

A Message from the Superintendent

I am pleased to present this fiscally responsible preliminary budget for the FY2019–20 school year. The budget solidifies our priorities as we continue to reinvent the urban education experience in Austin.

The academic, social and emotional success of AISD students is our top priority, and we are preparing students for college, career and life every day. Graduation rates continue to be above 90% and outpace the state and national averages. AISD continues to be the largest No Place for Hate district in the nation, providing respect for all students, families and staff. We are a social and emotional learning-focused district, developing in our students the 6 Cs - Collaboration, Communication, Creativity, Cultural Proficiency, Connections and Critical Thinking.

We believe that all AISD students will thrive in exemplary schools. That is why we are investing in a coherent, comprehensive and sustainable school improvement model to ensure that all schools exceed state standards.

Having all students reading on grade level by third grade is essential. That's why we are committed to investing in Certified Academic Language Therapists for our campuses and professional development for all K-2 teachers to support our evidence-based literacy design.

Students excel with exceptional teachers. That is why we are investing in competitive compensation (salary and benefits) to select, develop and retain engaged, passionate and effective teachers for our campuses.

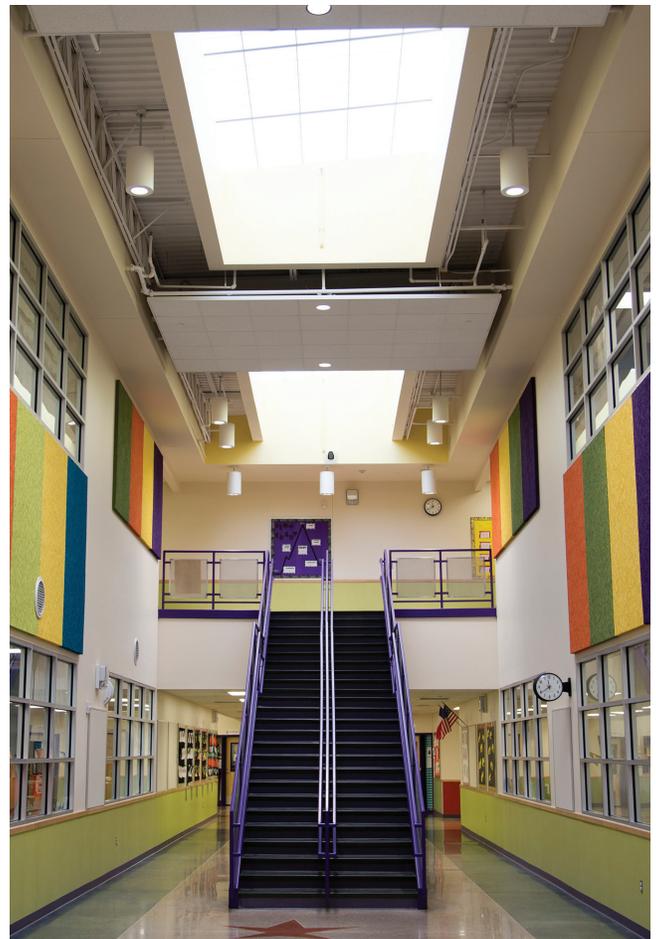
With priorities focused on equity, through the continued reinvention of the urban school experience, we know that we can make the Austin that we love today even better for the future. Focusing on our district priorities is important, and I am #AISDProud to say that this budget reflects those priorities.

Paul Cruz, Ph.D.

Superintendent



Paul Cruz, Ph.D., Superintendent, AISD



Change That Counts

This Preliminary Budget guide provides essential information on projected revenues and expenditures for FY2019-20 as well as comparative data on our tax rates and staffing. As part of our commitment to openness and transparency, this guide lays out the many factors under consideration in our district's budget.



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Introduction to Austin ISD's Budget

The Austin Independent School District is the heart of public education in Austin, Texas—a city of ideas and innovation that tops the nation's rankings of the best communities in which to work and live. **For the third year in a row, Austin was ranked No. 1 according to *U.S. News and World Report's* "2019 Best Places to Live."**



AISD educates around 79,000 students and embraces 130 diverse school communities in one of the fastest-growing, ever-changing metroplexes in the country.

We partner with world-class universities, innovative businesses and nonprofit organizations and engaged community leaders to reinvent the urban

school experience—and prepare our students for college, career and life.

AISD is among the largest employers in the region with over 11,700 employees. The district is a \$1.5 billion educational enterprise with a wide range of business operations, which are focused on our bottom line: the success of our students.

AISD Proud Programs

We are proud to offer a rich portfolio of academic opportunities and choices for families, including fine arts, STEM and dual-language programs. We are proud to have early college high schools, where students can graduate with a diploma in one hand and an associate degree in the other—for free.

This is an exciting time for the district. AISD's graduation rates have reached all-time highs. And, we continue to have more National Board-certified teachers than any school district in the state.

AISD's most important measure of success is the performance of our students. Graduation rates are over 90 percent for the second year in a row. Under House Bill 22 (85th Texas Legislature, Regular Session, 2017) new accountability ratings for Texas, AISD received an B (89 percent) just missing the A level. In order to maintain and improve this performance, we need to make strategic budget investments. We must use every one of our limited dollars in a way that will produce the most positive outcomes for our students.

AISD's Strategic Plan and Budget Process: Strategic, Engaging and Transparent

A budget is considered balanced when the reserves and other resources that are generated to finance the budget equal its estimated expenditures and other uses. Much of AISD's budget comes in the form of local property tax dollars. This revenue source is estimated at \$1.4 billion for the 2019-20 fiscal year.

Although this amount is sizeable, AISD is considered to be a property rich district and is required to give over half of its local tax revenue back to the state under Chapter 41 guidelines. The remaining balance is then used for the success of AISD's Strategic Plan.

Strategic Plan Framework

Vision: AISD will reinvent the urban school experience

Mission: AISD exists to fulfill the mission put forth by the State of Texas, which is to "ensure that all Texas children have access to a quality education that enables them to achieve their potential and fully participate now and in the future in the social, economic, and educational opportunities of our state and nation." [Texas Education Code §4.001(a)]

Budget Challenges

Every year, AISD faces budget challenges such as:

Austin Tax Payment to State

- Although local property values are increasing, the increases in taxpayers' annual property tax bills do not necessarily translate into more revenue for the district.
- AISD is the single largest payer into the state's recapture system, also known as Robin Hood. For fiscal year 2019-20, the district projects that almost 56 percent of the local tax revenue it collects will be sent to the state's general fund for recapture.

Inflation Increases

- Inflation affects the district's costs for important expenditures such as healthcare, electricity, water and fuel.

Enrollment Declines

- As enrollment declines, so does the district's revenue. In Austin, enrollment is declining due to:
 - lack of affordable housing
 - declining birthrates and
 - increased competition from charter and private schools

Lagging Teacher Salaries and Benefits

- AISD ranks nine out of 10 when compared to local peers and nine out of nine when compared to urban peers.

Social Security Payments

- AISD is one of less than 20 school districts in Texas that participates in social security for nearly all employees. This will cost the district \$30.0 million for FY2019-20.

Unfunded Mandates

- The district must find a way to finance unfunded mandates from the state. A list of these unfunded mandates can be viewed at: <https://www.tasb.org/Legislative/documents/170120Mandates.aspx>

No Transportation Funding

- As a recapture district, the state does not provide AISD with funding for transportation. It costs the district \$31 million per year to transport 22,000 students on more than 380 routes. AISD must pay tolls on roads—unlike many other public transit entities that are exempt from tolls.

Core Belief One

All students will graduate college-, career-, and life-ready. As part of this, we commit ourselves to:

1. Achieve excellence by delivering a high-quality education to every student.
2. Implement the transformative use of technology.
3. Ensure all students perform at or above grade level in math and reading.
4. Prepare all students to graduate on time.
5. Develop civically-engaged students.

Core Belief Two

We will create an effective, agile, and responsive organization. As part of this, we commit ourselves to:

6. Create a positive organizational culture that values customer service and every employee.
7. Develop effective organizational structures.
8. Generate, leverage, and utilize strategically all resources.

Core Belief Three

We will create vibrant relationships critical for successful students and schools. As part of this, we commit ourselves to:

9. Engage authentically with students, parents/guardians, teachers, and community.
10. Build ownership in AISD among internal and external stakeholders.
11. Develop and maintain community partnerships.

Values

- Whole Child, Every Child
- Physical, social, and emotional health, and safety
- Equity, diversity, and inclusion
- High expectations for all students, employees, parents/guardians, and community members
- Creativity, collaboration, and innovation
- Community schools
- Life-long learning

The AISD Strategic Plan Guides the District's Budget, Plans, Programs, and Initiatives

The AISD Strategic Plan 2015–2020 is the result of months of work by our community and educators, district administration, and the Board of Trustees. The strategic plan is all about mutual commitments and expectations for all stakeholders.

Strategic planning is a recognized best practice in accelerating an organization and keeping it on an upward trajectory. The strategic plan will provide us with

focus and direction and position us to make continued progress into the future. This will be critical given our decreasing resources in the face of increasing academic standards.

When we all work together to implement the components of the Strategic Plan – which are innovative, aggressive, and bold – we can close achievement gaps and graduate all of our students on time and prepare them for college, career, and life in a highly changing and competitive world.

Strategic Plan Development

Work on the AISD Strategic Plan 2015–2020 began in fall 2014 with three community meetings and an online community survey to gather input on strategic plan priorities. This input helped inform a strategic planning team comprising 30 stakeholders, including parents, students, community and business members, teachers, principals, counselors, librarians, and central administrators. During the course of three full days in early January 2015, the strategic planning team developed a preliminary draft strategic plan.

As a next step in the planning process, seven Action Teams totaling over 150 diverse stakeholders developed detailed action plans related to strategies in the preliminary draft plan. The strategic planning team then reconvened to review the action plans and made final recommendations to the superintendent in late April 2015.

On a parallel course, the Board of Trustees worked through the spring of 2015 to develop a Strategic Plan Framework, including statements of the district's Vision, Core Beliefs and Commitments, and Values. The Board approved the Strategic Plan Framework in June 2015. The Board also worked to develop a Strategic Plan Scorecard, with performance indicators and targets related to each of the Core Beliefs in the Strategic Plan Framework. The Board approved the Strategic Plan Scorecard in September 2015.

The superintendent led the process to combine the work of the Board and the input of district stakeholders to form a cohesive strategic plan. Under each of the Commitments in the Board's Strategic Plan Framework, the Five-Year Implementation Plan provides Strategies and Key Action Steps that will serve as the detailed work of the superintendent and administration. As part of mutual commitments and expectations, the Five-Year Implementation Plan identifies district offices responsible



for accomplishing each key action step and providing annual status reports.

Strategic Plan Implementation

Implementation of the strategic plan begins with its communication to all stakeholders. This also is a first step in mutual commitments and expectations, which are necessary to ensure successful implementation of the strategic plan. The strategic plan and related information are available on the AISD website at austinisd.org/strategic-plan.

All employees of the district are expected to become familiar with the plan and to identify how it will affect their work. In addition, information on the strategic plan will be included in new employee orientation and in the Employee Handbook, and will be incorporated in the superintendent's annual convocation of all district staff at the beginning of the school year. Strategic plan alignments will be incorporated into employee performance evaluations.

Agendas of the Board of Trustees and district advisory committees will show alignments with the strategic plan, and during reports to the Board on the district's work, the superintendent will make connections to the strategic plan.

Annual Campus Improvement Plans are developed by each campus and will include alignments to the strategic

plan. The CIPs provide campus-level commitments to implementing the strategic plan. The content and role of the strategic plan will be included in training provided to campus administrators and Campus Advisory Council members.

The Five-Year Implementation Plan provides administrative commitments to implementing the strategic plan at the district level. Periodically, offices assigned responsibility for each Key Action Step in the strategic plan will provide status reports.

Annually, the superintendent will lead a review of the strategic plan, to ensure that it remains current and strongly focused on the needs of the district. The Board will either reaffirm the strategic plan framework and scorecard or make revisions as needed, and the superintendent and senior cabinet will do likewise with the five-year implementation plan. Periodic status reports on the scorecard and the five-year implementation plan will be generated.

Another important strategic plan alignment is with the annual district budget. Investments in the preliminary budget and recommended budget will show alignments with the strategic plan.

Collectively, these strategic plan implementation and alignment processes will ensure compliance with statutory requirements [Texas Education Code §11.252] to provide an annual "District Improvement Plan."

Opening the Windows on the Budget Process: Transparency and Engagement

Recognizing the importance of providing sufficient time during the budget process for community members to discuss and debate challenging issues, the public is able to review and scrutinize the preliminary budget before the district's Board of Trustees adopts a final budget. The budget process kicks off in October with department budget workshops followed by campus workshops in January.

The preliminary budget provides a first glance of the investment plan for FY2019–20 school year. It will evolve as the budget process advances and presents opportunities for input from parents, students, community members, staff members and other key stakeholders. Three geographically diverse community meetings were held the week of February 18th to give the public the opportunity to offer input on the preliminary budget. This information will be incorporated into the final recommended budget which will be presented for action to the Board of Trustees in June 2019.

The Budget and Finance Advisory Committee was established to provide guidance and counsel on budget and finance matters. BFAC meets regularly, working with staff members and others to develop tools and methodologies on how to best improve the district's budgeting process. The administration has been responsive to BFAC's recommendations for greater cohesion and clarity. The district's budget development has become an integrated process that aligns resource

allocation with goals and priorities established through the development of a well-defined curriculum—and a well-conceived and executed strategic planning process.

Evaluating for Effectiveness and Efficiency to Drive Budgetary Decisions

The Department of Research and Evaluation regularly evaluates major district initiatives. Cost and effectiveness information gleaned from these evaluations are included annually in a matrix of findings used in the budget development process to provide stakeholders with performance data before budgetary decisions are made.

The AISD Budget Department has won numerous awards over the years. One of the longest running awards, 13 years in a row, is presented by the Government Finance Officers Association (GFOA). This Association has ended the Distinguished Budget Presentation Award and moved to a different type of award called Best Practices in School Budgeting. This award takes more than a budget book submission, but also looks more at goals, plans, outcomes, and other practices. This award assists school districts in taking different approaches to budget objectives/items (i.e. Academic Return on Investment-ROI).

The AISD Budget Department along with the Research and Evaluation Department have teamed up with the District Management Group (DMG) to help evaluate budget practices and make sure we continue to be in sync with Government Finance Officers Association (GFOA) and the Association of School Business Officials International (ASBO).



Investing in the Vision of Reinventing the Urban Education Experience

Social and Emotional Learning

AISD has continued to maintain its contributions as a national leader of Social and Emotional Learning (SEL), committed to integrating SEL into the school experience of all its students. In 2011, AISD was among the first districts in the nation to embrace the emerging brain science and the principles of SEL, charting a course for incrementally infusing explicit SEL instruction into the practice of all 129 of its campuses. AISD has come to recognize that vibrant relationships, processes that foster social and emotional learning, and equity in all aspects of the educational experience are as critical to successful students and schools as excellent content and instruction; and, the research bears this out.

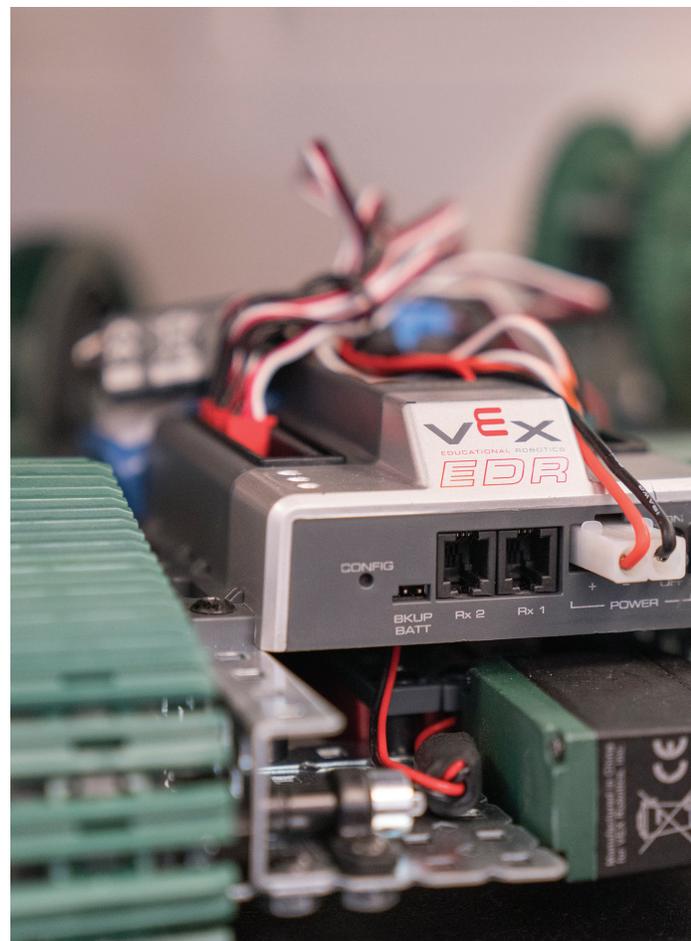
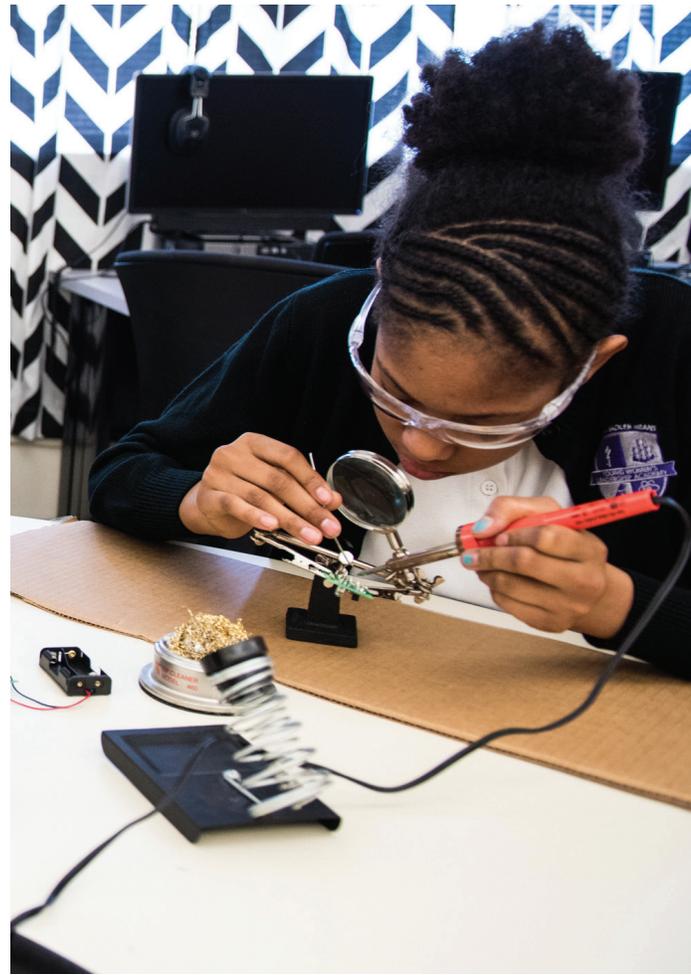
In the last decade, an increasing volume of educational research has shown that success in higher education, the labor force, and other aspects of life depends not only on what young people know but also on their abilities to identify and regulate their emotions, to establish relationships that enable them to engage effectively with others, and to plan and prioritize in ways that support the completion of complex projects and tasks. AISD's SEL researchers have captured evidence of the positive correlation between high-quality SEL implementation, improved school culture, and increased academic proficiency. Schools have a key role to play in cultivating students' non-academic skills and mindsets ultimately optimizing their learning and life experience.

No Place for Hate

AISD's Whole Child/Every Child is a focus, which includes a plan for integrating the Anti-Defamation League's No Place for Hate campaign. The campaign highlights student coalitions that plan and implement projects and activities, resulting in students owning the projects and being responsible for enacting the campaign's main beliefs. No Place for Hate was developed to organize schools to work together and develop projects that enhance the appreciation of diversity and foster harmony amongst diverse groups. The campaign empowers schools to promote respect for individual and group differences while challenging prejudice and bigotry. Pending confirmation from the Anti-Defamation League, 2018-19 will mark the sixth year as the largest No Place for Hate school district in the nation. More information about No Place for Hate can be found at: <http://austin.adl.org/noplacforhate>

Career Launch and P-Tech Programs

Early College High Schools with Career Launch Programs and P-Tech Programs are designed to help students successfully transition from high school to college and begin challenging 21st century careers. This unique model includes grades 9-14, delivering a six-year career focused program aligned with the Common Core Standards and Austin Independent School District | FY2020 Preliminary Budget



providing students with real-world work experience through internships in fields connected to their classroom studies. These schools are designed to prepare students for college and careers in the Health Sciences and the Technology disciplines. Graduates are prepared to enter their chosen field or continue their education in pursuit of a bachelor's degree.

Each Early College High School with Career Launch program is grounded in a three-way partnership between Austin Independent School District high school, Austin Community College and an industry partner. Together they provide an integrated support system that helps students achieve their academic and career goals. Students who successfully complete a six-year course of study graduate with a high school diploma, an associate degree, a Career and Technical endorsement, relevant industry certifications, workplace experience, and the specific skills needed by employers in high growth industries. There are currently six Early College High Schools:

- **Akins (pending state approval)**
- **Crockett**
- **Eastside**
- **Juan P. Navarro (formerly Lanier)**
- **LBJ**
- **Northeast (formerly Reagan)**
- **Travis**

Pathways in Technology Early College High Schools (P-TECH) is an open-enrollment program that provides students with work-based education. P-TECH programs provide students grade 9 through 14 the opportunity to complete a course of study that combines high school and post-secondary courses and field experience with an industry partner.

There is no cost to the student or their family for college courses as long as the student is enrolled at the Early College High School. The cost of college courses, textbooks, and course materials over the six-year period are covered by funding from state grants and AISD.

Current Programs

Career Launch: Reagan ECHS/ Dell/ ACC
LBJ ECHS/ Ascension Seton Family Healthcare/ ACC

P-TECH: Juan P. Navarro ECHS/ IBM/ACC
LBJ ECHS / Ascension Seton Family Healthcare/ACC
Crockett/Professional Construction Trades/ACC

Safety and Security

AISD is dedicated to ensuring the safety and security of every student and staff member in the district. Families and team members should feel secure in knowing that safety is our number one priority. Please review the resources that help keep our school community well-informed, healthy and out of harm's way.

In AISD, situations that threaten student and staff safety and security are never acceptable. AISD will continue to be vigilant in our efforts to protect every child and staff member from harm, and we will continue to explore new options for increasing security protocols as needed.



Here are some resources available to staff and students:

AISD Police

The AISD Police Department was established in 1986 to assist the school district with the safety and security of students, staff, and community stakeholders. In 2008, AISD Police became a recognized police department in best practices by the Texas Police Chiefs Association and has since maintained recognized status. Currently AISD Police consists of 85 uniformed officers and supports the districts' educational goals by providing law enforcement support in the following ways:

- Assigned School Resource Officers to all high schools and middle schools to mitigate issues such as active shooter threats
- Patrol division to support elementary schools and overnight patrol
- Criminal Investigation Unit to investigate major crimes
- Mental Health Unit in support of the growing number of students experiencing daily stressors
- Educational classes that promote positive character building

Emergency Notifications

School Messenger is one of AISD's most reliable tools for communicating information to families and staff members in the event of an emergency. The system allows the district and AISD schools to send important phone,

e-mail or text notifications informing you of a campus emergency. Explore AISD's School Messenger web pages to learn how you can customize the communications you receive from AISD so that you receive only the communications you want, and how you want them.

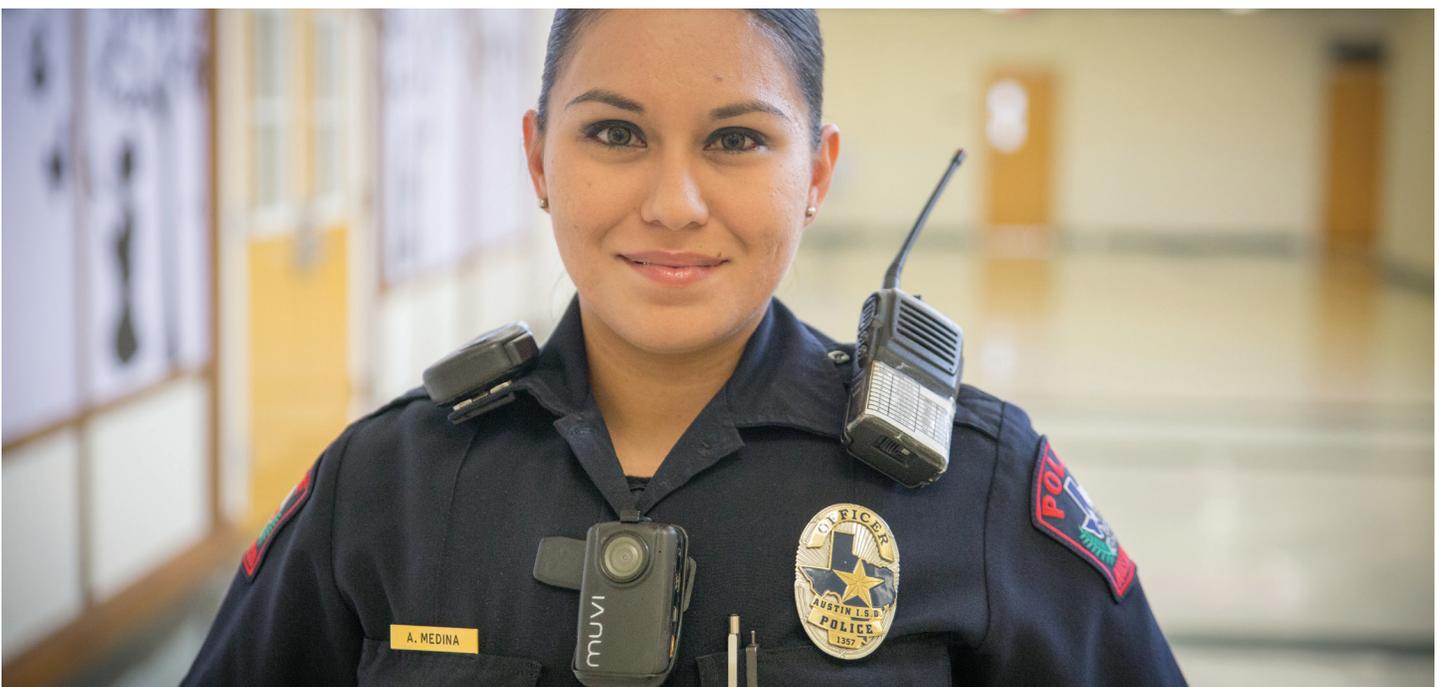
Emergency Operations

Emergency Management Bureau is responsible for the mitigation, preparedness, response and recovery programs in the district, and continuously monitors the district's safety procedures to ensure they are efficient and effective so AISD can adequately address threats and hazards.

Staff members at every campus and district facility undergo training using the Standard Response Protocol Tool Kit to handle emergency situations safely. Each campus is responsible for practicing those emergency protocols with students on a regular basis. As a result, students and staff are well-versed in how to handle an emergency situation.

Bus Safety

This fall, the district participated in National School Bus Safety Week Oct. 15-19. AISD's transportation team joined school districts and transportation agencies throughout Texas and the nation in celebrating the importance of school bus safety. The transportation department provided staff members and families with tips to keep students safe.



Full Day Pre-K

Pre-kindergarten is a special program for eligible 3- and 4-year-old students. The Pre-K program is designed to meet the needs of a child's early years, which are a period of rapid growth. It is during this period that key concepts are developed that directly correlate to a student's future academic success. Pre-K is an exciting time for students and for parents. For many families, prekindergarten is the introduction into the public school system.

AISD provides a full-day prekindergarten program for all children who turn 3 or 4 on or before Sept 1 of the current school year. Students must also qualify by being either:

- English Learners; or
- Economically disadvantaged; or
- Child of active military parent; or
- Child of Star of Texas Award Recipient; or
- Homeless; or
- Foster

In order to increase access to high quality prekindergarten for three and four year olds, AISD provides a Tuition-based PreK program. The program is designed to meet the needs of families who want their children to attend PreK in AISD but do not meet eligibility requirements for an AISD District-supported PreK program.

Children who are 3 years old for PK3, or 4 years old for PK4, on or before Sept. 1 of the current school year and who do not qualify for either the Preschool Program for Children with Disabilities or the District-supported Pre-K may enroll in the Tuition-based Pre-K program.

AISD Tuition-based programs offer families certified teachers in every classroom who are specifically trained to work with young children. The program provides child-centered, hands-on learning opportunities for the purpose of developing young children academically, physically and socially.

Families pay tuition annually, by semester or monthly. The Pre-K4 tuition is \$4,656 annually or \$517.33 monthly. The Pre-K3 tuition is \$2,328 annually or \$258.67 monthly.

Multilingual Education

The mission of Austin ISD Multilingual Education is to promote academic excellence by addressing the linguistic, cognitive and affective needs of multilingual learners. The district serves nearly 22,000 students currently identified as English Learners and nearly 17,000 students who are learning languages other than English.

Key Functions

1. Administering research-based bilingual/ESL programs to support English Language Learners in compliance with Chapter 89 of the Texas Administrative Code.
2. Providing two-way dual language opportunities at the elementary, middle and high school levels.
3. Supporting World Languages programs
4. Assisting families recently arrived in the United States through the International Welcome Center, Refugee Family Support Office and campus-based support.
5. Collaborating with other AISD departments to empower ELL students, their families and bilingual/ESL educators.

AISD CARES

Austin ISD seeks to reinvent the urban school experience by preparing all students to graduate ready for college, career and life. As we continue to work toward an organizational culture that values each employee and provides exceptional customer service to our students and families, the District has developed guiding principles to lead this charge - AISD CARES. These five principles—Customer-Focused, Action-Oriented, Responsive, Empathetic and Service-Driven—were developed to ensure a culture of positive relationships and exceptional customer service at all district locations.





The formula for success illustrated below shows that as we aspire to provide exceptional customer service and our staff feel valued, it will result in Austin ISD becoming parents' first choice in K12 education in the Austin-metro area.

2017 Bond

After the adoption of the 2017 update to the Facility Master Plan, on November 7, 2017, an overwhelming majority of Austin voters—72 percent—passed the AISD 2017 Bond for \$1.05 billion to bring about 21st-century learning spaces without increasing the tax rate. Not only does this bond provide updated learning spaces, but also includes other districtwide improvements such as new buses and districtwide security camera replacements to insure student safety. More details about the bond can be found at <https://www.austinisd.org/bond>.

Facilities and Bond Planning Advisory Committee (FABPAC)

Austin ISD is planning for the modernization of its school facilities, which include the 2017 Bond Program and future bond elections. The district, in conjunction with the community-based FABPAC, is committed to conducting an inclusive and broad engagement process when developing updates to the Facilities Master Plan (FMP) and bond programs.

The Board of Trustees appoints citizens to the FABPAC to evaluate capital improvement needs of the district and to provide recommendations to the Board of Trustees on long-range facilities planning; amendments to the Facility Master Plan; and the scope of work and timing of future bond programs.

In developing its recommendations, the Committee shall consider all information provided by the district administration. In its deliberations, the Committee considers the comprehensive needs of the district including, but not limited to:

- Facility Equity – A global assessment of the equity of facilities among district campuses.
- Student population projections – Annual projections by the district's demographer of the number of students living in each school's attendance area.
- Impact to maintenance and operations costs – How changes in current instructional programming or facilities would impact the local maintenance and operations budget.
- Strategic priorities – Priorities that are articulated in the district's Strategic Plan.



- Student transportation – A needs assessment of the district’s transportation fleet that considers the age and condition of the fleet.
- Technology – Technology for instructional and administrative uses is funded through bond programs. The Technology Officer for Learning and Systems will be responsible for developing recommendations for the committee’s consideration.
- Current and Planned Academic Programming – An assessment of necessary facility changes based on current and planned academic programming to support the District’s long-term goals, including the AISD Strategic Plan, as well as annual Board Priorities.
- The district’s real estate portfolio– A description of the property and land owned by the district. A real estate assets plan is in development and feedback by the committee will be part of its work.
- Educational Suitability Assessment – An assessment of a facility to evaluate how well the campus is physically equipped to deliver the instructional program. District staff and consultants will engage with the FABPAC, school leadership, and Campus Advisory Councils (CACs) as part of the assessment process to review and identify any additional facility needs for possible inclusion in a future bond program.
- Facility Condition Index (FCI) – An indicator of a facility’s condition obtained by dividing the repair costs by the replacement cost of the same building.
- Facility Condition Assessment – An evaluation of a school facility that identifies current site and building system deficiencies. District staff and consultants will engage with the FABPAC, school leadership, and Campus Advisory Councils (CACs) as part of the assessment process to review and identify any additional facility needs for possible inclusion in a future bond program.
- Educational Specifications – A document that describes the current standards for program areas, equipment needs, technology needs, square footage, and other considerations for a new or modernized school. Used to compare existing school facilities and identify areas that vary from current standards to identify potential future projects.
- Target Utilization Plans (TUPs) – A document developed by campus leadership and approved by district administration that identifies strategies to improve facility utilization at under-enrolled schools by 1) increasing enrollment mostly with students not enrolled in AISD and/or 2) optimizing building use through partnerships by generating revenue to mitigate costs.

For more information on the Facilities and Bond Planning Advisory Committee, please visit our website at <https://www.austinisd.org/advisory-bodies/fabpac>.



Facilities Needs

It is critical for a school district to have safe, environmentally-friendly facilities that have sufficient capacity to support student achievement and success. The state does not fund school facilities. School districts rely on bond funding to serve shifting enrollments, changes in teaching methods and to meet other facilities' needs.

The Facility Master Plan provides a path forward for addressing AISD's facility needs, and ensures that decisions regarding facilities are aligned with district priorities and reflect an efficient and effective application of resources. The Facility Master Plan is a result of the analysis and synthesizing of: data, such as existing facility conditions and population projections; community views on how the district should address facility issues; external and internal drivers, such as the state's school funding, changing high school graduation requirements and emerging academic programming needs; Board Priorities and AISD Strategic Plan; and policies such as CT (LOCAL) Facilities Planning.

With AISD's schools averaging over 45 years in age, the district has developed a facility condition index that quantifies and tracks the physical condition of each facility, and helps guide the repair, restoration, or replacement of buildings. The district uses independently developed population projections, which indicate that despite Austin's continued growth, overall student enrollment is projected to continue to decline over the next 10 years. However, there are schools that are currently experiencing overcrowding and are projected to continue to grow. The district analyzes the permanent capacity of schools and compares it to actual enrollments to determine utilization rates.

On October 28, 2013, the Board of Trustees appointed volunteer citizens to the Community Bond Oversight Committee (CBOC) to ensure that the projects remain faithful to the voter-approved bond program's scope of work and to monitor and ensure the bond projects are completed on time, with quality and within budget.

Technology Initiative

As AISD addresses issues of equity and educates students for jobs that have not yet been created, the district is intentional in ensuring that technology is an integral element to teaching, student learning, and all district operations. Technology can give access to students and families in new and exciting forms, allowing for

connection, collaboration, communication, critical thinking, creativity, and cultural proficiency. These are the power skills of today—and tomorrow.

This approach requires planning and support for teachers and staff to design flexible, technology-infused learning environments which engage students and allow them to research, visualize, create, iterate, and demonstrate mastery in ways we are just beginning to understand.

Key initiatives underway include:

- Year 2 of Everyone: 1 Chromebook for all high school to use at school and home use
- Year 2 of Sprint \$1 million grant providing home Internet access to hundreds of high school students who would not otherwise have it
- New mobile computers were delivered to all teachers before the start of the 2018-19 school year
- Presentation systems installation 50% complete this summer with all classrooms now having a prior or new presentation system in place.
- Launched new Help Desk work order system (ServiceNow) to streamline operations and improve service.
- Learning Positioning System (BLEND) underway with full access at all campuses and to all parents
- Expanded Principal Dashboards created to inform campus leaders of key student indicators
- Leading transformation of workplace activities during the migration to the district's New HQ to be more collaborative and customer service oriented while remaining highly cost-effective.
- A digital shift is underway to reduce the need for printed materials as we move to the Southfield building with the intent of storing current documentation in our Document Management System and designing forms with electronic signatures to significantly reduce the need for printing
- Reduced expenses for the entire Technology team by >1m for the 2019-20 school year.
- Awarded Verizon Innovative Learning Schools grant valued at more than \$9m to provide 1:1 access with home Internet access at 5 Title I middle schools.

Technology is often a driver, a catalyst, or an enhancer of innovation. Because of this, we are constantly looking to future trends, signals, and opportunities to best support the district's effort to reinvent the urban education experience. Horizon technologies, such as Internet of Things (IoT), virtual reality, augmented reality, and makerspace tools such as 3D printers are being demonstrated, tested, and integrated as appropriate. We continue to seek and obtain community partnerships and grant opportunities, while closely monitoring policy and direction changes to key programs.

Resource Development and Partnership Support

The Office of Innovation and Development (OID) supports innovation and excellence in Austin ISD by helping to align resources to support innovative campus and district programs. OID services include:

- Facilitating the development of innovative concepts, strategic proposals, and resource development strategies;
- Developing and sharing innovative programs with external partners;
- Building relationships with valued community and philanthropic partners;
- Facilitating, developing, and writing strategic funding proposals;
- Identifying and disseminating funding opportunities to support district priorities and campus needs;
- Leading donor relations and stewardship services;
- Providing technical assistance and support for grant writing and grants management;
- Linking community-based service providers and partners with campuses; and
- Assisting with the process and procedures necessary to provide support services to students.

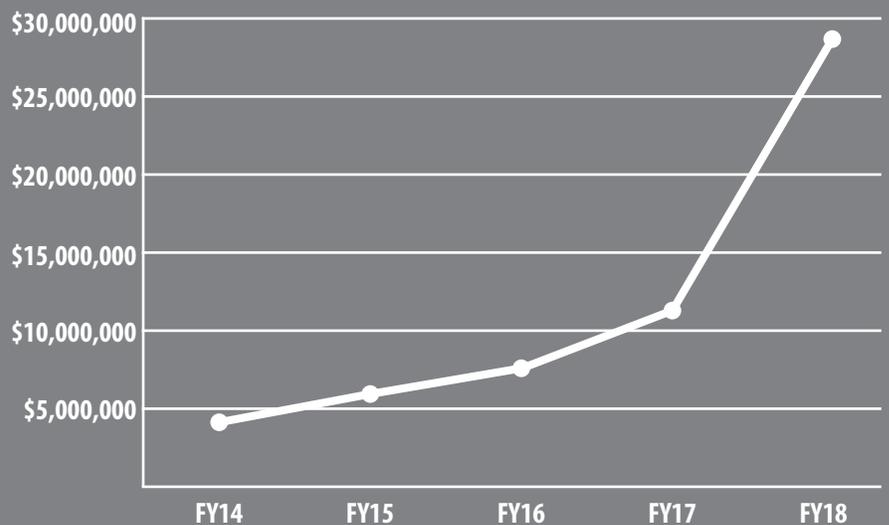


Resource Development

Financial support from generous individuals, businesses, and philanthropic partners is critical to innovation and excellence in our public schools. Austin ISD appreciates our partners who have invested with a long-term view and welcomes others to join Austin ISD to create an exceptional educational experience for the over 80,000 students we serve.

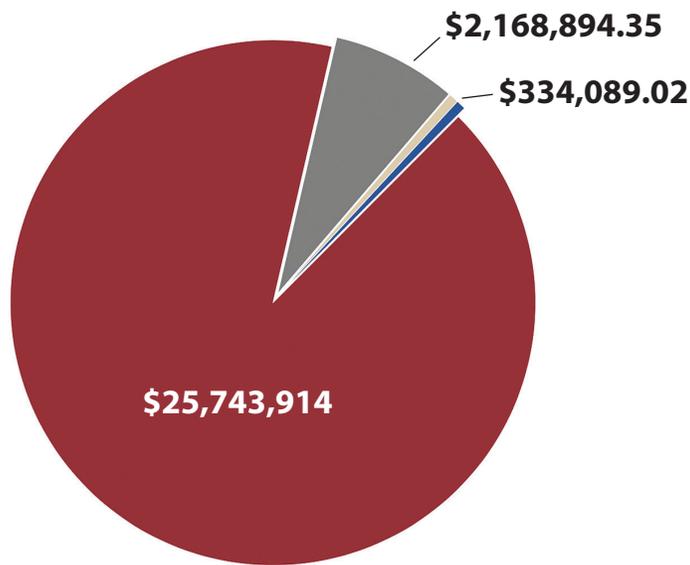
In FY17 (July 1, 2016 – June 30, 2017), OID was responsible for leading and supporting the generation of more than \$10 million in philanthropic and competitive support. Contributions and grants from private sources are not subject to recapture.

Competitive Government, Private and Foundation Revenue, FY 2014-FY 2018



Sources of Support

Account Type



**Total
Donations
YTD:
\$25,627,046**

Partnership Support

Through partnerships, schools leverage the strengths of service providers and businesses to better address the whole child needs during and outside of the school day. In the face of budget constraints, partners add indispensable value to our students by augmenting the services Austin ISD can offer to students and families.

To date, over 140 partners have provided over \$52 million in services to Austin ISD students across the district's 129 campuses. Services range from mental health supports to after school enrichment. Campus leaders and community organizations can learn more about services available on campuses at ysm-austin.org.

Campus Support

OID helps campus staff find and secure the funding necessary to meet campus needs and goals. Our online grants database allows campus staff to search for current non-profit grant opportunities (austinisd.org/oid/grants-fundraising/grant-database). OID also works with staff to develop and submit proposals, brainstorm workable ideas and project development, navigate possible collaborations with other grantees, and follow up with acknowledgments for the funding partner. In FY 2018, we helped secure nearly \$150,000 in cash and in-kind grant awards for campuses for a range of projects, including musical instruments, field trips, STEM, and competition fees. For assistance, please call 512.414.4850.

Donor and Foundation Support

There are multiple ways you can support Austin ISD or one of our schools. Please visit austinisd.org/oid/support-schools for more information or contact us directly at 512.414.4851.

OID coordinates Funder Roundtables for area foundations, philanthropists, and corporate funding partners where partners receive updates on funding initiatives and an overview of Austin ISD's priorities. The event is co-hosted by The Central Texas Education Funders, Austin Corporate Impact Network, High Tech Community Partners, Austin Community Foundation, and the Austin Ed Fund.

Partner Information and Connection

Service providers, community organizations or businesses interested in partnering with Austin ISD or needing partnership logistics can access a menu of contact points and information on the OID web site austinisd.org/oid/partners. The department also hosts widely publicized semi-annual partner meetings open to all service providers in order to provide updates and gain feedback from partners.

Make a Gift

Support Austin ISD's district and campus initiatives by making a contribution today. Learn more at austinisd.org/oid.

Commitment to Students and Taxpayers

2018 accountability ratings for Texas schools were based on a new accountability system mandated by House Bill 22 (85th Texas Legislature, Regular Session, 2017). Texas school districts received letter grades of A through F and campuses received ratings of Met Standard or Improvement Required for overall performance and for performance in each of three domains: **Student Achievement, School Progress, and Closing the Gaps**. Starting in August of 2019, grades of A-F will be assigned to campuses as well as districts.

The Austin Independent School District received an overall rating of B for 2018, earning 89 out of 100 possible points. The overall rating is based on performance on the three accountability domains. Austin ISD earned a B (87) on Student Achievement, a B (89) on School Progress, and a B (88) on Closing the Gaps.

For campuses, numeric scores of 60 and above resulted in Met Standard ratings, while grades of 59 and below resulted in ratings of Improvement Required. In 2018, 116 Austin ISD campuses earned overall ratings of Met Standard or Met Alternative Education Accountability (AEA) Standard, four received overall ratings of Improvement Required, and 10 campuses were not rated.

In addition to accountability ratings, the Texas Education Agency awards distinction designations for high achievement in several areas: Postsecondary Readiness, Top 25% Comparative Academic Growth, Top 25% Closing Performance Gaps, and Academic Achievement in Reading/ELA, Mathematics, Science, or Social Studies. Distinction designations are based on performance relative to a group of schools of similar type, size, grade span, and student demographics. In 2018, 61 Austin ISD campuses earned a total of 152 distinction designations.

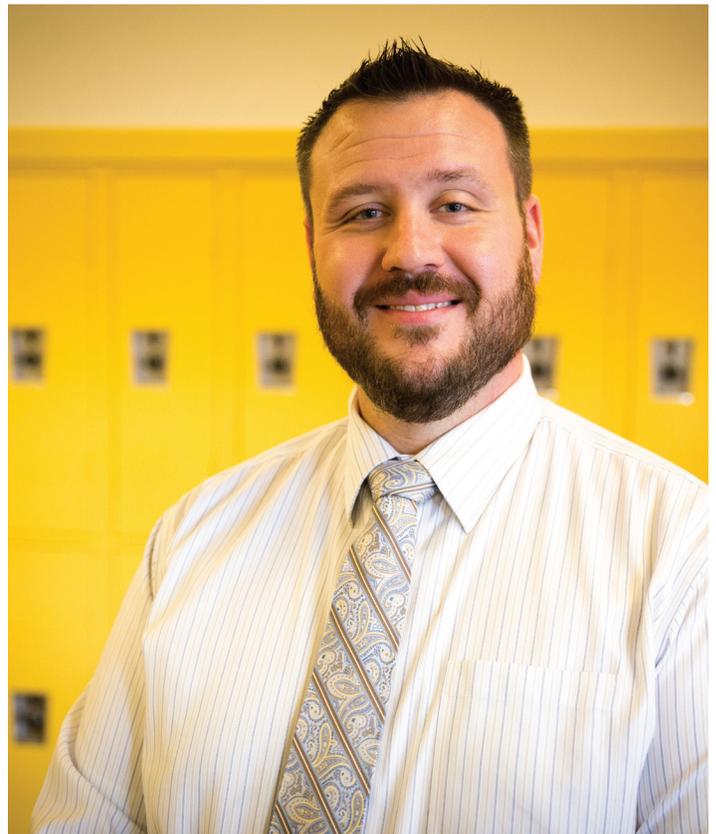
Accountability scores, ratings, and distinction designations are intended to show how well schools are doing at helping students reach grade level and preparing them for success after high school. Much like the grades given to students, accountability scores are used to identify ways to help schools improve over time.

The **Student Achievement** domain shows how much students know by the end of the school year in STAAR tested subjects. For high schools and districts, grades in this domain are also based on how many graduates are ready for college, a career, or the military. The STAAR component is based on how many students

are approaching, meeting, and mastering grade level expectations. Students who meet grade level expectations on the STAAR are well prepared for eventual success in college and career programs.

The **School Progress** domain is composed of two parts. **Part A–Student Growth** measures how many students show a full year of academic growth in reading and math on STAAR. The expectation is for every student to gain a year’s worth of academic knowledge in reading and math each year they are in school. **Part B–Relative Performance** is based on a comparison of how well students are doing compared to students at similar schools.

Even in schools where many students perform well, performance gaps can exist among different groups of students. The **Closing the Gaps** domain ensures that attention is given to each and every student in our schools. While grades in the other domains are based on all students combined, this domain looks at groups of students separately. Groups include students of the same race, income level or special education status. Higher grades are awarded if all groups of students are doing well in terms of academic growth, student achievement, English language acquisition, and, at the high school level, college and career readiness.



**Austin Independent School District
2018 Accountabilty Ratings and Distinction Designations**

	Ratings				Distinction Designations						
	Overall	Student Achievement	School Progress	Closing the Gaps	Academic Achievement ELA/Reading	Academic Achievement Mathematics	Academic Achievement Science	Academic Achievement Social Studies	Comparative Academic Growth	Postsecondary Readiness	Comparative Closing the Gaps
Austin ISD	B	B	B	B							
Akins HS	Met Standard	Met	Met	Met					Y	Y	Y
Anderson HS	Met Standard	Met	Met	Met	Y	Y	Y	Y		Y	
Austin HS	Met Standard	Met	Met	Met	Y					Y	
Bowie HS	Met Standard	Met	Met	Met		Y	Y	Y	Y	Y	Y
Crockett HS	Met Standard	Met	Met	Met						Y	Y
Eastside HS	Met Standard	Met	Met	Met							
Lanier HS	Met Standard	Met	Met	Met	Y					Y	Y
LASA	Met Standard	Met	Met	Met	Y	Y	Y	Y	Y	Y	Y
LBJ HS	Met Standard	Met	Met	Met	Y		Y			Y	Y
McCallum HS	Met Standard	Met	Met	Met	Y	Y				Y	
Reagan HS	Met Standard	Met	Met	Met	Y			Y		Y	Y
Richards YWLA	Met Standard	Met	Met	Met	Y	Y	Y	Y		Y	Y
Travis HS	Met Standard	Met	Met	Met	Y		Y		Y	Y	Y
Garza HS: AEA	Met AEA Standard	Met AEA	NR	NR							
GPA-Lanier: AEA	Met AEA Standard	Met AEA	NR	NR							
GPA-Travis: AEA	Improvement Req. (IR)	Met AEA	NR	IR							
International HS: AEA	Met AEA Standard	Met AEA	Met AEA	Met AEA							
Rosedale	Not Rated (Appeal)	NR	NR	NR							
Bailey MS	Met Standard	Met	Met	Met							
Bedichek MS	Met Standard	Met	Met	Met			Y				
Burnet MS	Met Standard	IR	Met	Met							
Covington MS	Met Standard	Met	Met	Met	Y				Y		
Dobie MS	Met Standard	IR	Met	Met							
Fulmore MS	Met Standard	Met	Met	Met	Y		Y	Y		Y	
Garcia YMLA	Met Standard	IR	Met	Met							
Gorzycski MS	Met Standard	Met	Met	Met			Y			Y	
Kealing MS	Met Standard	Met	Met	Met	Y	Y	Y		Y	Y	
Lamar MS	Met Standard	Met	Met	Met							
Martin MS	Met Standard	IR	Met	Met			Y				
Mendez MS	Improvement Req. (IR)	IR	IR	IR							
Murchison MS	Met Standard	Met	Met	Met							
O. Henry MS	Met Standard	Met	Met	Met			Y				
Paredes MS	Met Standard	Met	Met	Met							
Sadler Means YWLA	Improvement Req. (IR)	IR	IR	Met							
Small MS	Met Standard	Met	Met	Met							
Webb MS	Met Standard	IR	Met	Met							
Allison	Met Standard	Met	Met	Met							
Andrews	Met Standard	IR	Met	Met							
Baldwin	Met Standard	Met	Met	Met							
Baranoff	Met Standard	Met	Met	Met							
Barrington	Met Standard	Met	Met	Met							
Barton Hills	Met Standard	Met	Met	Met			Y				
Becker	Met Standard	Met	Met	Met			Y				
Blackshear	Met Standard	Met	Met	Met			Y			Y	
Blanton	Met Standard	Met	Met	Met		Y				Y	Y
Blazier	Met Standard	Met	Met	Met		Y	Y		Y	Y	Y

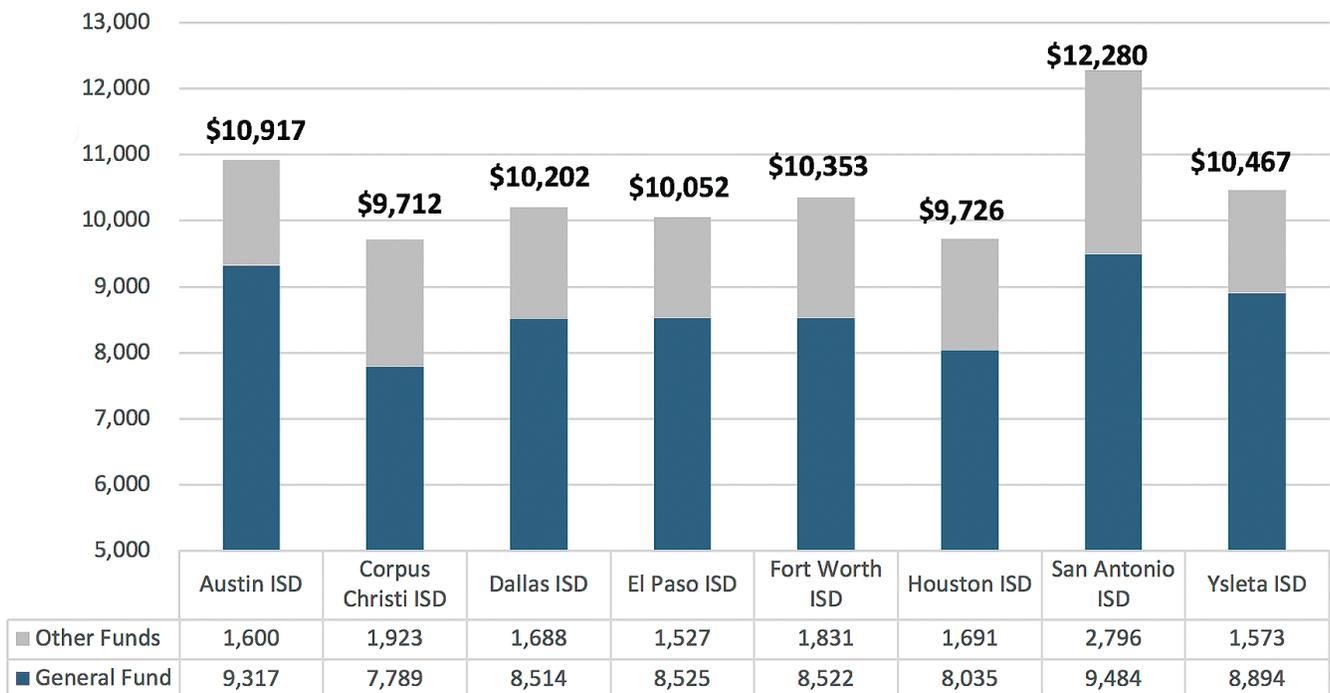
Boone	Met Standard	Met	Met	Met	Y		Y				
Brentwood	Met Standard	Met	Met	Met			Y				
Brooke	Met Standard	Met	Met	Met			Y				
Brown	Met Standard	Met	Met	Met							Y
Bryker Woods	Met Standard	Met	Met	Met							
Campbell	Met Standard	Met	Met	Met							
Casey	Met Standard	Met	Met	Met	Y						
Casis	Met Standard	Met	Met	Met	Y						
Clayton	Met Standard	Met	Met	Met	Y					Y	Y
Cook	Met Standard	Met	Met	Met							
Cowan	Met Standard	Met	Met	Met	Y					Y	
Cunningham	Met Standard	Met	Met	Met					Y		
Davis	Met Standard	Met	Met	Met							
Dawson	Met Standard	Met	Met	Met			Y				
Doss	Met Standard	Met	Met	Met	Y					Y	
Galindo	Met Standard	Met	Met	Met							
Govalle	Met Standard	Met	Met	Met					Y		
Graham	Met Standard	Met	Met	Met	Y	Y	Y		Y	Y	Y
Guerrero-Thompson	Met Standard	Met	Met	Met					Y	Y	Y
Gullett	Met Standard	Met	Met	Met	Y	Y			Y	Y	Y
Harris	Met Standard	IR	Met	Met							
Hart	Met Standard	Met	Met	Met							
Highland Park	Met Standard	Met	Met	Met	Y		Y			Y	Y
Hill	Met Standard	Met	Met	Met							
Houston	Met Standard	IR	Met	Met			Y				
Jordan	Met Standard	Met	Met	Met							
Joslin	Met Standard	Met	Met	IR							
Kiker	Met Standard	Met	Met	Met	Y					Y	Y
Kocurek	Met Standard	Met	Met	Met							
Langford	Met Standard	Met	Met	Met					Y		
Lee	Met Standard	Met	Met	Met							
Linder	Met Standard	Met	Met	Met							
Maplewood	Met Standard	Met	Met	Met							
Mathews	Met Standard	Met	Met	Met	Y				Y	Y	Y
McBee	Met Standard	Met	Met	Met							
Menchaca	Met Standard	Met	IR	Met							
Metz	Met Standard	IR	Met	Met							
Mills	Met Standard	Met	Met	Met							Y
Norman	Met Standard	Met	Met	Met					Y	Y	Y
Oak Hill	Met Standard	Met	Met	Met	Y		Y				
Oak Springs	Met Standard	IR	Met	Met							
Odom	Met Standard	Met	Met	Met							
Ortega	Met Standard	Met	Met	Met			Y			Y	Y
Overton	Met Standard	Met	Met	Met							
Padron	Met Standard	Met	Met	Met							
Palm	Met Standard	Met	Met	Met							
Patton	Met Standard	Met	Met	Met							
Pease	Met Standard	Met	Met	Met							
Pecan Springs	Met Standard	Met	Met	Met	Y					Y	
Perez	Met Standard	Met	Met	Met							
Pickle	Met Standard	IR	Met	Met							
Pillow	Met Standard	Met	Met	IR							
Pleasant Hill	Met Standard	Met	Met	Met			Y				
Reilly	Met Standard	Met	Met	Met						Y	
Ridgetop	Met Standard	Met	Met	Met							
Rodriguez	Met Standard	Met	Met	Met							
St. Elmo	Met Standard	Met	Met	Met			Y				
Sanchez	Met Standard	Met	Met	Met							
Sims	Met Standard	Met	Met	Met					Y	Y	Y

Summitt	Met Standard	Met	Met	Met							
Sunset Valley	Met Standard	Met	Met	Met	Y		Y				
Travis Heights	Met Standard	Met	Met	Met	Y	Y	Y		Y		
Walnut Creek	Met Standard	Met	Met	Met							
Webb Primary	Met Standard	IR	Met	Met					Y		
Widen	Improvement Req. (IR)	IR	Met	IR							
Williams	Met Standard	Met	Met	Met					Y		
Winn	Met Standard	Met	Met	Met			Y				
Wooldridge	Met Standard	IR	Met	Met							
Wooten	Met Standard	Met	Met	Met							Y
Zavala	Met Standard	Met	Met	Met						Y	Y
Zilker	Met Standard	Met	Met	Met	Y						
Austin Child Dev. Center	Met Standard	NR	NR	NR						Paired with Austin ISD	
Dobie Pre-K Center	Met Standard	NR	NR	NR						Paired with Graham ES	
Read Pre-K Center	Met Standard	NR	NR	NR						Paired with McBee ES	
Uphaus ECC	Met Standard	NR	NR	NR						Paired with Blazier ES	
ALC	NR	NR	NR	NR							
Dell Children's Med Ctr.	No Enrollment										
Travis County Day School	NR	NR	NR	NR							
TCJDC	NR	NR	NR	NR							
Phoenix	NR	NR	NR	NR							
Leadership	NR	NR	NR	NR							
TCJJAEP	NR	NR	NR	NR							
DAEP- EL	NR	NR	NR	NR							
Austin State Hospital	NR	NR	NR	NR							

Our Student Investment Compared to Our Texas Urban Peers

In FY2017-18, the most recent year for which comparable data is available, Austin ISD spent \$10,917 per pupil, which ranks the second highest among urban school districts in Texas. San Antonio ISD had the highest spending at \$12,280 per pupil. As illustrated in the graph, eight out of eight urban districts spent more than \$9,500 per pupil in FY2018. Although AISD's operating expenditures per pupil are higher than most of its urban peers, the per-pupil spending level reflects the district's commitment to ensuring that its diverse student population and graduates are prepared to meet the competitive demands of a global economy.

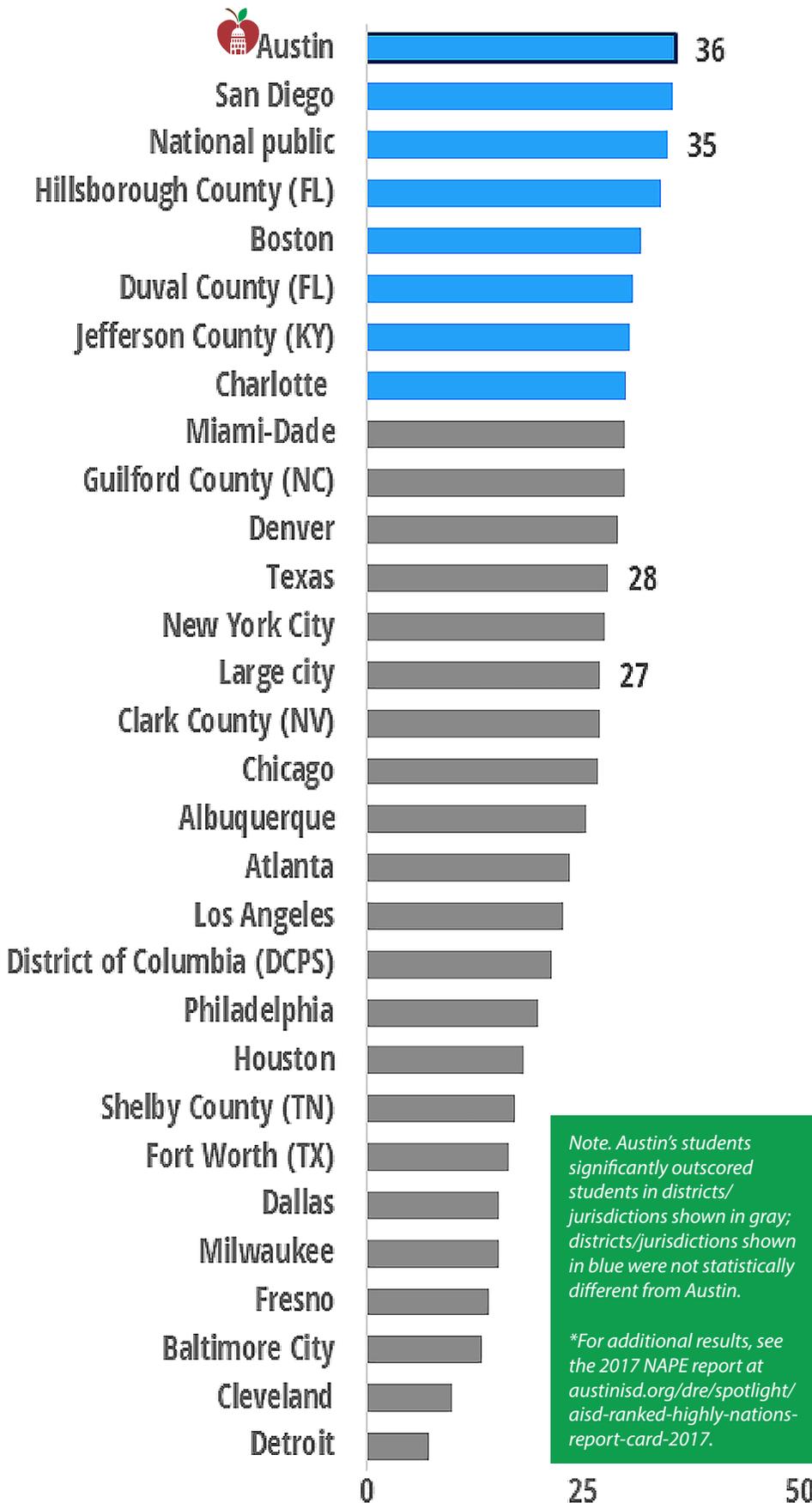
FY2018 Per Pupil Operating Expenditures



Source: TEA PEIMS Financial Standard Reports

NAEP Mathematics Grade 4: Percent Proficient or Advanced

8th Grade Reading - Percentage of Students Scoring Proficient or Advanced



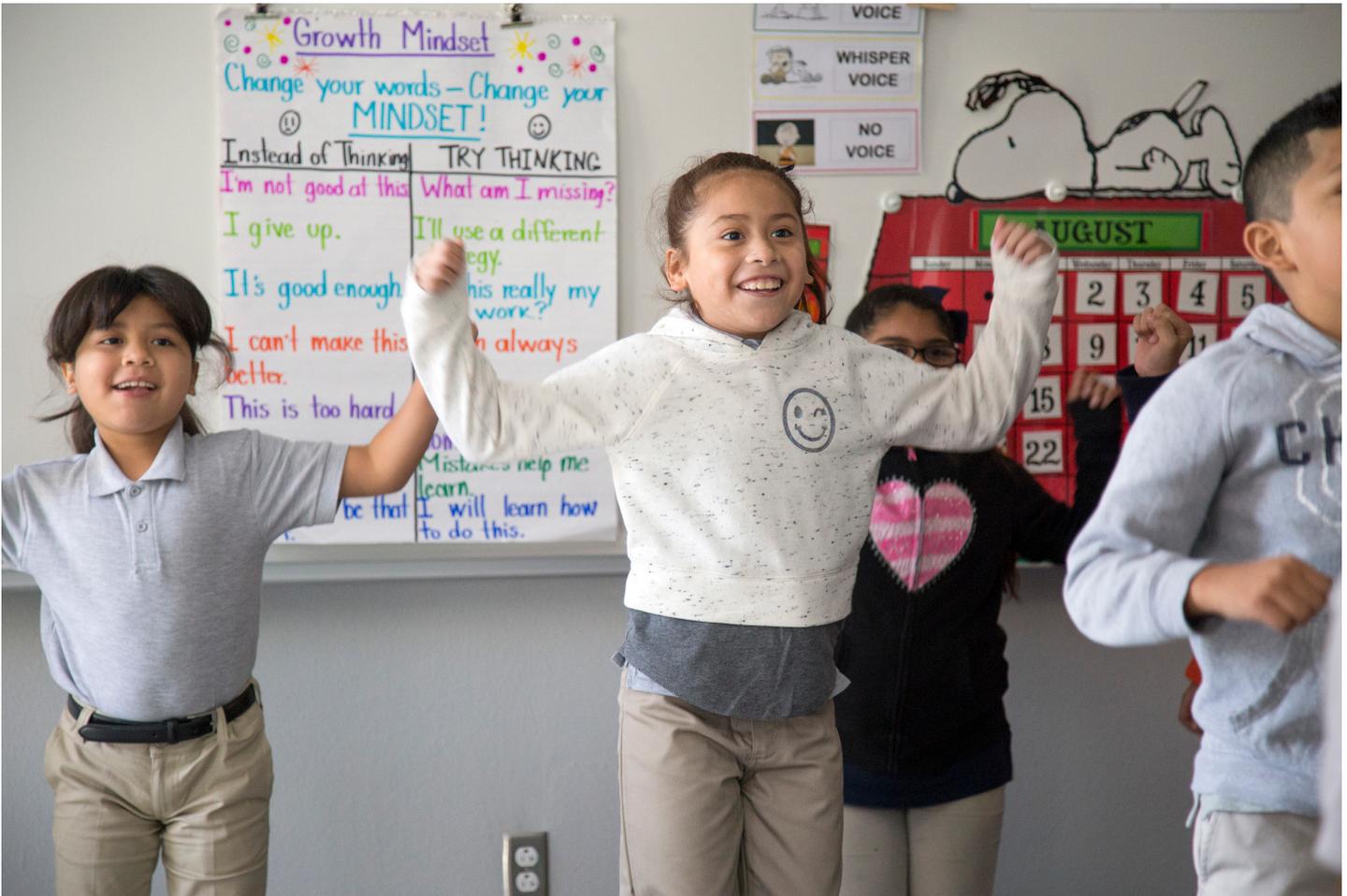
NAEP

Since 2005, AISD has participated in NAEP's Trial Urban District Assessment (TUDA) administration. Results from NAEP, often referred to as the Nation's Report Card, reflect group-level data on student achievement in various subjects. Representative samples of students from a total of 27 school districts across the United States participated in the 2017 TUDA assessment of fourth- and eighth-grade students in reading and mathematics. The study provides an opportunity to benchmark progress over time as well as performance against students in other participating urban districts, large U.S. cities, states, and the nation.

In 2017, AISD students continued to outperform their peers in large urban school districts on the Nation's Report Card, ranking among the top in percentage of students at or above proficiency for both math and reading. As in previous years, AISD students significantly outperformed their peers in U.S. large cities and most other TUDA districts.

AISD's eighth-grade students performed particularly well on NAEP in 2017. In 8th-grade reading, AISD ranked first among the 27 TUDA districts, and in eighth-grade math, AISD ranked second. On both the reading and math assessments, eighth-grade proficiency levels in AISD were significantly higher than those of Texas.

AISD's fourth-grade students continued to perform at or above the proficiency levels of Texas in 2017. In fourth-grade reading, only two TUDA districts significantly outperformed AISD, and no TUDA districts significantly outperformed AISD in fourth-grade math. AISD ranked eighth among the 27 TUDA districts in fourth-grade reading and fourth in fourth-grade math with proficiency in 2009.



Sound Budgets and Strong Fiscal Management

AISD uses sound fiscal management practices and prudently allocates its resources. Budgets have been developed and implemented with a focus on students and their needs. The district’s fiscal responsibility has helped produce the following results:

- The lowest overall property tax rates in the Austin area for school districts in FY2018-19
- Aaa debt rating from Moody’s Investors Service, AA+ from Standard & Poor’s, and AA+ from Fitch Ratings, which are amongst the highest ratings a Texas public school can earn from these agencies. This has resulted in millions of dollars worth of savings due to lower interest rates for the district’s bond program and Austin taxpayers.
- 2018 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement, for the 16th consecutive year.
- AISD maintains its Transparency in Traditional Finances award from the Texas Comptroller of Public Accounts. Recipients provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data and other relevant information.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for 13 years in a row and the GFOA Certificate of Achievement for Excellence in Financial Reporting for eight years in a row. The GFOA Distinguished Budget Presentation Award has been replaced with the Best Practices in School Budgeting Awards Program to which AISD has applied, interviewed and is waiting for GFOA’s response.
- The Association of School Business Officials International (ASBO) Meritorious Budget Award for excellence in the preparation and issuance of its school system budget for the ninth year in a row.
- The ASBO Certificate of Excellence in Financial Reporting for the eighth year in a row (pending ninth year certification) for its Comprehensive Annual Financial Report (CAFR).

Budget Overview

AISD will continue to face challenging times due to increased expenses driven by increasing recapture payments due to declining student populations and increasing property values. With revenue not adequate to compensate the inflationary expense and recapture increases, AISD is being forced to apply strategies to help offset decreasing fund balances.

The Austin ISD has three budget priorities: **Thrive**, where all schools meet or exceed local and state performance measures, **Read**, has all students reading at grade level by 3rd grade, and **Excel**, in which we invest in more competitive salaries and benefits for all teachers.

These priorities bring some expected expenditure increases. The investment in TUP (Target Utilization Plan) and a Comprehensive School Improvement Model are intended to all schools thrive. Investments in CALT Reading Specialists, Early Literacy staff, and curriculum redesign to ensure all students read by grade three. Finally, new funding in the PPft (Professional Pathways for Teachers Compensation and Professional Development Program) and funding for salary increases to help teachers excel. Overall, expenses are projected to increase by \$13.1 million.

Despite these increases, AISD is projecting budget savings of \$30.5 million consisting of central administration realignments, technology efficiencies, reductions to supplies and savings from the improved performance to the Employee Health Plan.

Enrollment Decline and Strategy

AISD is strategically investing in four priority areas: literacy, safety and security, customer service and the Target Utilization Plans for the 2019–20 fiscal year budget. The first three priorities are discussed in a previous section, Investing in the Vision of Reinvesting the Urban Education Experience, while we discuss the Target Utilization Plan below as a strategy to address declining enrollment.

A Target Utilization Plan is recommended for school communities to address the pattern of declining enrollment below 75%. The purpose is to encourage and support efficient use of school facilities so communities have more real-time information, involvement in and understanding of the status of their schools.

THRIVE



ALL SCHOOLS meeting or exceeding local and state performance measures.

READ



ALL STUDENTS reading at grade level by 3rd grade.

EXCEL



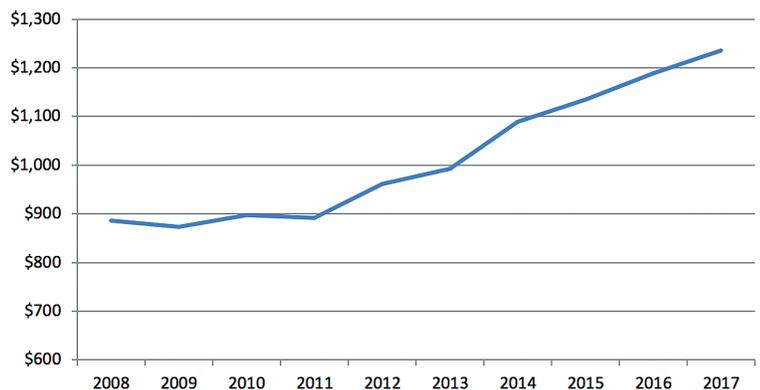
ALL TEACHERS knowing we are investing in more competitive salaries and benefits.

This also will allow time to address and assess underenrollment in a proactive manner. AISD is developing a structured process with milestones and data to support campus' efforts to grow enrollment. This process will be vetted with district and school leadership. Any campus that is placed on a TUP and that is under-enrolled shall receive priority in Standard Automatic Measures (SAMs) including but not limited to 1) priority in communication and marketing and 2) resources and support (board of trustees' amendment). The Target Utilization Plan is a new concept developed during the 2016–17 FMP Update process. Additional schools may be identified for a Target Utilization Plan based on established district criteria.

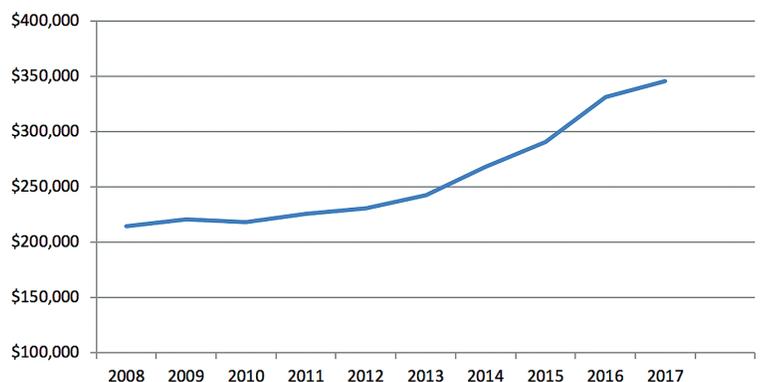
After decades of enrollment growth, AISD has experienced a decrease in enrollment since FY2012-13, and according to the demographer, the trend can be expected to continue into the future. This is due to a number of factors, including:

- Affordability issues in general, and specifically a drop in affordable housing;

Median Monthly Rent within AISD

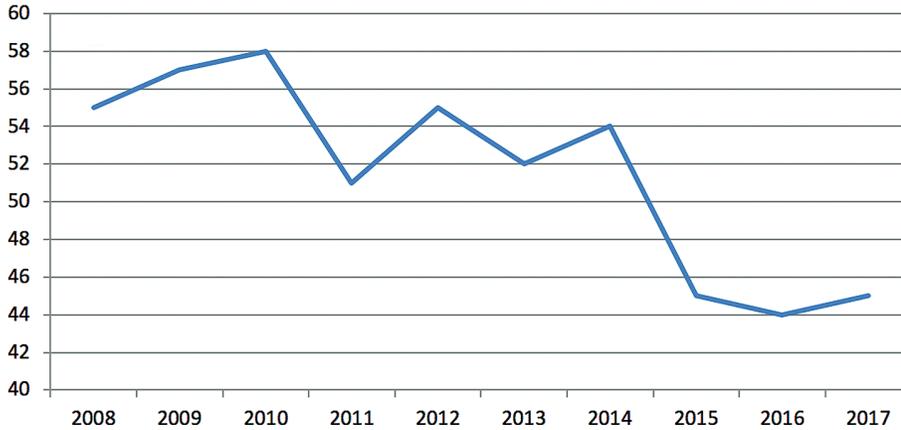


Median Home Value within AISD



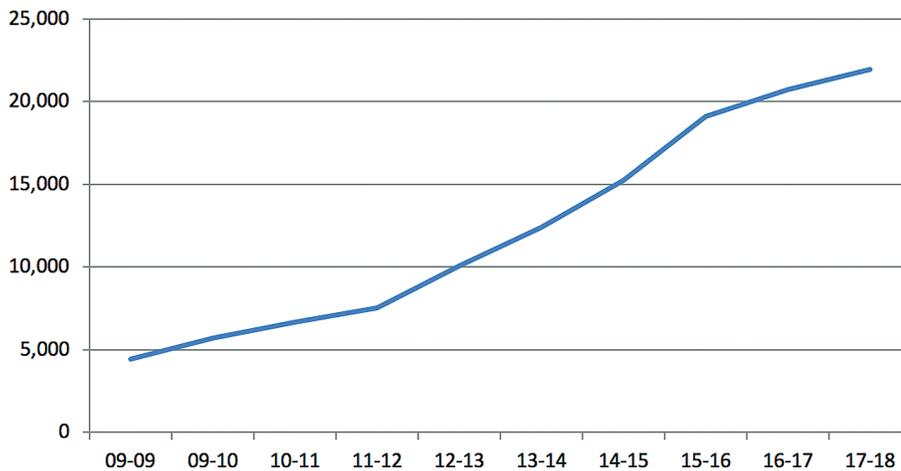
- A decline in birth rates that occurred during the recent recession, which especially impacts the district at Pre-K and Kindergarten; and

Birth Rate for Population within AISD
(Births Per 1,000 Women ages 15-20)



- Increased competition from charter and private schools.

Charter School Enrollment in and Near AISD



Since state funding is provided based on the number of students in classrooms each day, this change in enrollment is expected to negatively impact our revenue budget in future years. While this may create a savings in payroll expenditures, it decreases the district's revenue to pay for fixed costs and infrastructure. In response, the district is taking several steps to address declining enrollment. This includes a new out-of-district transfer policy, a targeted marketing plan and a revamped customer service effort. The district is responding to student needs with offerings like meals at after-school programs.

Outdated State Funding Formula

Many of the "weights" that the state uses to allocate funding to school districts have not been updated since the early 1990s with the exception of Bilingual Ed which has not been updated since 1985. The costs of providing important student services since these weights were updated, 25-30 years ago, have increased. For example, the funding formula contains a Cost of Education (CEI) index that is to account for regional costs differences. The current CEI for Austin is lower than that of: Northside ISD, North East ISD, Round Rock ISD, Fort Worth ISD, El Paso ISD, Fort Bend ISD, Dallas ISD, Cypress-Fairbanks ISD and Houston ISD. The Austin Metropolitan Area has among the highest costs of living in the state. The median price for a single-family home and median apartment rent in Austin are both higher than any other area of the state. An adjustment to the CEI index comparable to Brownsville ISD would provide additional revenue to AISD estimated at over \$16 million for FY2019-20.



Limited Resource Capacity to Support a Diverse Student Population

It is projected AISD will serve more than 78,000 students in FY2019-20. After many years of enrollment growth, in FY2013 the district began to experience a decline in student enrollment. Overall, the student population in the district is expected to decrease over the next ten years. The decline has been driven by lower birth rates in the area, affordability, movement of student populations within and out of the district and a shift in demographics, which indicate fewer families with school aged children living in the city of Austin. The district projects enrollment to decline by over 1,400 students from projected year end FY2018-19 to the FY2019-20 Preliminary Budget.

Over the past decade, the demographics of the district have changed. Our district celebrates its diversity, and we are committed to offering all students an excellent education. But additional resources are needed to support a diverse student population in which:

- Over 4 out of 10 children in AISD are from economically disadvantaged homes.
- For almost one in three (27%), English is not the first language.
- There are 90+ languages spoken throughout the district.
- One in 10 children is classified as having a learning (or other) disability.

Higher Accountability Standards-Fewer Resources

School districts face an ongoing challenge of implementing funding reductions while meeting rising academic expectations. Under HB 5, which are newer graduation standards mandated by the state, students will have one diploma plan with one of five endorsements. Without additional funding resources, requirements like this will put financial pressure on the district's resources over the next several years. The following link provides the most recent report on school mandates: <https://www.tasb.org/Legislative/documents/170120Mandates.aspx>

Human Capital

Student achievement begins with exemplary teaching. That is why the Austin Independent

School District works to recruit, retain and reward great teachers and administrators. We know that the integrity, knowledge, diversity and talent of our employees—our human capital—are our most valuable resources. One of our most important jobs is providing our teachers, principals, administrators and other staff members with the support they need to do their best work, because when they succeed, our students succeed.

Because Austin is one of the most dynamic and competitive marketplaces for talent in Central Texas, our work to recruit, develop and retain top talent has never been more important. Every day, AISD competes with neighboring districts and other urban districts for the best teachers and administrators to serve in our more than 6,000 classrooms, and we do this in an environment of tightly constrained resources at the local and state levels.

While student performance has continuously improved, AISD employees have shared the burden in the district's budget struggles. They are paying more for health care benefits and their wages have continued to lag even with salary increases. It is becoming more difficult for the district to pay competitive salaries. A recent analysis indicates that AISD teacher salaries rank 6 out of 10 among our neighboring districts in teacher pay, and 9 out of 9 among the top urban district in Texas.

School District	CEI Index
Brownsville ISD	1.19
Houston ISD	1.17
Aldine ISD	1.16
Alief ISD	1.16
Conroe ISD	1.16
Cy Fair ISD	1.16
Dallas ISD	1.16
Fort Bend ISD	1.16
Katy ISD	1.16
Pasadena ISD	1.16
Socorro ISD	1.15
Arlington ISD	1.14
El Paso ISD	1.14
Fort Worth ISD	1.14
Garland ISD	1.14
Lewisville ISD	1.14
San Antonio ISD	1.14
United ISD	1.14
Ysleta ISD	1.14
Plano ISD	1.13
Round Rock ISD	1.12
North East ISD	1.11
Austin ISD	1.10
Killeen ISD	1.10

Professional Pathways for Teachers (PPFT)

Professional Pathways for Teachers (PPFT) is a Human Capital System that blends appraisal, compensation and professional learning in an effort to further professionalize teaching and promote continued professional growth for all of our teachers, regardless of their level of experience. Developed through collaboration between Austin Independent School District, Education Austin, and American Federation of Teachers, the PPFT appraisal supports a collaborative campus culture, takes into account multiple measures and links professional development to teacher needs. The appraisal system focuses resources on building the capacity of our teachers through a comprehensive system of supports and rewards with the ultimate goal of impacting student achievement.

As a vetted, comprehensive, and fully developed system, PPFT is designed to:

- Foster open and collaborative campus cultures that focus on instructional growth, supportive and contextual feedback, and the development of individual and school wide practices that more effectively improve student learning;
- Incorporate multiple measures of teacher effectiveness, including in- and out-of-classroom indicators, student learning growth, and teacher self-reflection;
- Offer professional development that links to evaluation results; and
- Include a compensation component that recognizes years of service, performance, leadership, and professional learning through a system of pathways.

The PPFT System is based on a multi-year analysis of the lessons learned from REACH and a PPFT pilot appraisal process, recommendations from teachers, principals, district personnel, and Education Austin team members as well as best practices in evaluation from across the nation. Through a system of feedback and reflection, PPFT also includes differentiated compensation linking growth of teachers, growth of students and compensation in a unique way. Teachers are empowered to choose various pathways for professional growth rooted in key district initiatives and commitments.

Teacher Salary Comparison with Local Districts (Excludes Social Security Tax)

Rk	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
1	Lake Travis	Lake Travis	Round Rock	Leander	Leander	Eanes	San Marcos
2	Leander	Eanes	Lake Travis	Eanes	Eanes	Leander	Hays
3	Eanes	Leander	Eanes	Round Rock	Round Rock	Lake Travis	Leander
4	Round Rock	Round Rock	Leander	Lake Travis	Lake Travis	San Marcos	Round Rock
5	Manor	Dripping Springs	Pflugerville	San Marcos	San Marcos	Hays	Eanes
6	Dripping Springs	Manor	San Marcos	Pflugerville	Pflugerville	Round Rock	Austin
7	Del Valle	Del Valle	Del Valle	Austin	Austin	Manor	Lake Travis
8	Austin	Austin	Manor	Hays	Hays	Pflugerville	Pflugerville
9	Hays	San Marcos	Hays	Manor	Manor	Austin	Del Valle
10	San Marcos	Hays	Austin	Del Valle	Del Valle	Del Valle	Manor

PPfT is designed to suit the needs and aspirations of teachers while also valuing high-quality teaching, application of and reflection upon new learning and strategies in the classroom, professional growth, and ultimately, improved student outcomes.

For more information on PPfT, please visit: austinisd.org/tad/ppft

Teacher Salary Comparison with Urban Districts (Excludes Social Security Tax)

Rk	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
1	Fort Bend	Cypress Fairbanks					
2	Fort Worth	Northside (SA)	Fort Worth	Fort Worth	Fort Worth	Fort Worth	Fort Bend
3	Houston	Houston	Fort Bend	Fort Bend	Fort Bend	Fort Bend	Fort Worth
4	Dallas	Dallas	Dallas	Northside (SA)	Northside (SA)	Houston	Dallas
5	Northside (SA)	Fort Bend	Northside (SA)	Houston	Houston	Northside (SA)	Northside (SA)
6	Cypress Fairbanks	Fort Worth	Houston	San Antonio	Dallas	San Antonio	Houston
7	El Paso	El Paso	El Paso	Dallas	San Antonio	El Paso	San Antonio
8	San Antonio	San Antonio	San Antonio	El Paso	El Paso	Dallas	El Paso
9	Austin						

This data is pulled from TASB, and is based on salary schedule information across districts. As such, it will not account for PPfT increases.



Budget Analysis

General Fund: Where the Money Comes From

Of the funds that AISD manages, the largest is the General Fund. AISD's General Fund is used to support the operation of the school system and is comprised of three major sources: local, state, and federal.

Local funding consists of property taxes for the current year or prior years, investment earnings, athletic activities revenue, insurance recovery, and revenues from building use.

FY2020 General Fund Revenue Sources

Local: 94.7%

State: 3.7%

Federal: 1.6%

State funding is the amount of funding that school districts receive from the state. It is based on a complex formula determined by the legislature that considers the number of students served and is based on poverty levels, special programs, bilingual factors, levy bases, and other factors.

Federal Funding reflected in the General Fund are earnings from indirect costs from federal grant expenditures and revenues received for school health and related services (SHARS), a Medicaid reimbursement program. This portion of the budget does not include Federal grant funding which is accounted for separately in the district's Special Purpose Fund. Special Revenue Funds are approved separately when final grant awards are made.

Revenue Source <i>(in millions)</i>	FY2019	FY2020	\$ Change	% Change
	Adopted Budget	Preliminary Budget		
Local	\$1,313.2	\$1,430.6	\$117.4	8.9%
State	78.4	56.3	(22.1)	(28.2%)
Federal	24.2	23.8	(0.4)	(1.6%)
Total	\$1,415.8	\$1,510.7	\$94.9	6.7%
Less:				
Recapture	(\$669.6)	(\$794.3)	(\$124.7)	18.6%
Operating Revenue	\$746.2	\$716.4	(\$29.9)	(4.0%)

Limited Ways to Generate Revenue

Texas school districts are the only local taxing authorities that are required to equalize their tax base or get voter approval in order to increase taxes above a set rate through a Tax Ratification Election (TRE). This has been the case since 2006, the last time the state legislature passed school finance legislation. Other local entities, including the city and the county, are not required to seek voter approval for limited tax increases. In addition, the system of recapture requires voters to agree to tax themselves even when a significant portion of the increase will go to the state. This creates a huge challenge for Austin ISD to sell a TRE to voters. The district's planning and prudence recognizes the fact that the local economy, while better than most is still struggling to recover and households are slowly trying to rebuild from the recession. The district is holding off as long as we can and employing methods to finance as much as we can on our own through cost cutting.

Local Revenue

The vast majority of AISD's funds come from local sources, mainly local property tax collections. Local revenue is expected to increase 8.9 percent or roughly \$117.4 million as a result of increased property tax values for FY2019-20. However, due to the state's recapture formula, which essentially caps the amount of revenue the district can receive through the use of equalized wealth level thresholds, it is projected that 56 percent of revenue generated locally will go to the state for redistribution rather than staying in the district in FY2019-20.

Tax Year as of Jan 1	School Year	Net Taxable Value <i>(in billions)</i>
2007 Certified	2007-08	50.6
2008 Certified	2008-09	56.3
2009 Certified	2009-10	57.8
2010 Certified	2010-11	56.3
2011 Certified	2011-12	56.9
2012 Certified	2012-13	59.1
2013 Certified	2013-14	63.2
2014 Certified	2014-15	71.0
2015 Certified	2015-16	81.3
2016 Certified	2016-17	93.8
2017 Certified	2017-18	103.4
2018 Certified	2018-19	114.6
2019 Preliminary	2019-20	124.3

Because of declining enrollment and rising property tax values, the district will have \$7.4 million less operating revenue (local revenue net of Recapture) in FY2019-20 when compared to FY2018-19 adopted.

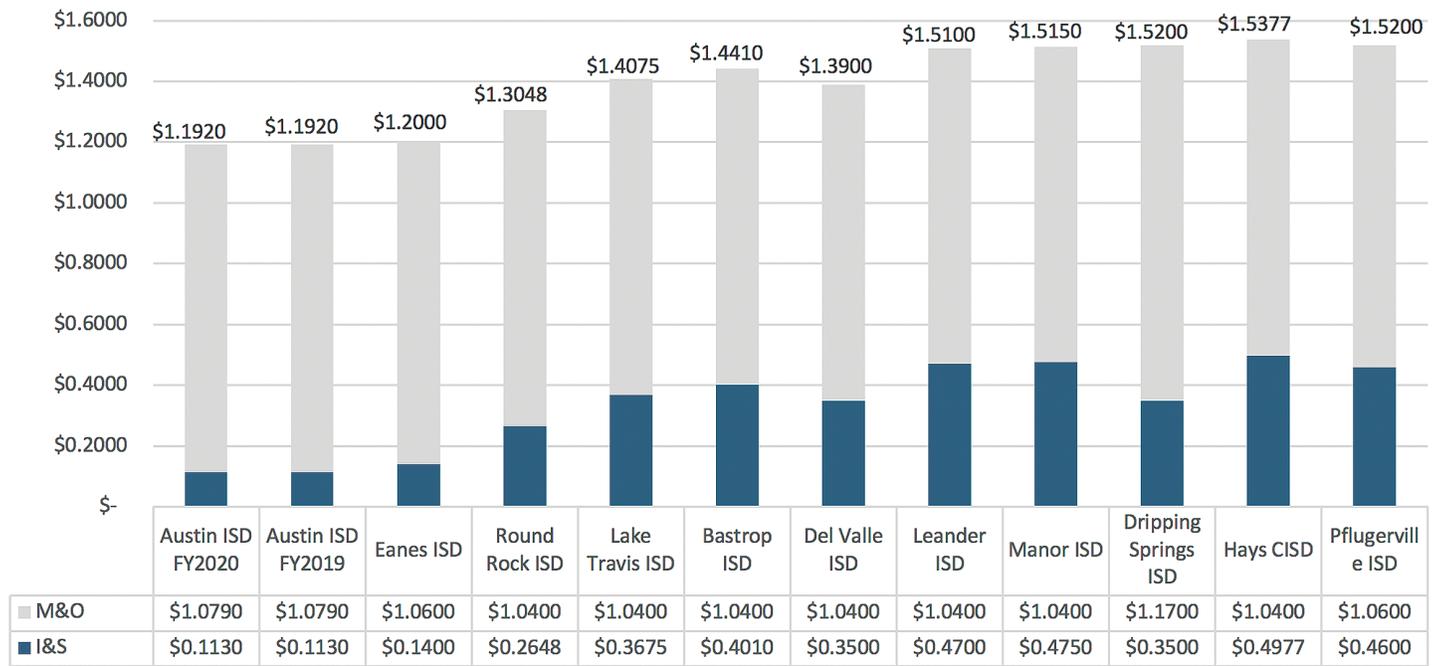
**Note, 2019 Preliminary data came from AISD. TCAD had not published estimates at the time of publication.*

Tax Rates

There are two types of tax rates set: Maintenance and Operation (M&O), the rate applied to the tax base to support the General Fund Budget, and the Interest & Sinking (I&S) tax rate, the rate applied to the tax base to cover the debt associated with the bonds approved by taxpayers. Increases to the M&O tax rate are subject to recapture while I&S tax rate increases are not. The current proposed FY2019-20 preliminary budget assumes no increase in the M&O tax rate currently at 1.079 of \$100 of taxable value. The debt service tax rate also assumes no tax rate increase from the FY2018-19 level of \$0.113 per \$100 of taxable in FY2019-20. The I&S tax rates have been reduced 5 cents in the last 5 years.

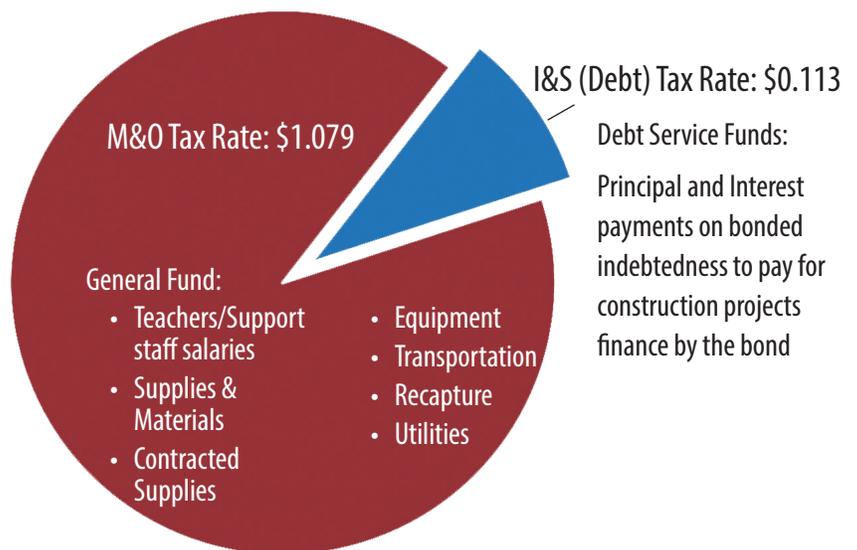
AIISD has the lowest tax rate when compared to other local school districts in the metro area and it expects to maintain this position with the Preliminary FY2019-20 budget.

FY2019 Austin Area Tax Rates



Taxable Values Affect Local Revenue

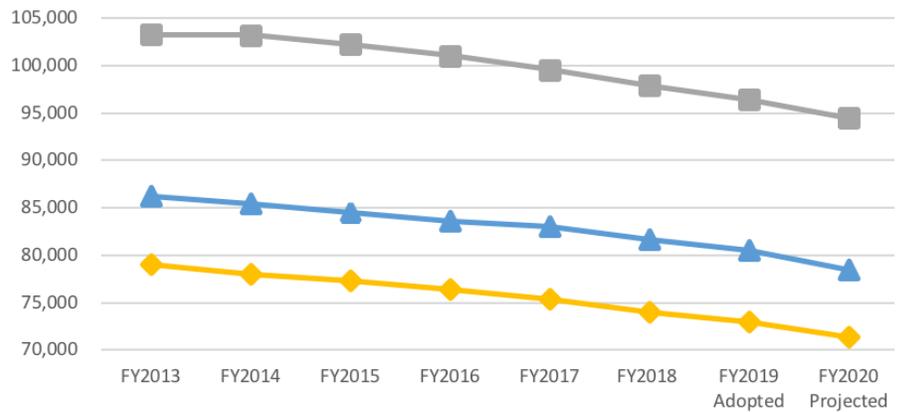
A key component of revenue estimation is taxable values. Taxable values are projected to increase in FY2019-20, by 8.2 percent. This estimated value is a number estimated by AIISD as the Preliminary taxable values were not released at the time of publication. The final certified taxable values will not be available from the appraisal district until late July 2019. Since the FY2019-20 preliminary budget is being prepared in advance of the certified values, it is expected that any variances between the present estimate and the certified values in July will require amendments to budgeted local property tax revenues to reflect the actual certified appraised values for FY2019-20.



How Attendance Affects State Revenue

A key factor in generating state revenue to support public education is the district's number of students in Average Daily Attendance (ADA). In general, increases in ADA mean that the district gets more funding from state and local sources. Closely akin to ADA is WADA (weighted ADA), which adjusts the ADA student count to reflect student and district characteristics, such as the number of students receiving special education services or the size of the school district, for example. WADA is multiplied by target revenue to yield the combined state/local funding levels each year. Attendance is an important opportunity for the district to increase revenue. It is estimated that the district receives approximately \$5.0 million in revenue for every 1 percent increase in attendance.

Historical and Projected Enrollment, ADA, and WADA



The district is projecting decreases in WADA, enrollment and ADA from FY2018-19 to FY2019-20. The following chart reflects historical and projected enrollment from FY2012-13 to FY2018-19 in terms of enrollment at the end of the first six-week period, annualized ADA and WADA.

Where the Money Goes

AISD continues to ensure resources are spent primarily on supports for schools and students. Nearly 60 percent of the general fund revenue is allocated directly towards instruction.

Maintenance costs for the District total 11 percent of AISD's budget. General administration represents just 2.9 percent of the general fund budget.

To see how the school tax portion of your annual property taxes pay for all of the services provided by the Austin Independent School District, please visit our interactive web site at <https://www.austinisd.org/budget/calculator>.

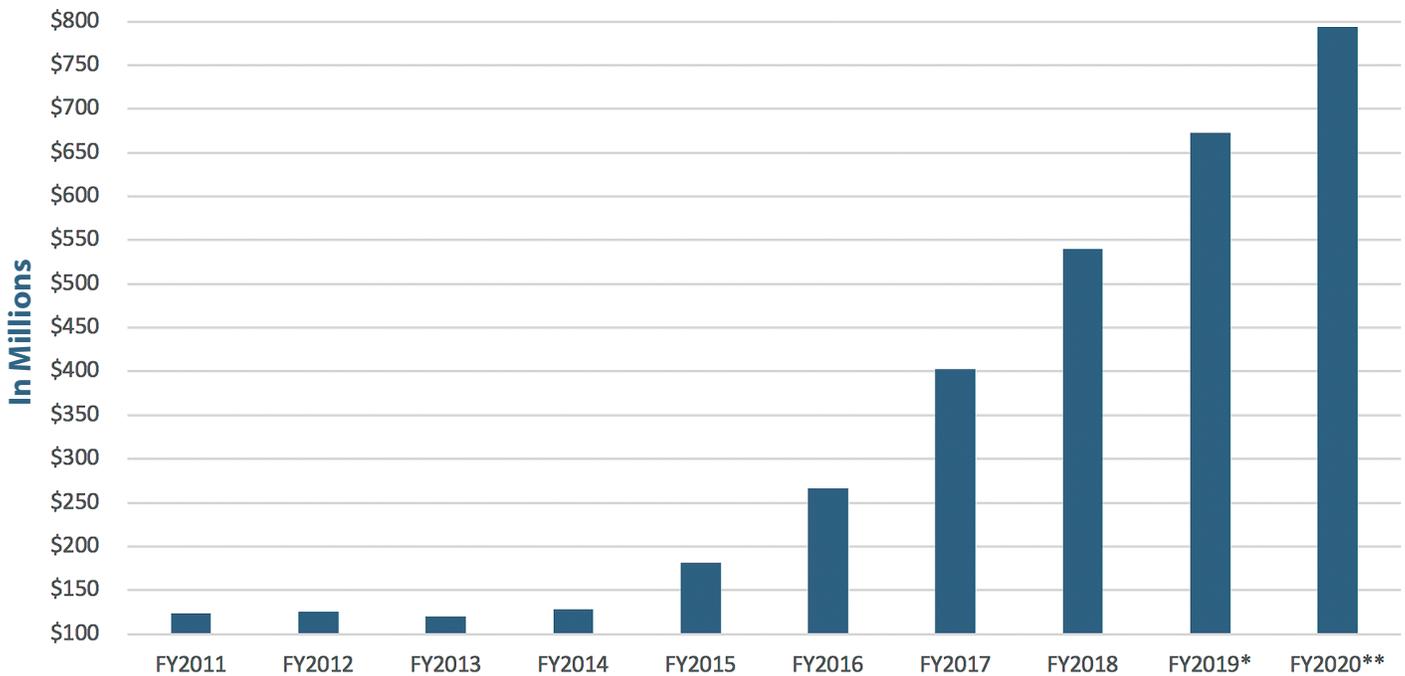
What is Recapture?

Recapture represents 46 percent of AISD's governmental funds, and is a function of Chapter 41 of the Texas Education Code, which equalizes educational spending across school districts that have varying amounts of property wealth.

The preliminary recapture payment of \$794.3 million for FY2019-20 is a \$121.3 million increase when comparing to the projected FY2018-19 amount of \$673.1 million. Over 56.0 percent of local tax revenue collected will be subject to recapture. This adds additional pressure on AISD's budget.

In FY2018-19, AISD will have an estimated recapture payment of \$673.1 million. This amount is expected to increase in FY2019-20 as a result of projected increases in the district's taxable property value and declines in enrollment. From FY2005-06 to FY2019-20, AISD will pay \$4.0 billion in recapture payments. AISD is the single largest tax payer into the recapture system. Forecasts indicate that recapture will continue to increase every year in the foreseeable future.

General Fund Functional Area (in millions)	FY2020 Preliminary Budget	% of Budget
Instruction	\$429.8	56.3%
Instructional Resources & Media Services	11.0	1.4%
Curriculum & Staff Development	15.3	2.0%
Instructional Administration	13.2	1.7%
School Administration	49.4	6.5%
Guidance & Counseling Services	24.8	3.3%
Attendance & Social Work Services	4.9	0.6%
Health Services	10.8	1.4%
Pupil Transportation	30.7	4.0%
Co-Curricular Activities	13.8	1.8%
Subtotal Instruction and Student Support	\$603.8	79.1%
General Administration	\$22.4	2.9%
Community Services	7.1	0.9%
Subtotal Central & Community Services	\$29.5	3.9%
Plant Maintenance	\$84.2	11.0%
Security & Monitoring Services	13.0	1.7%
Data Processing Services	21.6	2.8%
Debt Services	0.4	0.1%
Facilities Acquisition & Construction	0.0	0.0%
Payments-Shared Services Arrangements	4.1	0.5%
Other Intergovernmental Charges	7.2	0.9%
Subtotal Operations & Infrastructure	\$130.5	17.1%
Grand Total	\$763.8	100.0%



*FY2019 data is based on the Projected value.
 **FY2020 data is based on the Preliminary value.

The Impact of Recapture

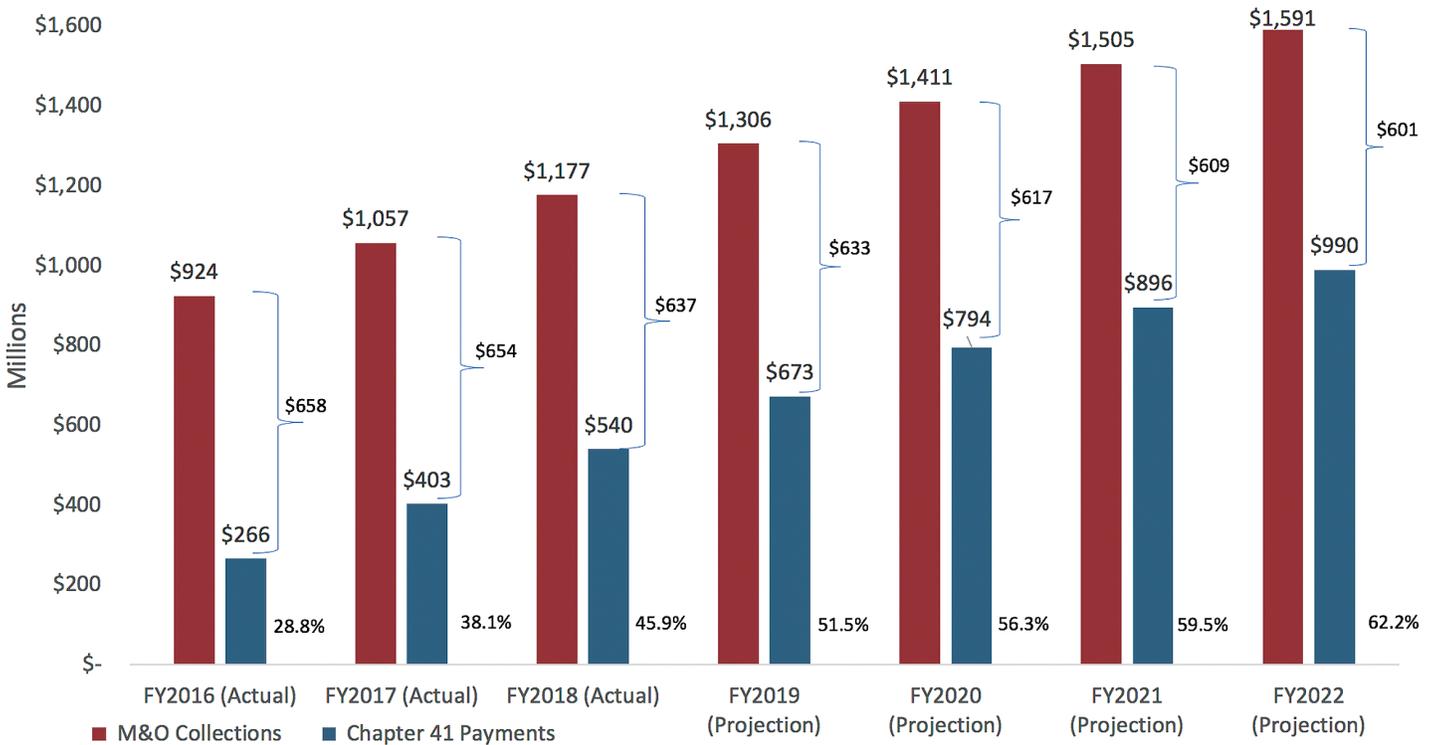
Rising appraisal values come with increases in tax payments for the average homeowner. While there is an assumption that AISD benefits from the increase in revenue from property tax collections, that is not entirely the case. Austin is defined as a Recapture district through the Chapter 41 provision under Texas Education Code. Recapture attempts to equalize school district spending by recapturing local tax dollars from “property-rich” districts and redistributing funds to “property-poor” districts.

Among Recapture districts, AISD is the single largest payer of Recapture, representing approximately 24.0 percent of the total \$2.8 billion collected by the state in FY2018-19. Under the state’s “recapture” law, the district will be required to send a projected \$670 million to the state in FY2018-19 and \$794 million for FY2019-20. Even though AISD is considered “property wealthy” under recapture, AISD serves a more diverse student population with costlier educational needs than the typical Recapture district. Over 40 percent of the students that AISD serves meet the federal definition of poverty and are considered economically disadvantaged, and 27 percent have limited English proficiency.

From FY2005-06 through FY2019-20, AISD will pay the state over \$4.0 billion in recapture payments, all of which comes from tax dollars generated in Austin. Recapture is

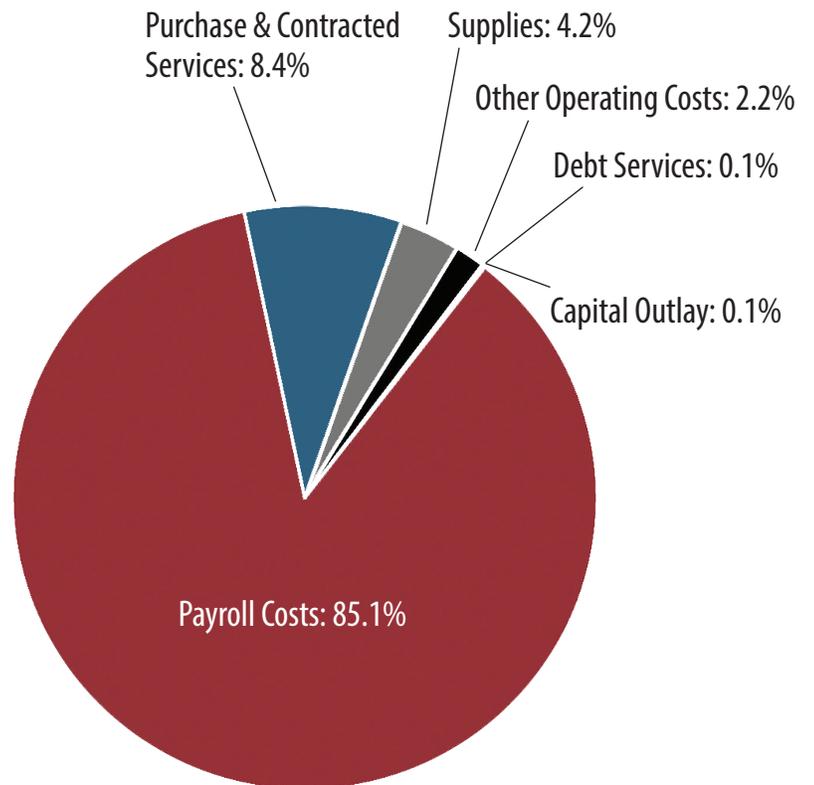
projected to become a larger percentage of overall tax collections in future years. In FY2018-19, more than half of every tax dollar collected went to the state. This number continues to grow in FY2019-20 with almost 56 percent being given to the state. Therefore, it is important to realize increases to taxpayers’ annual property tax bills do not necessarily translate into more revenue for the district, which is represented in the graph on page 33.





A Business of People

A school system is an enterprise that is highly dependent on human capital. In AISD, when recapture is excluded, 85.1 percent of the budget is spent on personnel costs. Object class categories provide insight on the type of expenditures that are planned for the upcoming budget year. Payroll costs are the largest expenditure in the general fund.



General Fund by Major Object <i>(in millions)</i>	FY2019	FY2020	\$ Change	% Change
	Adopted Budget	Preliminary Budget		
Payroll Costs	\$668.4	\$650.2	(\$18.2)	(2.7%)
Purchase & Contracted Services	67.5	64.5	(3.0)	(4.5%)
Supplies	26.6	31.7	5.2	19.5%
Other Operating Costs	11.9	16.6	4.7	39.1%
Capital Outlay	0.5	0.5	(0.0)	(3.7%)
Debt Service	0.4	0.5	0.1	18.0%
Totals	\$775.2	\$763.9	(\$11.3)	(1.5%)

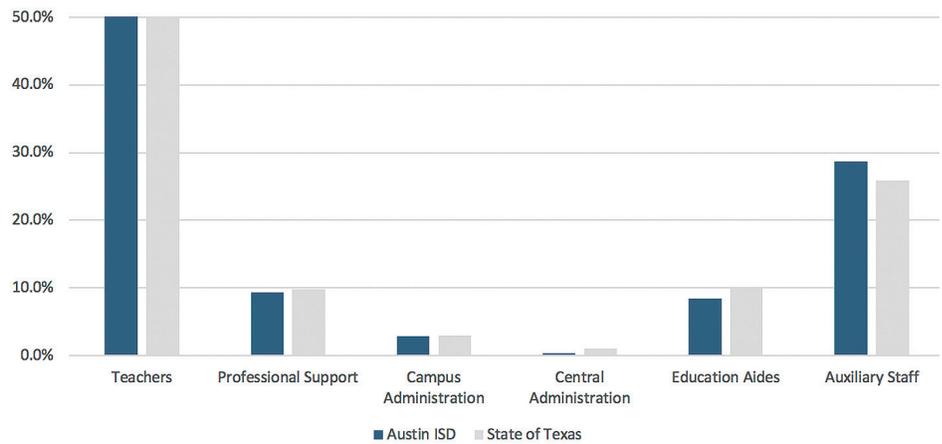
Positions by Type

The FY2019-20 Preliminary Budget accounts for 11,380 full-time equivalents (FTEs), a decrease of 70 FTEs from FY2018-19 levels of 11,450 FTEs. AISD's workforce is comprised primarily of teachers, representing 48.3 percent of all positions. Education aids and auxiliary staff represent 8.8 percent and 29.1 percent, respectively. Central administration staff represents less than 1 percent of the workforce. Staff projections are based on maintaining a 22:1 student-teacher ratio at the K-4 elementary level.

AISD's staffing is in line with total average staffing in other central Texas school districts and the state. In FY2017-18, the most recent year comparative data is available, AISD staffing for central administration was relatively low, despite public perception.

Positions by Type	Austin ISD	State of Texas
Teachers	50.1%	50.1%
Professional Support	9.4%	9.8%
Campus Administration	2.9%	3.0%
Central Administration	0.4%	1.1%
Education Aides	8.5%	10.1%
Auxiliary Staff	28.7%	25.8%

Source: Texas Education Agency, Texas Academic Report 2017-18 District Profile





Governmental Funds

AISSD's budget is organized in the following fund categories:

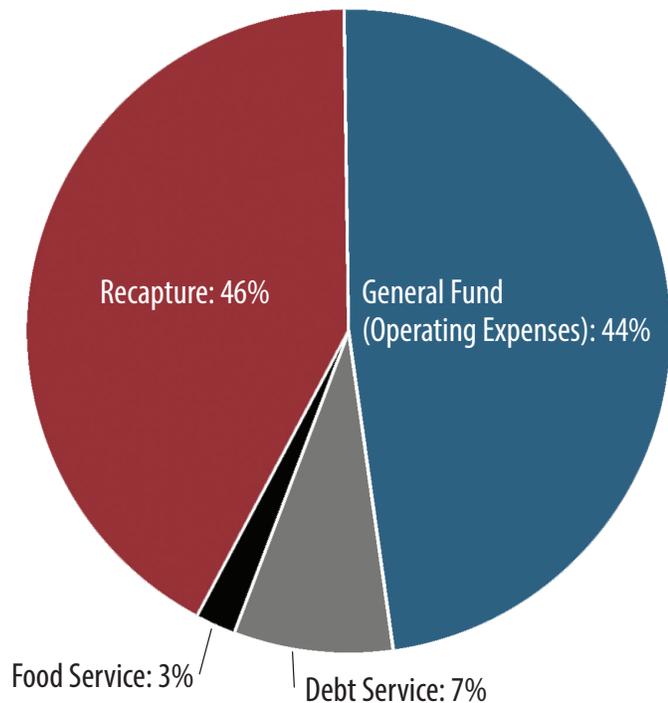
- The General Fund pays for salaries and benefits, classroom resources, campus cleaning and landscaping, transporting students, paying utility bills, providing clerical and administrative support— all the things schools and support centers need to operate on a daily basis.
- The Food Service Fund pays for the operation of the district's food service program.
- The Debt Service Fund pays the debt on bonds previously approved by district voters for building construction and renovation.
- Special Revenue Fund – Accounts for the proceeds of specific revenue sources such as federal categorical, state or locally financed programs where unused balances are returned to the grant. These funds are tied to specific programmatic deliverables and expenditure restrictions.
- The Capital Projects Fund pays for construction and renovation projects in district facilities.

The expenditure budget, on which the Board of Trustees is required to take action, comprises the three primary funds, known as the Governmental Funds (general, food service and debt service funds). Special Revenue Funds and Capital Funds are not being presented, as they are approved separately, when final grant awards are made. Capital Funds have been previously authorized through the bond election process.

The proposed expenditure budget for the three primary funds totals \$1.6 billion. The fund balance will be used to make up for shortfalls in revenue on the General Fund.



FY2020 Preliminary Budget Expenditures: Government Funds



Fund	Revenue	Expenditures
General Fund	\$1,510.7	\$1,558.2
Food Service	\$40.9	\$40.8
Debt Service	\$137.3	\$125.2
<i>(in millions)</i>	\$1,688.9	\$1,724.2

Governmental Funds (General, Food Service and Debt Service Fund) Summary of the Preliminary Budgets *(in millions)*

		General Fund	Food Service Fund	Debt Service Fund	Total
Revenues					
5700	Local Sources	\$1,430.6	\$6.5	\$137.3	\$1,574.4
5800	State Sources	56.3	1.2	0.0	57.5
5900	Federal Sources	23.8	33.2	0.0	57.0
	Combined Fund Revenue Total	<u>\$1,510.7</u>	<u>\$40.9</u>	<u>\$137.3</u>	<u>\$1,688.9</u>
Expenditures					
11	Instruction	\$429.8			\$429.8
12	Instructional Resources & Media Services	11.0			11.0
13	Curriculum & Staff Development	15.3			15.3
21	Instructional Administration	13.2			13.2
23	School Administration	49.4			49.4
31	Guidance & Counseling Services	24.8			24.8
32	Attendance & Social Work Services	4.9			4.9
33	Health Services	10.8			10.8
34	Pupil Transportation	30.7			30.7
35	Food Services		40.8		40.8
36	Co-Curricular Activities	13.8			13.8
41	General Administration	22.4			22.4
51	Plant Maintenance	84.2			84.2
52	Security & Monitoring Services	13.0			13.0
53	Data Processing Services	21.6			21.6
61	Community Services	7.1			7.1
71	Debt Services	0.4		125.2	125.6
81	Facilities Acquisition & Construction	0.0			0.0
91	Contracted Instructional Svcs-Public Schools	794.3			794.3
93	Payments-Shared Services Arrangements	4.1			4.1
99	Other Intergovernmental Charges	7.2			7.2
	Combined Fund Expenditure Total	<u>\$1,558.2</u>	<u>\$40.8</u>	<u>\$125.2</u>	<u>\$1,724.2</u>
	Excess (Deficiency) of Revenues Over Expenditures	(\$47.5)	\$0.1	\$12.1	(\$35.3)
Other Financing Sources (Uses)					
7900	Other Resources	\$0.1	\$0.0	\$0.0	\$0.1
8900	Other Uses	(0.3)	0.0	0.0	(0.3)
	Total Other Financing Sources (Uses)	<u>(\$0.3)</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>(\$0.3)</u>
	Projected Hiring Lag and Unspent at year end				
	Net Change in Fund Balances	(47.7)	0.1	12.1	(35.5)
3600	Fund Balances- Beginning	\$263.2	\$4.6	\$135.0	\$402.8
3600	Fund Balances - Ending	<u>\$215.4</u>	<u>\$4.7</u>	<u>\$147.1</u>	<u>\$367.2</u>
	Categories of Ending Fund Balance:				
	Assigned	-\$13.0			-\$13.0
	Non Spendable	-0.2			-0.2
	Committed	-5.0			-5.0
	Unassigned	<u>\$197.2</u>	<u>\$4.7</u>	<u>\$147.1</u>	<u>\$349.0</u>
	% Unassigned/Expenditure (Chapter 41 Included)	12.7%	11.5%	117.5%	20.2%
	% Unassigned/Expenditure (Chapter 41 Excluded)	25.8%	11.5%	117.5%	37.5%

General Fund

The following report reflects three years of actual prior year data, the current year adopted budget and the preliminary FY2019-20 budget.

General Service Fund Statement of Revenues, Expenditures by Object, and Changes in Fund Balance For School Year FY2019-20 with Comparative Data for Prior Years *(in millions)*

	FY2017 Actual	FY2018 Actual	FY2019 Adopted	FY2020 Preliminary
Revenues				
5700 Local Sources	\$1,082.6	\$1,200.6	\$1,313.2	\$1,430.6
5800 State Sources	78.6	63.6	78.4	56.3
5900 Federal Sources	28.2	30.0	24.2	23.8
Total Revenues	1,189.4	1,294.2	1,415.8	1,510.7
Expenditures by Function				
6100 Payroll Costs	\$646.4	\$661.3	\$668.4	\$650.2
6200 Professional & Contracted Svcs.	71.2	62.8	67.5	64.5
6300 Supplies & Materials	29.7	28.4	26.6	31.7
6400 Other Operating Expenses	12.9	16.0	11.9	16.6
6500 Debt Service	0.5	0.5	0.5	0.5
6600 Capital Outlay	8.0	1.8	0.4	0.5
Total Operating Expenditures	768.8	770.9	775.2	763.9
Recapture	403.3	540.3	669.6	794.3
Excess (Deficiency) of Revenues Over Expenditures	17.3	(17.0)	(29.0)	(47.6)
Other Financing Sources (Uses)				
7900 Other Resources	0.1	0.1	0.1	0.1
8900 Other Uses	(8.0)	(0.3)	(0.3)	(0.3)
Total Other Financing Sources (Uses)	(8.0)	(0.2)	(0.2)	(0.3)
Net Change in Fund Balances	\$9.3	(\$17.1)	(\$29.3)	(\$47.8)
Projected Hiring Lag & Unspent at year end			\$8.0	
Fund Balances- Beginning	\$292.3	\$301.6	\$284.4	\$263.2
Fund Balances - Ending	301.6	284.4	263.2	215.4
Less Nonspendable		(0.2)	(0.2)	(0.2)
Less Committed		(5.0)	(5.0)	(5.0)
Less Assigned Fund Balance	(29.7)	(13.0)	(13.0)	(13.0)
Ending Fund Balance - Unreserved	\$271.9	\$266.2	\$244.9	\$197.1
Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures	35.4%	34.5%	31.6%	25.8%

Food Service Fund

The Food Service budget encompasses year-round meal and snack services to students. During the regular school term, the district's food service staff prepares and serves approximately 3.9M breakfasts, 6.8M lunches, 673K after school meals and 106K after school snacks, totaling over 11.5M annual meals, at 121 locations throughout the district. Over 25K students start their day with breakfast in the classroom, hot and cold meal options delivered by Food Service staff. To further expand healthy food access, 83 campuses will offer free breakfast and lunch to all

students under the Community Eligibility Provision (CEP). CEP provides reimbursements at the free rate per meal for all students at the campus, and helps to stabilize eRate and CompEd funding for four years. The Food Service Department also operates a significant summer meals program, which services the numerous academic-related programs that operate during June and July.

As required by the United States Department of Agriculture (USDA), it is anticipated the district will increase meal prices by \$0.10 in FY2019-20 to meet the USDA meal price equity requirement.

Food Service Fund Statement of Revenues, Expenditures by Object, and Changes in Fund Balance For School Year FY2019-20 with Comparative Data for Prior Years *(in millions)*

	FY2017 Actual	FY2018 Actual	FY2019 Adopted	FY2020 Preliminary
Revenues				
5700 Local Sources	\$7.9	\$7.9	\$8.0	\$6.5
5800 State Sources	1.8	1.2	1.2	1.2
5900 Federal Sources	29.9	29.4	31.6	33.2
Total Revenues	39.6	38.4	40.7	40.9
Expenditures by Object				
6100 Payroll Costs	\$23.2	\$22.3	\$22.7	\$23.4
6200 Professional & Contracted Svcs.	0.6	0.5	0.4	0.6
6300 Supplies & Materials	16.5	15.8	17.6	16.5
6400 Other Operating Expenses	0.0	0.0	0.0	0.1
6600 Capital Outlay	0.0	0.1	0.3	0.3
Total Operating Expenditures	40.3	38.8	41.0	40.8
Excess (Deficiency) of Revenues Over Expenditures	-\$0.7	-\$0.4	-\$0.2	\$0.1
Other Financing Sources (Uses)				
7900 Other Resources				
8900 Other Uses				
Total Other Financing Sources (Uses)	\$0.0	\$0.0	\$0.0	\$0.0
Net Change in Fund Balances	-\$0.7	-\$0.4	-\$0.2	\$0.1
Estimated outstanding purchase orders and unspent balances at year end	\$0.0	\$0.0	\$0.0	\$0.0
Fund Balances- Beginning	\$5.9	\$5.2	\$4.8	\$4.6
Fund Balances - Ending	5.2	4.8	4.6	4.7
Less Assigned Fund Balance	.0	.0	0	0
Ending Fund Balance - Unreserved	\$5.2	\$4.8	\$4.6	\$4.7
Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures	12.9%	12.4%	11.2%	11.5%

Debt Service Fund

The Debt Service Fund includes the annual payments for commercial paper and the fixed-rate debt. It is supported with revenue from the I&S tax rate, which is not subject to recapture. The Debt Service tax rate is projected to remain flat from the FY2017-18 level of \$0.113 per \$100 of taxable value in FY2019-20.

The following table depicts the Debt Service rate at status quo; any change in the Debt Service rate would also change the below information.

Debt Service Fund Statement of Revenues, Expenditures by Object, and Changes in Fund Balance For School Year FY2019-20 with Comparative Data for Prior Years *(in millions)*

	FY2017 Actual	FY2018 Actual	FY2019 Adopted	FY2020 Preliminary
Revenues				
5700 Local Sources	\$112.0	\$125.3	\$127.2	\$137.3
5800 Other Rev from T.E.A.	1.0	.6	.0	.0
5900 Federal Sources	.9	.9	1.0	.0
Total Revenues	113.9	126.8	128.2	137.3
Expenditures by Object				
6511 Bond Principal	\$71.0	\$65.5	\$82.1	\$82.1
6521 Bond Interest	37.1	42.7	43.4	40.3
6599 Other Debt Serv Fees	4.1	.6	2.8	2.8
Total Operating Expenditures	112.3	108.7	128.2	125.2
Excess (Deficiency) of Revenues Over Expenditures	\$1.6	\$18.1	\$0.0	\$12.1
Other Financing Sources (Uses)				
7900 Other Resources	\$639.4	\$0.0	\$0.0	\$0.0
8900 Other Uses	(635.8)	(26.0)	0.0	0.0
Total Other Financing Sources (Uses)	\$3.6	-\$26.0	\$0.0	\$0.0
Net Change in Fund Balances	\$5.3	(\$7.9)	\$0.0	\$12.1
Fund Balances- Beginning	\$137.7	\$142.9	\$135.0	\$135.0
Fund Balances - Ending	142.9	135.0	135.0	147.1
Less Assigned Fund Balance	0.0	0.0	0.0	0.0
Ending Fund Balance - Unreserved	\$142.9	\$135.0	\$135.0	\$147.1
Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures	127%	124%	105%	118%



State Funding

The Board approved legislative priorities for the 86th legislative session on August 27, 2018. These priorities are being used to educate lawmakers and the public about issues of importance to our district during the 86th legislative session, which began January 8, 2019 and ends May 27, 2019.

LEGISLATIVE ISSUES AT AUSTIN ISD

School Finance

- A state system of public school finance that keeps all local property taxes in public education and a constitutional amendment that allows voters to decide whether to return State funding to at least 50 percent of the cost of maintaining and operating public schools.
- A state system of public school finance in which the amount of the basic allotment is tied to increases in property tax growth, calculated on, at a minimum, a biennial basis.
- A state system of public school finance that removes restrictions on the use of appropriated funds and permits local school districts the flexibility to allocate such funds, specifically bilingual and compensatory education allotments, toward teacher salaries or other uses the district deems necessary to satisfy accountability requirements.
- A state system of public school finance that increases sustainable state revenue sources, to reduce the current overreliance on local property taxes as a revenue source.
- A state system of public school finance that freezes or limits the amount of recapture collected by the state under Chapter 41, Texas Education Code.
- A state system of school finance that provides an allotment for districts that are required to participate in the Social Security retirement program, gives credit when determining a Chapter 41 district's recapture payment, or adds the payment of Social Security as a factor in determining a district's cost of education index.
- A state system of public school finance that accurately reflects the cost of education, in the basic allotment, cost of education index, and funding weights, and that is updated at regular intervals.
- A state system of public school finance that provides state formula funding for programs in which public

school students are enrolled and receive credit in college courses, including dual credit, early college high school, and P-TECH programs.

- A system of public school finance that provides more state funding to districts which allow students to earn associate degrees.
- A system of public school finance that provides state funding to reward high schools which earn an academic distinction in post-secondary readiness.
- A state system of public school finance that provides funding for career and technical education for students in 6th through 8th grades.
- Expansion of the eligible grantees of the Texas Workforce Commission Skills Development Fund to include school districts and an increase in state funding to accommodate such grants.
- A state system of public school finance that provides weighted career and technical education funding for technology applications.
- A more simple and transparent system of public school finance.
- A state system of public school finance that provides adequate transportation funding for all districts, including Chapter 41 districts.
- Exemptions for public school buses from paying tolls for use of toll roads operated by the state and regional mobility authorities, or their contractors.
- Funding for full-day pre-kindergarten.

Budget Stabilization Task Force

The ad-hoc Budget Stabilization Task Force convened bi-monthly from June through November 2018 to assist the district in exploring a broad range of actions the district could take to balance the budget in the next two to three years.

The Task Force was comprised of AISD parents, community members, a high school student, and AISD staff. Membership was a combination of Board nominated and self-nominated individuals with the intent of ensuring representation from diverse backgrounds, perspectives and expertise, reflective of the AISD community at large.

Members committed to delve deeply into the district budget to allow for robust dialogue and analysis of district spending and budget priorities. The scope of their

work included evaluating the alignment of budget investments and potential divestments with the district's strategic plan, considering the potential effects of resource reallocations and increased efficiencies. The group also explored additional revenue opportunities.

Their charge was to:

- Review and carefully consider broad stakeholder input
- Review and carefully consider pertinent data and information
- Discuss a broad range of possible actions to stabilize the district's budget
- Develop recommendations to enable the district to meet its financial obligations and remain in alignment with its stated priorities and strategic direction

The Task Force submitted their final report in January 2019. The district is working to reconcile the work of the BSTF, along with feedback from district staff and the broader community as part of its ongoing austerity planning. Some BSTF recommendations have been implemented for the 2019-20 budget including efficiencies in central departments, transportation and information technology. Other recommendations will require further analysis by the district in collaboration with the standing Budget and Finance Advisory Committee. AISD leaders are preparing a formal, line-item response that will be completed spring 2019.

Austin ISD Board of Trustees



Kristin Ashy, District 4; Ann Teich, District 3; Amber Elenz, SECRETARY, District 5; Yasmin Wagner, District 7; Geronimo M. Rodriguez Jr., PRESIDENT, District 6; Cindy Anderson, VICE PRESIDENT, At-Large 8; LaTisha Anderson, District 1; Arati Singh, At-Large 9; Jayme Mathias, District 2.



Milestones of the FY2020 Budget Process

October 2018

- Board Adopts FY2019-20 Budget Development Calendar

February 2019

- FY2019-FY2021 Forecast

April / May 2019

- Travis Central Appraisal District provides Preliminary Appraisal Values
- Superintendent presents the FY2019-20 Preliminary Budget to the Board, Public and Media
- Community Meetings on the FY2019-20 Preliminary Budget
- Superintendent presents the FY2019-20 Recommended Budget to the Board, Public and Media

June 2019

- Board Conducts Public Hearing on Proposed Budget and Tax Rate
- Board Adopts the FY2019-20 Budget

July 2019

- Travis Central Appraisal District (TCAD) Certifies Appraisal Values

August 2019

- Board Adopts the FY2019-20 Tax Rate



FACT SHEET 2018-2019 School Year

Campuses

■	High Schools	17
▲	Middle Schools	18
●	Elementary Schools	85
●	Other Campuses	10
Total		130



Student Enrollment¹

Hispanic	44,455	(55.5%)
African American	5,671	(7.1%)
White	23,688	(29.6%)
Other	6,286	(7.7%)
Total	80,100	
English Language Learner (ELL)	21,722	(27.1%)
Economically Disadvantaged (EcD)	41,939	(52.4%)
Special Education (SpEd)	9,664	(12.1%)

AISD Points of Pride

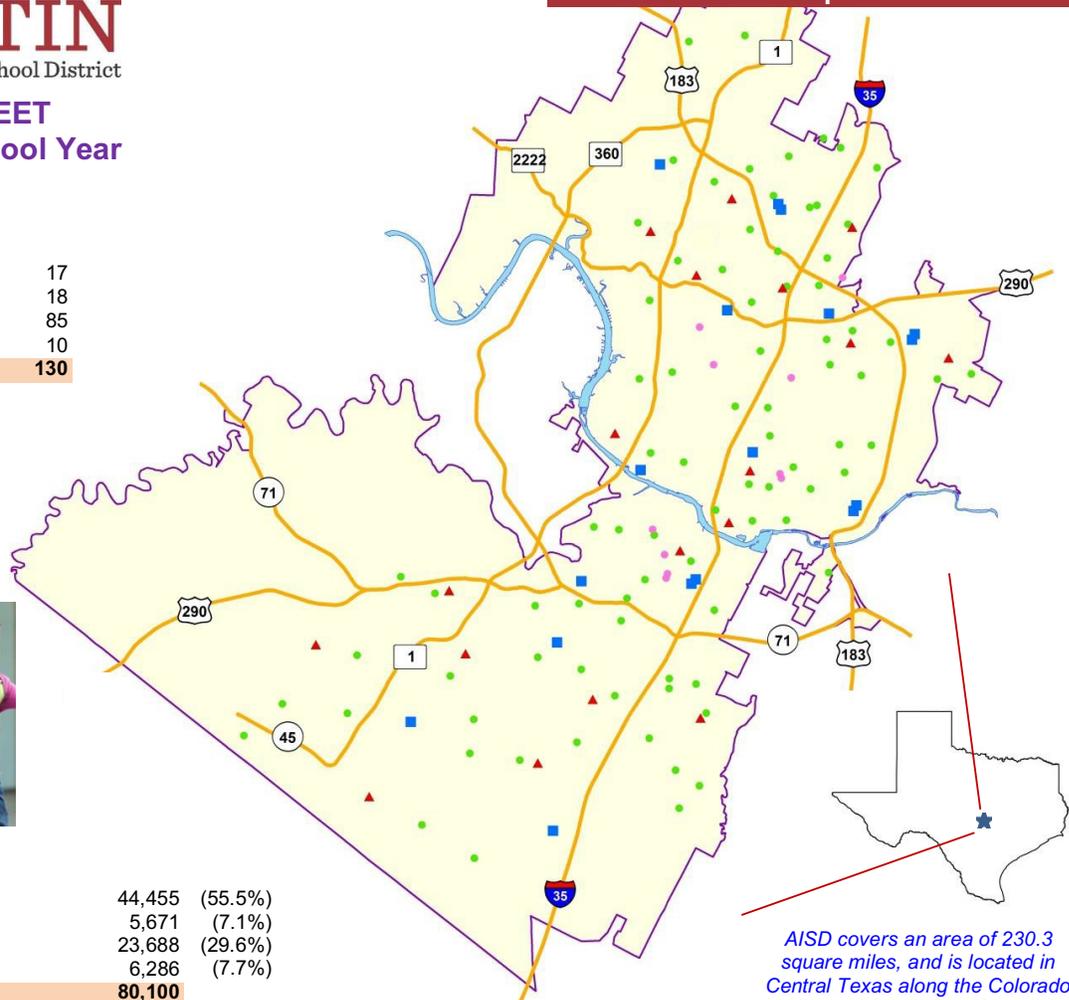
- ✦ The Texas Education Agency has awarded 152 Distinction Designations for Outstanding Performance to 61 AISD schools.
- ✦ AISD continues to exceed state and national averages on both the SAT and ACT.
- ✦ In math and reading, AISD 4th and 8th grade students continue to rank in the top tier of urban school districts included in the National Assessment of Educational Progress.
- ✦ *U.S. News and World Report* has ranked AISD's Liberal Arts and Science Academy and Ann Richards School for Young Women Leaders among the best high schools in the nation.
- ✦ AISD continues to maintain a graduation rate of over 90%.
- ✦ AISD has 56 National Merit Finalists, 138 National Merit Commended Students, 36 National Hispanic Recognition Program Scholars, and 2 Presidential Scholar Candidates.
- ✦ AISD has 229 National Board Certified Teachers – more than any school district in Texas.
- ✦ AISD is the largest school district in the nation to earn the Anti-Defamation League's "No Place for Hate" designation.
- ✦ AISD has the highest bond and State Financial Accountability ratings that districts can earn in Texas. This reflects AISD's stable financial management and operations, healthy reserves, and manageable debt profile, and saves Austin taxpayers.

¹PEIMS Snapshot (Preliminary Data), October 2018

²AISD Human Resources Department, November 2018

³AISD Finance Department, October 2018

⁴American Community Survey (U.S. Census Bureau), 2017



AISD covers an area of 230.3 square miles, and is located in Central Texas along the Colorado River, within Travis County and the capital city of Austin

Employees²

Teachers	5,512	(47.8%)
Other Professionals	1,711	(14.8%)
Educational Aides	986	(8.6%)
Auxiliary	3,321	(28.8%)
Total	11,530	

Budget³

Operations	\$1,444,828,248	(89.5%)
Food Service	\$40,986,188	(2.5%)
Debt Service	\$128,190,823	(7.9%)
Total	\$1,614,005,259	
State Recapture	\$669,599,162	
Net Operations	\$775,229,086	
Total Tax Rate	\$1.192/\$100 valuation	

Population within AISD Boundaries⁴

Total Population =	738,898
Average Household Size =	2.42
Home Language Not English =	30.3%
Foreign Born =	16.7%
Median Household Income =	\$67,851
Below Poverty Level =	13.8%
Median Home Value =	\$346,100
Median Monthly Rent =	\$1,235
Renter Occupied Housing =	55.3%
Different Residence 1 Year Ago =	19.9%
Age 25+ with Bachelor's Degree or Higher =	51.0%
Median Age =	33.5

Glossary of School Budget & Finance Terms

ADA

A count of students in average daily attendance. This is the basic figure that determines how much revenue a school district receives from the state on a per-pupil basis. Districts receive additional per-pupil revenue depending on the characteristics of the student or district (see WADA).

AMENDED BUDGET

Adopted budget plus/minus budget revisions.

ASSIGNED FUND BALANCE

Amounts constrained by the district's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balance is designated by the Board or by those the Board authorizes to make this allocation.

BUDGET

A plan of financial operation that includes proposed revenues and expenditures for a given period. AISD's annual budget cycle is currently July 1– June 30.

BUDGET AND FINANCE ADVISORY COMMITTEE (BFAC)

An advisory body established by the Superintendent to provide guidance and counsel on matters of budget and finance, as determined by the district's administration.

CHAPTER 41 DISTRICT

A school district with taxable property wealth exceeding \$319,500 per WADA, which is required under equalization provisions in Chapter 41 of the Texas Education Code to send part of its local tax revenue to the state for redistribution to school districts with lower taxable property wealth. AISD is a "Chapter 41 district."

COMMITTED FUND BALANCE

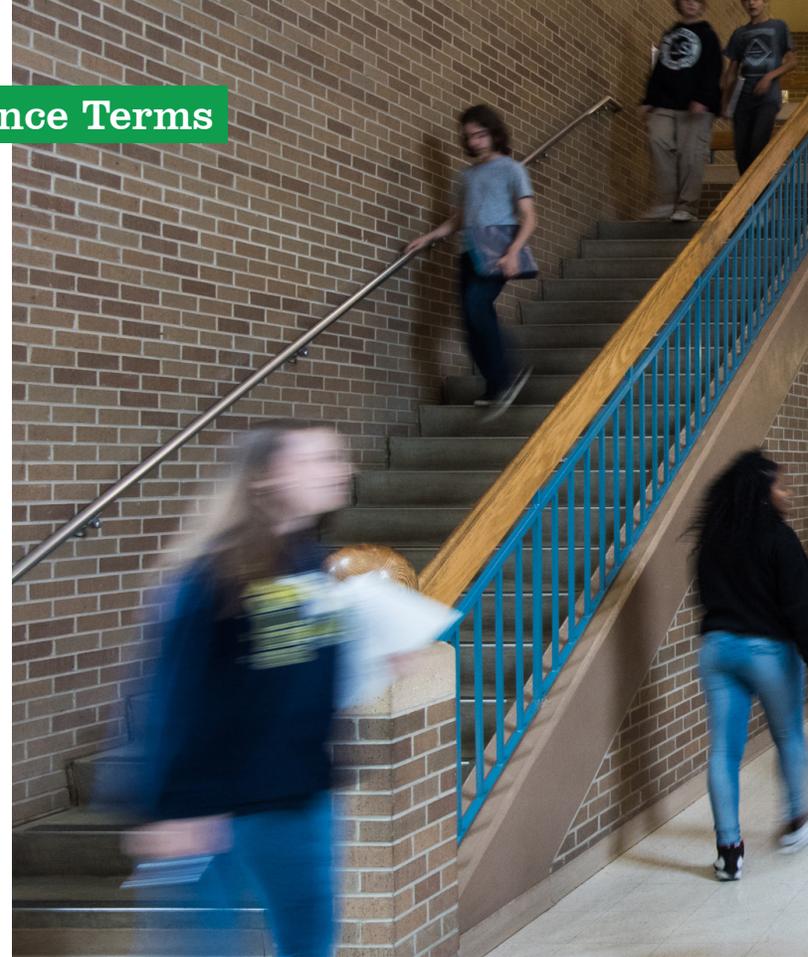
These fund amounts can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Trustees). The purpose of the funds can be changed only by Board resolution.

DEBT SERVICE FUND

Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

FIDUCIARY FUND

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds should be used to report assets held in a trustee or agency capacity for



others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FISCAL YEAR

A twelve-month period to which the annual budget applies and at the end of which the district determines its financial position and the results of its operations; for example, July 1 through June 30.

FUND

A sum of money set aside for specific activities of a school district. The fund accounts constitute a complete entity and all of the financial transactions for the particular fund are recorded therein.

FUND BALANCE

A measure of net financial assets, after liabilities have been subtracted from assets. A positive fund balance means there are more assets than liabilities; a negative fund balance means just the opposite. The fund balance comprises five different categories of funds: nonspendable, restricted, committed, assigned, and unassigned.

GENERAL FUND

The general fund serves as the main fund for the school



district. It is used to account for all financial resources except those required by the state to be accounted for in another fund.

GOVERNMENTAL FUND

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

MAINTENANCE & OPERATIONS (M&O)

District income from local and personal property taxes that is used for the General Fund.

NONSPENDABLE FUND BALANCE

Non-spendable funds cannot be spent because they are either: not in spendable form (i.e., not expected to be converted to cash); inventory; prepaid expenditures; long-term receivable and loans; or property acquired for sale (unless proceeds are restricted, committed or assigned) and legally or contractually required to be maintained intact (e.g., the principal of a permanent fund).

PROPRIETARY FUND

Proprietary fund reporting focuses on the determination of net income, changes in net assets (or cost recovery),

financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

RESTRICTED FUND BALANCE

These fund amounts have external constraints, such as those imposed by creditors, grantors, contributors, or laws/regulations of other governments, or those imposed by law through constitutional provisions or enabling legislation.

UNASSIGNED FUND BALANCE

Amounts comprising all the remaining fund balance not classified as non-spendable, restricted, committed or assigned.

WEIGHTED AVERAGE DAILY ATTENDANCE (WADA)

An adjusted student count, prescribed by state law, which directs additional per-pupil revenue to school districts according to certain student and district characteristics. Students served by special education, English-language learners, and students who are economically disadvantaged, for example, are 'weighted' by a factor ranging from 1.1 to 5.0 times the 'regular' program weight, which draws additional state funding designed to meet the higher costs of their educational needs. Examples of district characteristics that may increase the weighted student count include adjustments for small school districts and rural or sparsely populated districts.



Read and download a copy of the
FY2020 Preliminary Budget at:
www.austinisd.org/budget