in *no change* to the overall **tax rate**.

FFC 2018 Recommendations



TRE SWAP

FFC 2018 Recommendations



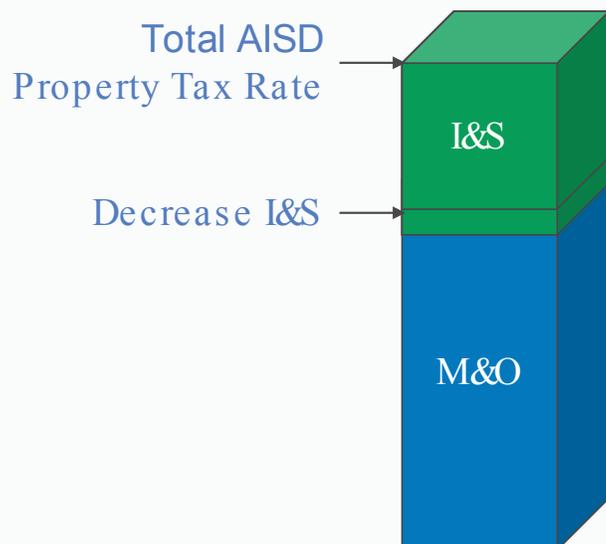
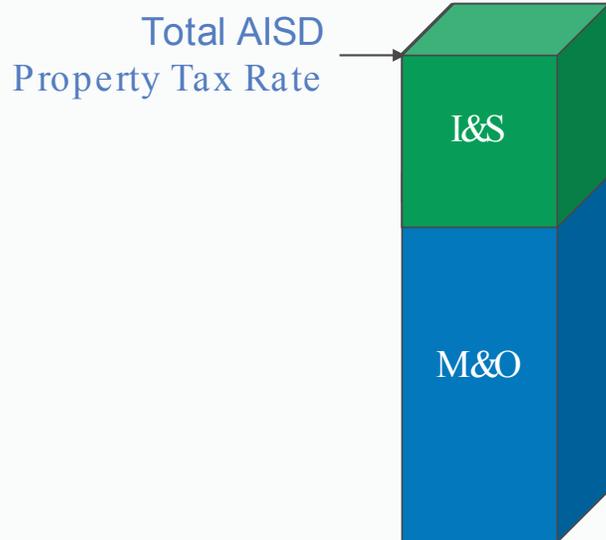
In addition, we recommend **preserving flexibility in the I&S rate** on top of the swap to allow **for any future capital needs without the need for raising the I&S rate.**

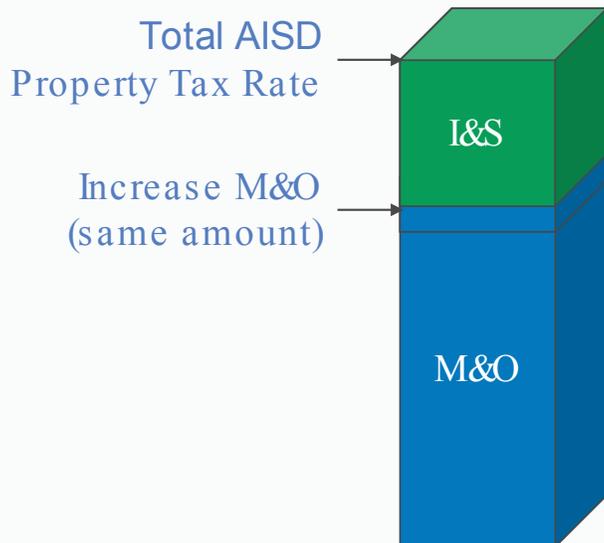
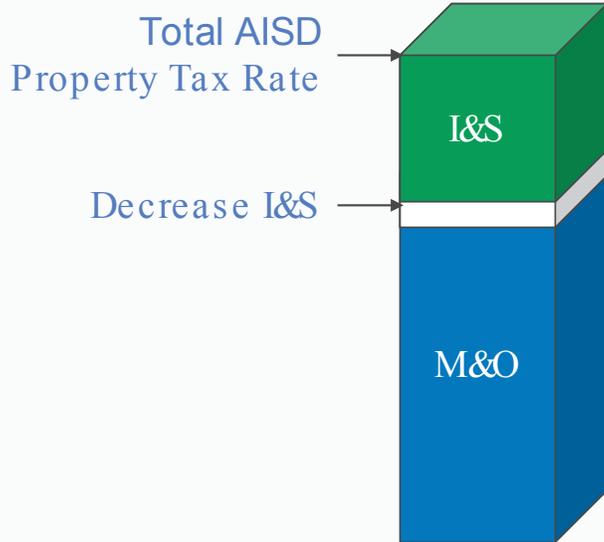
FFC 2018 Recommendations

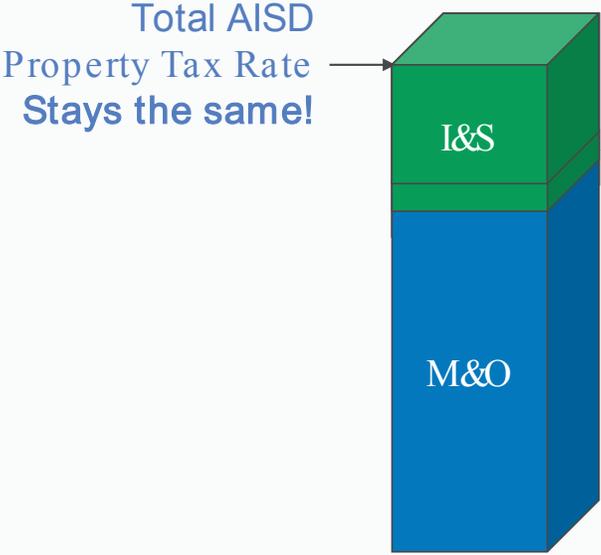
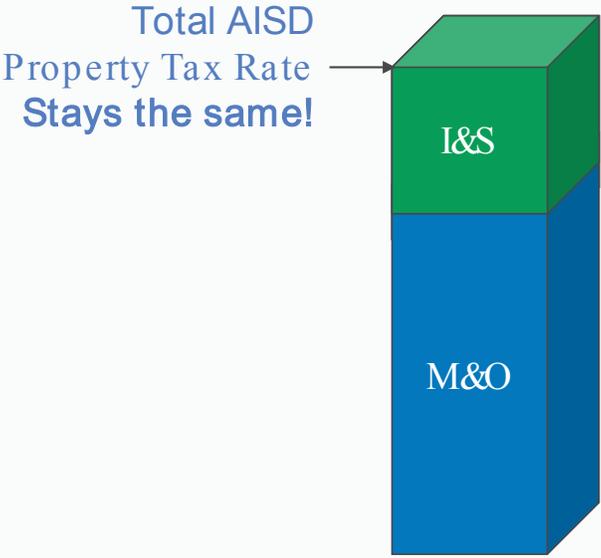


**TAX RATE
NEUTRAL**

FFC 2018 Recommendations







Save flexibility for
future capital needs



The image features a solid blue background. Scattered across the background are several faint, semi-transparent question marks of varying sizes. In the upper right corner, there is a small, faint icon of a scale of justice, consisting of two pans hanging from a central point.

Questions?