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Austin Independent School District

FY2019

PRELIMINARY BUDGET



A Message from the Superintendent

Dear AISD Community,

I am pleased to present this fiscally responsible preliminary budget for the FY2018–19 school year. The budget solidifies our priorities as we continue to reinvent the urban education experience in Austin.

Great work is happening throughout our district every day, and we want to celebrate our accomplishments and build on them. With graduation rates at an all-time high and academic success that outpaces the state and nation, AISD is a leader in quality urban education. We are committed to continuing to provide Social and Emotional Learning to all of our students and staff within the largest No Place for Hate district in the country.

We believe that all AISD students will graduate ready for college, career and life. Investing in programs such as Career Launch, full-day Pre-K for 3- and 4-year-olds and dual language help ensure our students will be ready for life after high school.

We believe in creating an effective, agile and responsive organization. Focusing efforts on high-quality customer service at every level of our organization creates a more welcoming and inclusive environment for our diverse population of students, families and staff.

We believe in creating vibrant relationships that are critical for successful students and schools. Building strong relationships with students, families, teachers and community stakeholders is key to a successful school district and we continue to invest resources into developing those relationships.

Equity and access for all students is, and will continue to be, a top priority in AISD. We believe that continually developing in our students the 6 C's - Collaboration, Communication, Creativity, Cultural Proficiency, Connections and Critical Thinking - will help create students who are ready not only for academic success, but also for success outside the classroom as well. Investing in the development of these skills is necessary to thrive as a district and a community.

Reinvention is not easy, and no one says that we have to do it. We do it because it is right for our students. Staying focused on district priorities is important for our students today and in the future. I am #AISDProud to say that this budget reflects these priorities.

Paul Cruz, Ph.D.
Superintendent



Superintendent Paul Cruz, Ph.D.



Change That Counts

This Preliminary Budget guide provides essential information on projected revenues and expenditures for FY2018-19 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 second year in a row, Austin was ranked number one according to U.S. News and World Report's "2018 Best Places to Live".



AISD educates more than 80,000 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 11,500 employees. The district is a \$1.4 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 an all-time high. And, we 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 have continued to climb. AISD passing rates on STAAR EOC assessments exceeded the state passing rates in all five subjects and ranked first among comparable urban districts in English I and English II. In order to maintain 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 2018-19 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 2018-19, the district projects that more than half 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 FY2018-19.

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 \$30 million per year to transport 23,000 students on more than 400 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/strategicplan.

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 FY2018–19 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. Five geographically diverse community meetings were held the week of February 13 to give the public the opportunity to offer input on the preliminary budget. An online engagement survey was conducted with over 700 community members providing feedback. This information will be incorporated into the final recommended budget which will be presented for action to the Board of Trustees in June 2018.

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, currently at 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 emerged 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 130 of its campuses. AISD has come to recognize that vibrant relationships 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 early 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, this will mark the fifth 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/noplaceforhate>

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 providing students with real-world work experience through internships in fields connected to their classroom studies. These

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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.

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

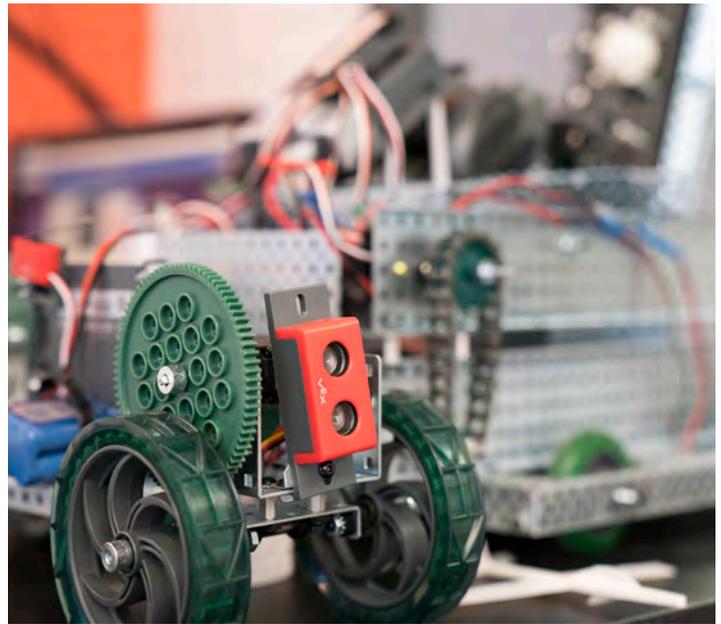
Career Launch: Reagan ECHS/Dell/ACC
LBJ ECHS/Seton Family Healthcare/ACC

P-TECH: Lanier ECHS/ IBM/ACC (opening fall 2018)

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 is a recognized law enforcement agency established to create a safe and secure environment for our students and staff members. AISD is one of only a handful of districts in the nation to have its own police force and that is because we want our families and staff members to know that we are available to respond to a crisis swiftly and effectively.

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 SchoolMessenger 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

Staff members at every campus undergo training to handle emergency situations safely, and they are 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. AISD's 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 hazards and threats.

Bus Safety

This fall, the district participated in National School Bus Safety Week Oct. 16-20. 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 September 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

Multilingual Education

Austin ISD strives to provide high quality language programs so all students have the opportunity to graduate with multilingual skills that will assist in their active engagement in a global, multicultural society. The district serves nearly 22,000 students currently identified as English Learners and nearly 17,000 students who are learning languages other than English.

Our programs include:

- Research-based bilingual/ESL programs to support English Learners in compliance with Chapter 89 of the Texas Administrative Code.
- Two-way Dual Language programs that provide instruction in both English and an additional language (Spanish or Vietnamese) to students from both home language groups.
- World Language classes that provide instruction in 10 different languages.
- Assistance through the International Welcome

Center, Refugee Family Support Office, and campus-based support for student and families recently arrived in the United States.

- Collaboration with other Austin ISD departments to ensure inclusion of and differentiation for English Language students, their families, and bilingual/ESL educators.

Key initiatives underway:

- Support campuses in strengthening implementation of the bilingual/ESL program model that is appropriate for their unique school communities.
- Extend Dual Language (Spanish/English) to High School, starting with 9th grade at two schools.
- Extend Dual Language (Vietnamese/English) to Middle School, starting with 6th grade at one school.
- Implement School-wide Dual Language Cluster Schools to strengthen program implementation and reduce staffing costs.
- Update and provide professional learning to support program implementation.

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. Majority of the implementation timeline reflects most of the money being used in FY2018-19 year. 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.
- Academic and Facility Recommendations – Academic and Facilities Recommendations (AFRs) support the district's long-term goals, including the AISD Strategic Plan, as well as annual Board Priorities. The district engages the community through activities such as campus-based meetings and surveys to develop academic and policy recommendations to address many of the issues discussed in the Facility Master Plan, such as overcrowding and under-enrollment.
- 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 Adequacy Assessment – An assessment of a facility to evaluate how well the campus is physically equipped to deliver the instructional 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.
- Individual Campus Plans – A campus-based planning process through which the FABPAC engages all Campus Advisory Councils (CACs) to identify facility needs for the individual school programming and signature vertical team programming for consideration by the FABPAC 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 school. Used to compare existing school facilities and identify areas that vary from current standards to identify potential future projects.
- Functional Equity Assessment – An analysis of existing core facilities, including cafeterias, libraries, gymnasiums, and administrative space, as they relate to the desired program needs of the current curriculum, educational specifications and enrollment.

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 40 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 may 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.

In the May 2013 election, voters approved Proposition 1 for \$140.5 million to upgrade technology to ensure all students have access, build new science and technology labs, add new school buses and improve energy conservation. Proposition 3, the largest of the four propositions at \$349.1 million, also passed and will allow the district to repair and renovate aging schools, including fixing leaky roofs, HVAC systems and replacing old plumbing.

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 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. We are in the third year of implementation of the Transformative Technology Use Professional Learning Plan.

Key initiatives underway include:

- Delivered more than 28,000 new devices to our campuses, ensuring every high school student has a device for school and home use during this 2018 school year
- New teacher devices to be delivered before the start of the 2018-19 school year
- Implementing a ratio of two students per computer or better at middle schools in 2018
- Instructional Technology completed Cohort III coaching and training Summer 2018
- Presentation systems installation and refresh scheduled for 2018-2020
- Learning Positioning System (BLEND) underway with full access at all campuses and to all parents
- Software Asset Management implemented
- Expanded Principal Dashboards created to inform campus leaders of key student indicators
- Expanded the use of email for student report cards, progress reports and transportation letters to speed the delivery to parents/guardians, thus eliminating postage and paper usage
- 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

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 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.

We have a student culture of children who have learned to consume technology; educational zombies with all of their technological skill residing in the swipe of an index finger. We need to keep them ready to succeed in life by giving them the tools.

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:

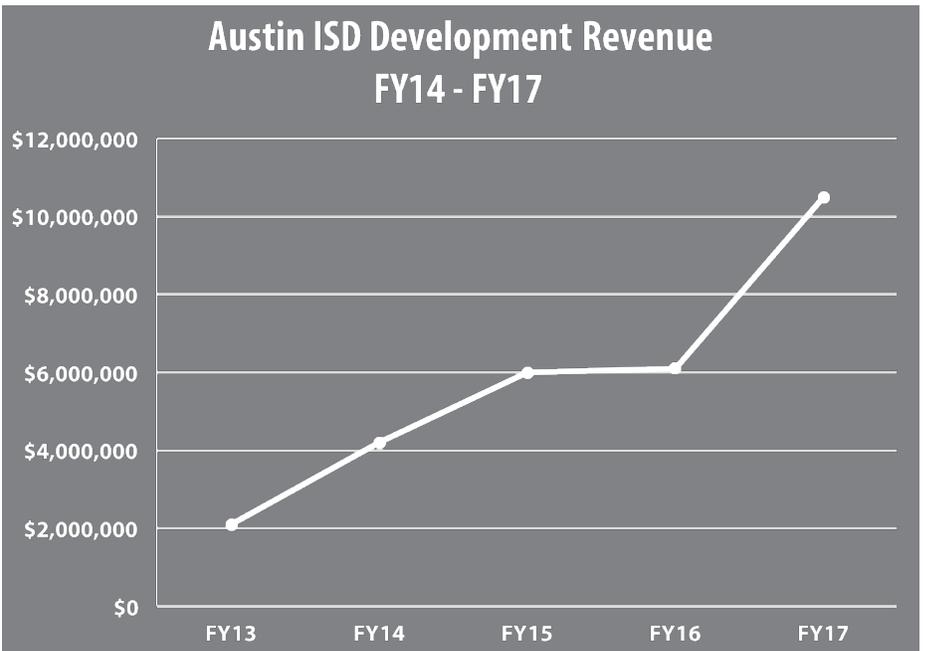
- Facilitating the development of innovative concepts, strategic proposals, and resource development strategies; Developing and sharing innovative programs with external partners;
- Building relationships with valued community and philanthropic partners;
- Facilitating, developing, and writing strategic 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 the Austin ISD team to create an exceptional educational experience for the more than 80,000 students we serve.

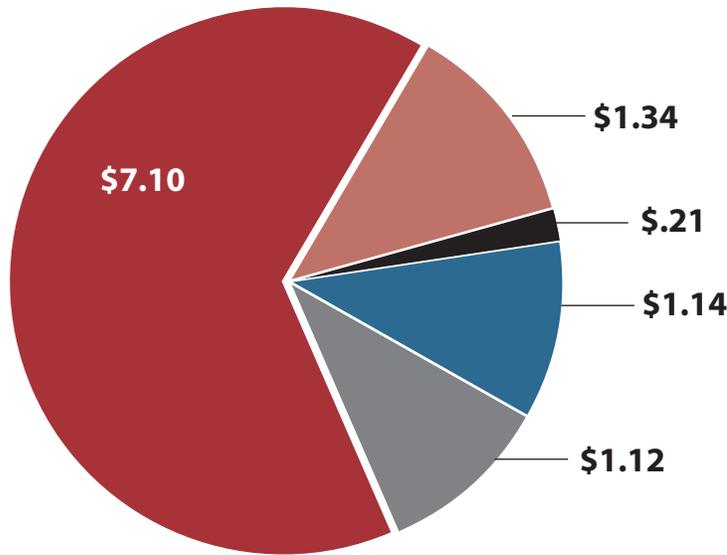
In FY17 (July 1, 2016 – June 30, 2017), OID was responsible for leading and supporting the generation of more than \$10 million in philanthropic and competitive support. Contributions and grants from private sources are not subject to recapture.



Sources of Support

Account Type

- Foundation
- Corporate
- Household
- Government
- Other Organization



Sum of Amount (in millions)

Total Donations YTD: \$10,912,583

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 provide over \$52 million in services to Austin ISD students across the district's 130 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 staff to search for current campus and non-profit grant opportunities (<https://www.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. 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 www.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 <http://www.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 www.austinisd.org/oid.

Commitment to Students and Taxpayers

In 2017, Texas campuses and districts were evaluated on performance indicators in four categories:

Index 1: Student Achievement

is a snapshot of performance across subjects at the satisfactory performance standard.

Index 2: Student Progress provides an opportunity for campuses to show the improvements they are making independent of overall achievement levels. The index score is based on the number of students who meet or exceed the expected annual growth from one year to the next.

Index 3: Closing Performance Gaps emphasizes advanced academic achievement of the economically disadvantaged student group and the lowest performing race/ethnicity student groups at each campus and district.

Index 4: Postsecondary Readiness includes measures of high school completion, college readiness indicators, and STAAR performance at the postsecondary readiness standard. This index emphasizes the importance of attaining a high school diploma that prepares students with the foundation necessary for success in college, the workforce, job training programs, or the military.

To receive a Met Standard or Met Alternative Standard rating in 2017, a campus or district was required to meet the target on each index for which it had performance data as shown below:

- Either Index 1 or Index 2
- Index 3 and
- Index 4.

Districts and campuses were assigned one of three rating labels under the 2017 Texas State Accountability System:

- Met Standard
- Met Alternative Standard or
- Improvement Required

The Texas Education Agency announced the final 2017 campus and district ratings on November 14, 2017. The Austin Independent School District received a rating of Met Standard, 117 campuses received ratings of Met Standard or Met Alternative Standard, four campuses were rated Improvement Required, and nine campuses were not rated under the 2017 state accountability system.

Campuses that earned a rating of Met Standard were eligible to receive distinction designations in the following areas:

- Top 25 percent Student Progress
- Top 25 percent Closing Performance Gaps
- Postsecondary Readiness
- Academic Achievement in Reading/English Language Arts
- Academic Achievement in Mathematics
- Academic Achievement in Science
- Academic Achievement in Social Studies

In 2017, 58 Austin ISD campuses earned a total of 162 distinction designations.

State and Federal Accountability for 2018 and Beyond

Starting with school year 2017-18, House Bill (HB) 22 requires the commissioner to evaluate performance of campuses and districts and assign letter grades of A-F for each of three domains and as an overall grade.

The new state accountability system is based on campus and district performance in three domains: **Student Achievement, School Progress, and Closing the Gaps**. In August of 2018, districts will receive grades of **A-F** for each domain and

2017 End-of-Course Results - First-time Tested Students Percentage Meeting Approaches Grade Level

| | Austin | Corpus Christi | Dallas | El Paso | Fort Worth | Houston | San Antonio | Ysleta | STATE |
|------------|--------|----------------|--------|---------|------------|---------|-------------|--------|-------|
| Algebra I | 85 | 89 | 78 | 81 | 76 | 70 | 65 | 93 | 82 |
| English I | 61 | 52 | 49 | 51 | 48 | 48 | 41 | 61 | 60 |
| English II | 65 | 56 | 52 | 56 | 52 | 51 | 44 | 62 | 62 |
| Biology | 88 | 78 | 83 | 77 | 81 | 76 | 70 | 89 | 85 |
| US History | 93 | 92 | 92 | 87 | 90 | 86 | 86 | 94 | 92 |

STAAR assessments only

Source: TEA Reports, Spring 2017 EOC - First Time Testers

Best of Achievement or Progress –70%

30%



Student Achievement



School Progress



Closing the Gaps

as an overall grade. Campus ratings for 2018 will be limited to **Met Standard** or **Improvement Required** for one last year. However, by January 2019, TEA will release the ratings each campus would have received in 2018 if A-F ratings had been in place for campuses. Official A-F campus ratings will be assigned for the first time in August of 2019.

The **Student Achievement** domain evaluates academic performance and postsecondary readiness. For middle and elementary schools, the domain score is based on STAAR results for all grade levels and subject areas at three performance levels: Approaches Grade Level, Meets Grade Level, and Masters Grade Level. STAAR results are also evaluated at the high school level, along with graduation rates and additional measures of college-, career-, and military readiness.

School Progress looks at progress of individual

students (Part A), and campus or district performance on the Student Achievement domain relative to similar campuses and districts (Part B).

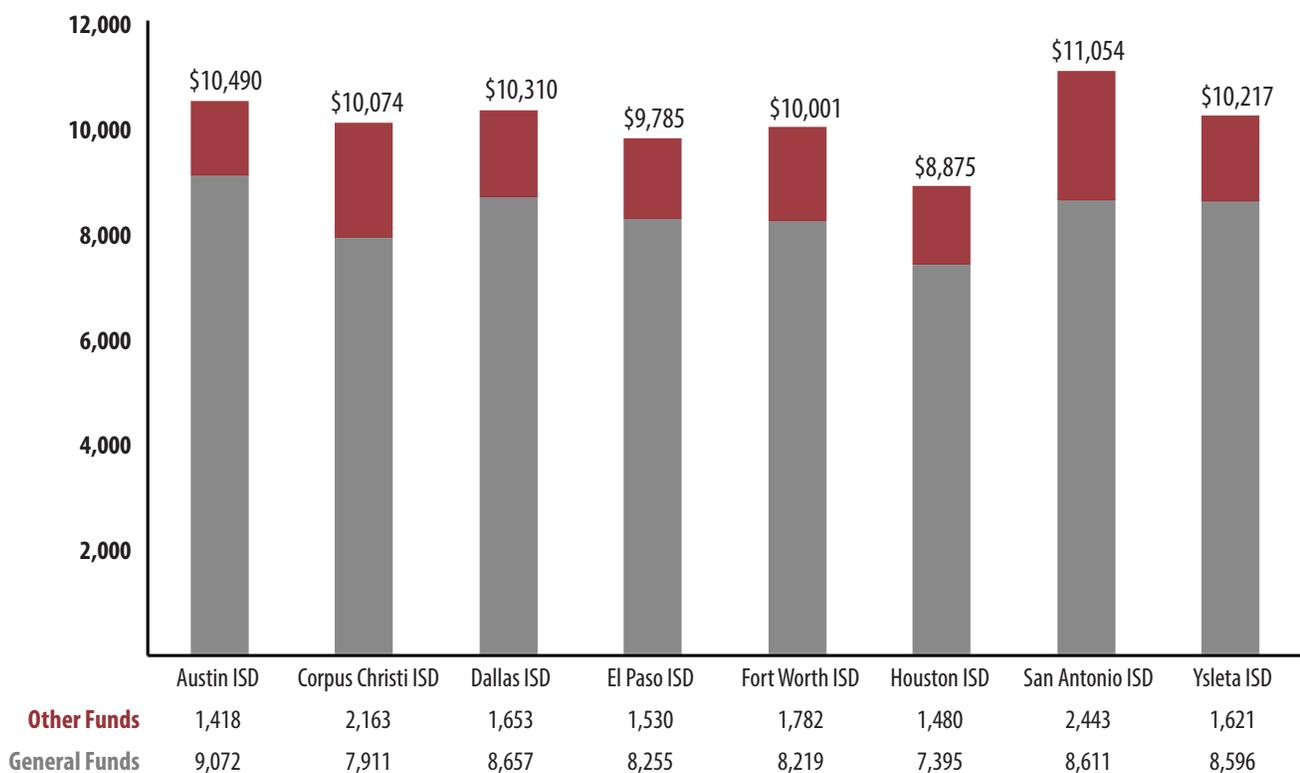
Performance of student groups is the focus of the **Closing the Gaps** domain. Student groups are evaluated on academic achievement in reading and math, student growth in reading and math, graduation rates, English language proficiency, college-, career-, and military-readiness, and on the Student Achievement domain score for each group. The results of this domain will be used to identify Title I, Part A schools in need of comprehensive or targeted support.

The Texas Education Agency will announce preliminary 2018 campus and district ratings based on the new three-domain system on August 15, 2018.

Our Student Investment Compared to Our Texas Urban Peers

In FY2016-17, the most recent year for which comparable data is available, Austin ISD spent \$10,490 per pupil, which ranks the second highest among urban school districts in Texas. San Antonio ISD had the highest spending at \$11,054 per pupil. As illustrated in the graph, seven out of eight urban districts spent more than \$9,500 per pupil in FY2017. Although AISD's

FY2017 Per Pupil Operating Expenditures



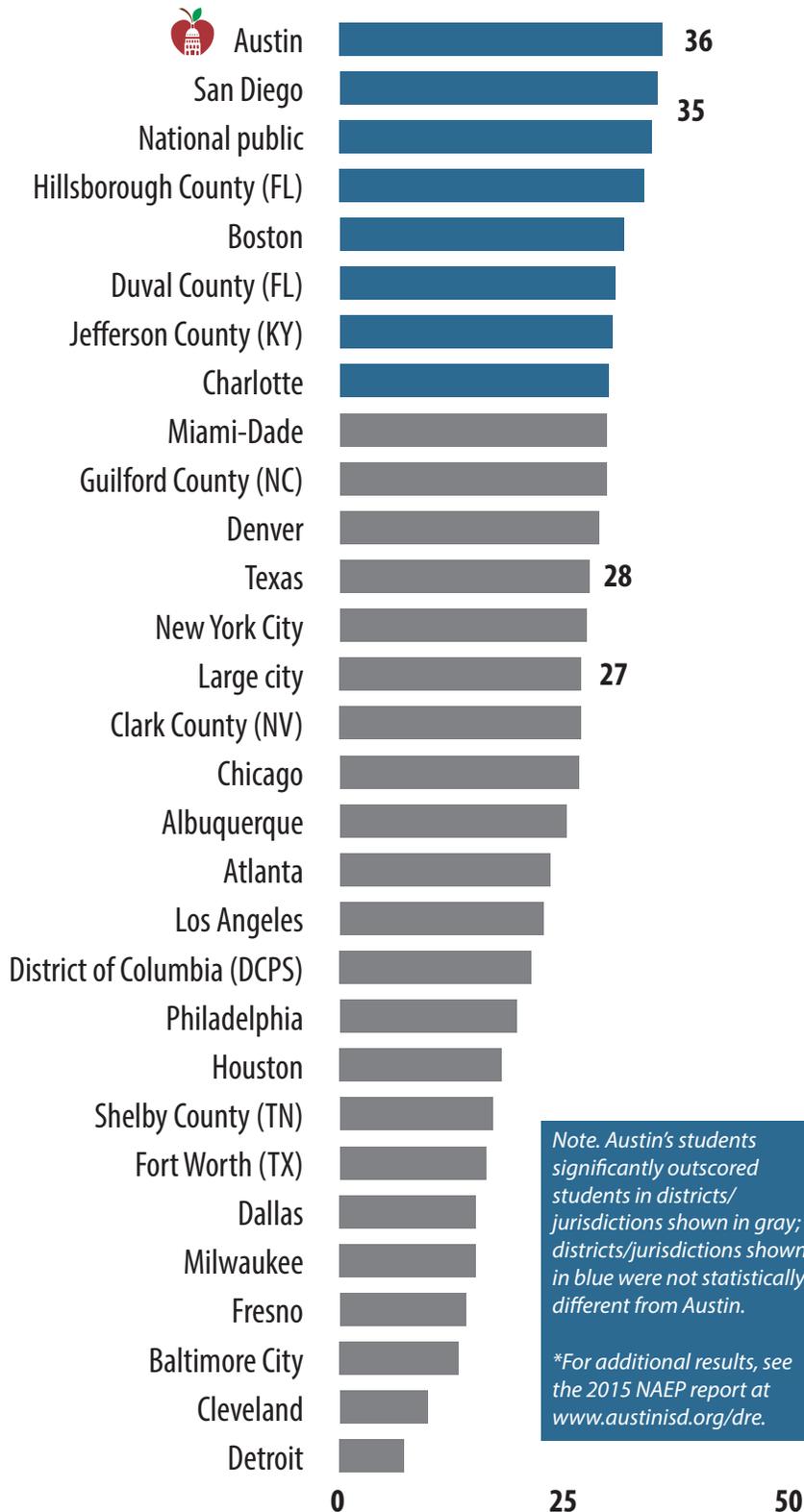
Source: TEA PEIMS Financial Standard Reports

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. Also,

AISD is one of the few school districts that contribute to Social Security at a cost of approximately \$33.0 million in FY2016-17 or \$397 per pupil. When Social Security is factored, AISD's per pupil falls to the 4th highest.

NAEP Mathematics Grade 4: Percent Proficient or Advanced

Austin's students ranked first among 29 urban districts in fourth grade math.



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.



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 FY2017-18
- 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.
- 2017 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement, for the 15th 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 seven 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.
- 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 eighth year in a row.
- The ASBO Certificate of Excellence in Financial Reporting for the seventh year in a row (pending eighth year certification) for its Comprehensive Annual Financial Report (CAFR)

Budget Overview

Although the Austin Independent School District is surrounded by a positive moving economy, it comes at a price. Revenue, the district's lifeblood, is projected to increase in FY2018-19, but comes at an actual cost. These costs come in the form of significant Recapture contributions and affordability.

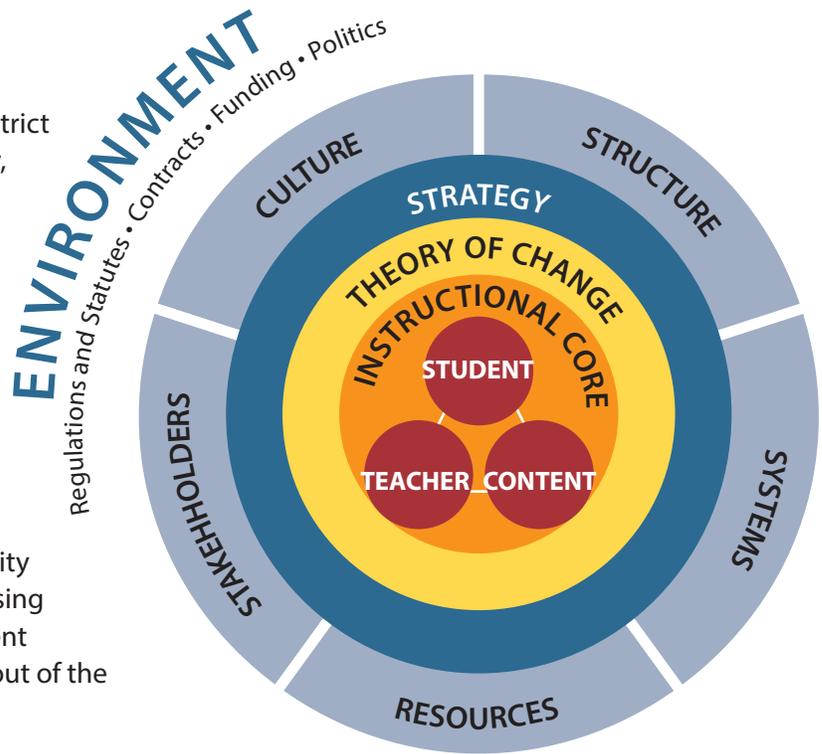
As for affordability, Austin families are moving to surrounding areas to get reprieve from the increasing property taxes that they are responsible for. This is true from a home-ownership side as well as renting, where facility owners are receiving higher tax bills and passing it on in the form of rent increases. AISD student enrollment is falling due to families moving out of the district.

Alongside decreased net revenue (tax collections after paying Recapture), inflationary expenses are increasing forcing the use of fund balance dollars. In order to not drop below fund balance requirements, the district will continue to evaluate cost saving initiatives and outyear solutions.

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 main goal is to stay away from cuts to the instructional core in FY2018-19

As we reinvent the urban school experience, FY2018-19 brings some expected expenditure increases. One of the biggest investments comes from increasing the Bilingual Classroom Teacher Stipend from \$2,500 to \$4,000 per year. Surrounding districts are paying anywhere between \$4,000-\$5,500 a year for this stipend. This aligns to the Strategic Plan to help with recruitment and retention and the literacy initiative at a cost of \$1.6 million. An additional \$1 million is to bring a Safety and Security Plan into place which includes additional staffing, software for monitoring and other security measures.

Inflationary increases for utilities, Teacher Retirement System (TRS), tax collections, and workers compensation come at a high cost as well. It is projected that AISD will have to fund its workers compensation plan for the first



time in several years at a cost of \$4 million a year.

Finally, additional requests for projects within the Strategic Plan include: AISD CARES, Districtwide HUB Implementation, and targeted school marketing for under enrolled campuses.

Despite these increases, AISD is projecting budget cuts of almost \$11.5 million. Pay/Staffing changes contribute to two thirds of these savings with \$2.6 million coming from changes based on reduced enrollments and eliminating the breakage factor in the staffing formula. The implementation of the final phase of the custodial staffing plan would see a budget reduction of \$1.3 million. Savings of \$3 million come from a FICA Alternative Plan, and changing the local policy to eliminate partial pay during extended leave would save an estimated \$500 thousand. These savings, along with other initiatives avoid delving into the "Instructional Core" where teachers and other school staff would be affected.

Enrollment Decline and Strategy

AISD is strategically investing in four priority areas: literacy, safety and security, customer service and the Target Utilization Plan (TUP) for the FY2018-19 budget. The first three priorities are discussed in a previous section, Investing in the Vision of Reinventing the Urban Education Experience, while we discuss the Target Utilization Plan below as a strategy to address declining enrollment.

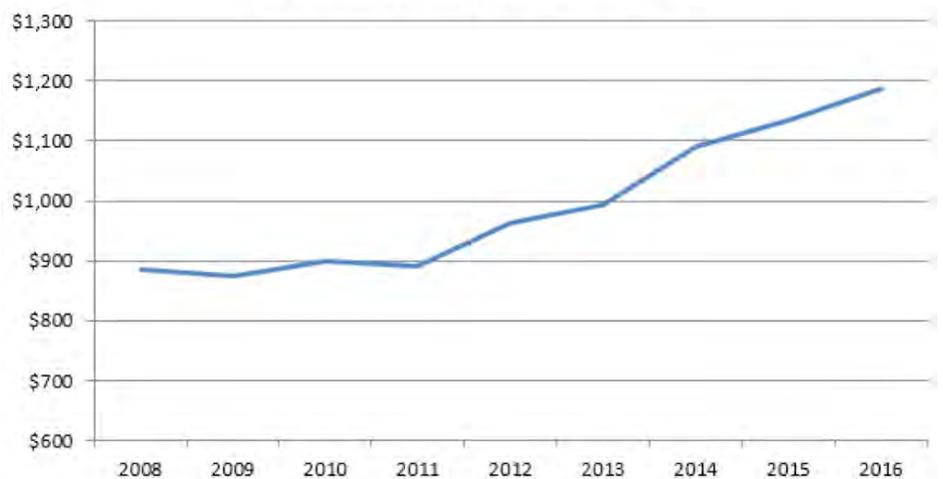
A Target Utilization Plan is recommended for school communities to address the pattern of declining enrollment below 75%. The purpose is to encourage and support efficient utilization of school facilities so communities have more real-time information, involvement in and understanding of the status of their schools. This also will allow time to address and assess under-enrollment in a proactive manner. As such, AISD is developing a structured process with milestones and data to support campus' efforts to grow enrollment and 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.



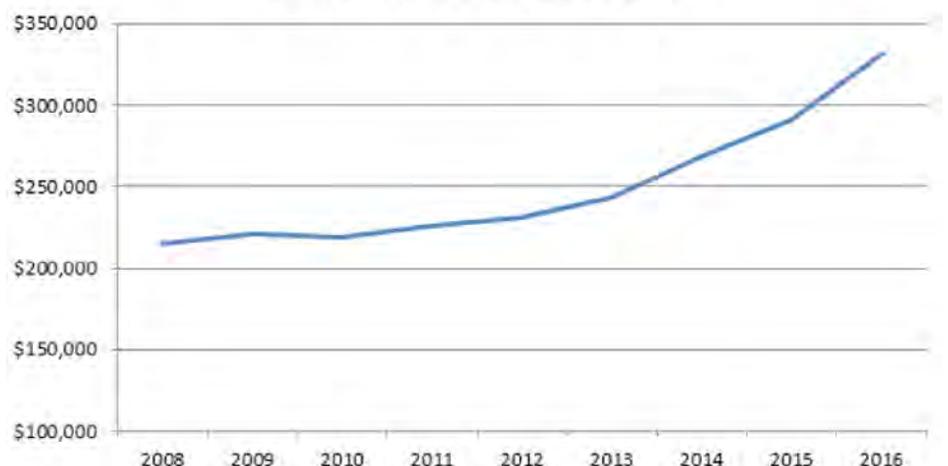
After decades of enrollment growth, AISD has experienced a decrease in enrollment since FY2012-13, and according to the demographer, the trend can be expected to continue into the future. This is due to a number of factors, including:

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

Median Monthly Rent within AISD

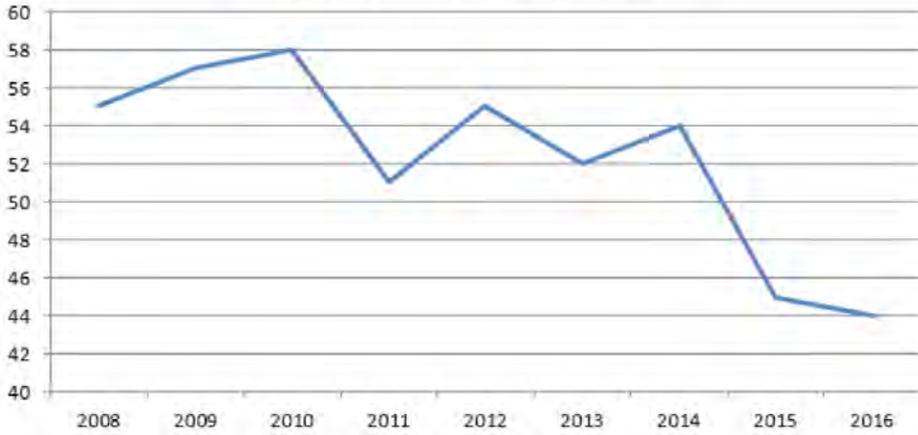


Median Home Value within AISD



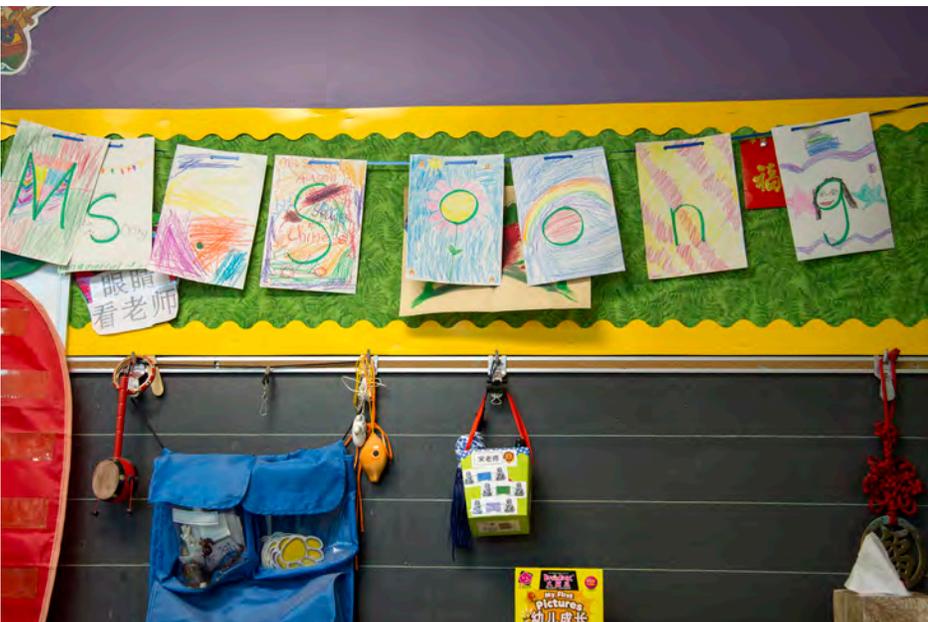
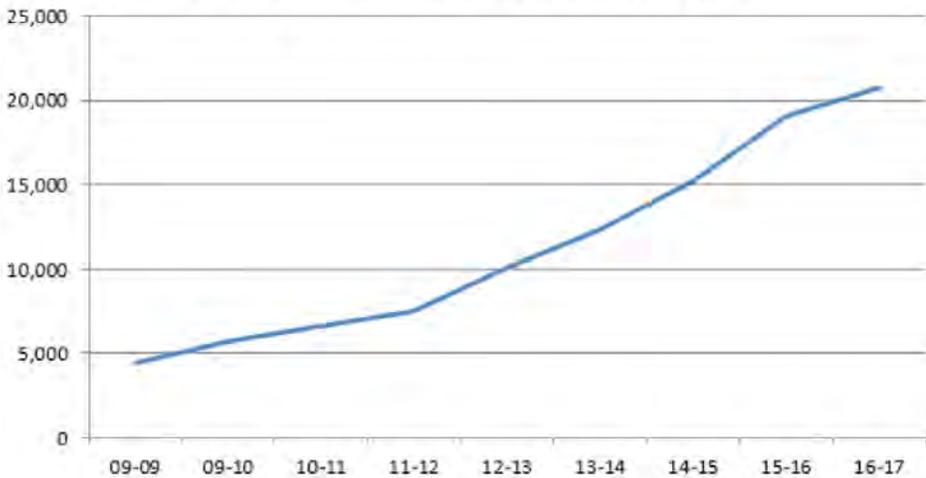
- A decline in birth rates that occurred during the recent recession, which especially impacts the district at Pre-K and Kindergarten; and

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 FY2018-19.

Limited Resource Capacity to Support a Diverse Student Population

It is projected AISD will serve more than 80,000 students in FY2018-19. 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 1,000 students from projected year end FY2017-18 to the FY2018-19 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 5 out of 10 children in AISD are from economically disadvantaged homes.
- For almost one in three (28.2%), 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-Less 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 9 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 for our teachers. Developed through collaboration between Austin Independent School District, Education Austin, and American Federation of Teachers, 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 includes:

- A multi-measure approach that assesses instructional practice, student growth, and professional growth and responsibilities; and
- A compensation component that recognizes years of service, performance, leadership, and professional learning through a system of pathways.

The PPfT Appraisal 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, the PPfT also includes differentiated compensation through which teachers can choose various pathways for professional growth rooted in key district initiatives and commitments.

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: <https://www.austinisd.org/ppft>



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

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



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

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

FY2019 General Fund Revenue Sources

| | |
|----------|-------|
| Local: | 92.8% |
| State: | 5.5% |
| Federal: | 1.7% |

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 (in millions) | FY2018 | FY2019 | \$ Change | % Change |
|---------------------------------|------------------|--------------------|----------------|---------------|
| | Q3 Budget | Preliminary Budget | | |
| Local | \$1,208.9 | \$1,313.2 | \$104.3 | 8.6% |
| State | 62.6 | 78.4 | 15.8 | 25.2% |
| Federal | 28.0 | 24.2 | (3.8) | (13.5%) |
| Total | \$1,299.6 | \$1,415.8 | \$116.2 | 8.9% |
| Less: | | | | |
| Recapture | \$546.0 | \$669.6 | \$123.6 | 22.6% |
| Operating Revenue | \$753.5 | \$746.2 | (\$7.3) | (1.0%) |

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. AISD projects that nearly 90% of those increases will go to the state in FY2018-19. 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 8.6 percent or roughly \$104.3 million as a result of increased property tax values for FY2018-19. 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 52 percent of revenue generated locally will go to the state for redistribution rather than staying in the district in FY2018-19.

| Tax Year as of Jan 1 | School Year | Net Taxable Value (in billions) |
|----------------------|-------------|------------------------------------|
| 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 Preliminary | 2018-19 | 113.9 |

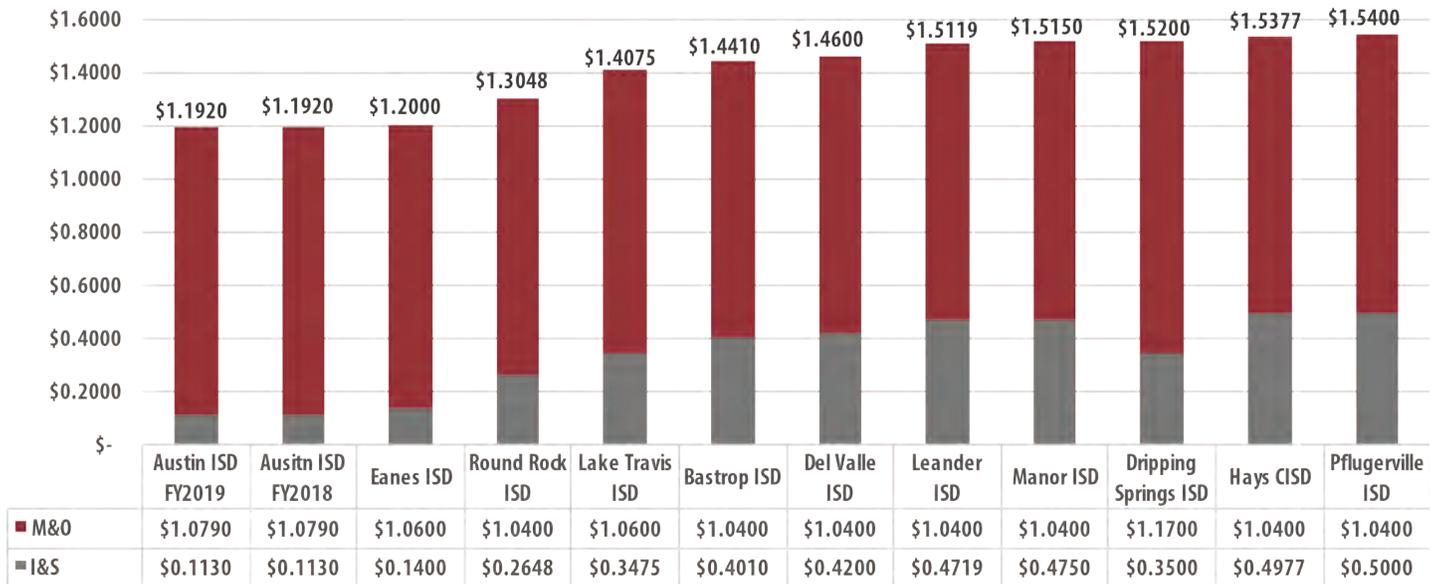
Because of declining enrollment and rising property tax values, the district will have \$19.3 million less operating revenue (local revenue net of Recapture) in FY2018-19 when compared to FY2017-18 third quarter.

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 FY2018-19 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 FY2017-18 level of \$0.113 per \$100 of taxable in FY2018-19. The I&S tax rates have been reduced 5 cents in the last 4 years.

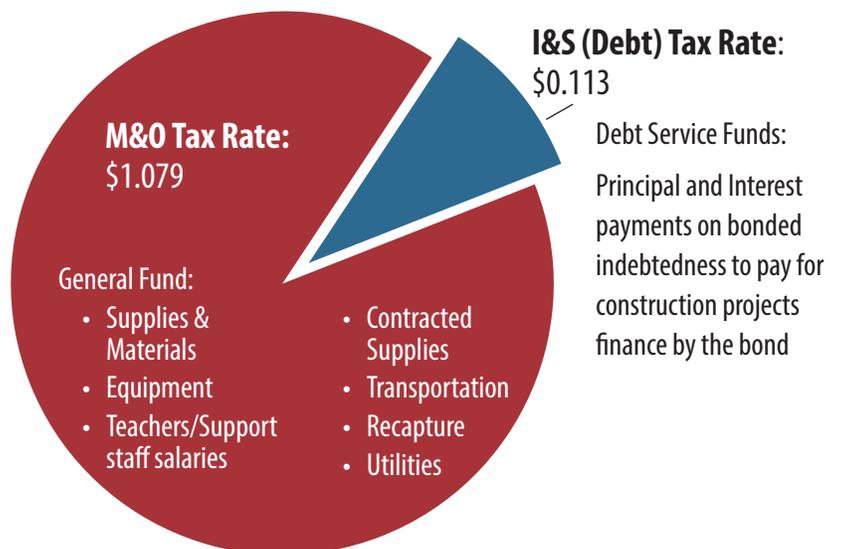
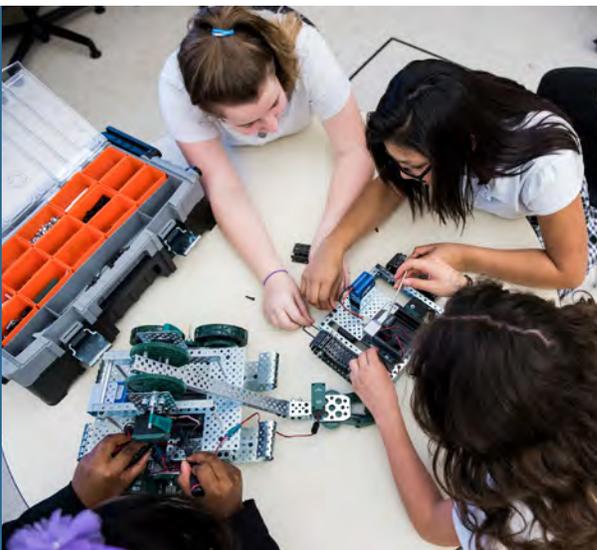
AISD has the lowest tax rate when compared to other local school districts in the metro area and it expects to maintain this position with the Preliminary FY2018-19 budget.

FY2018 Austin Area Tax Rates

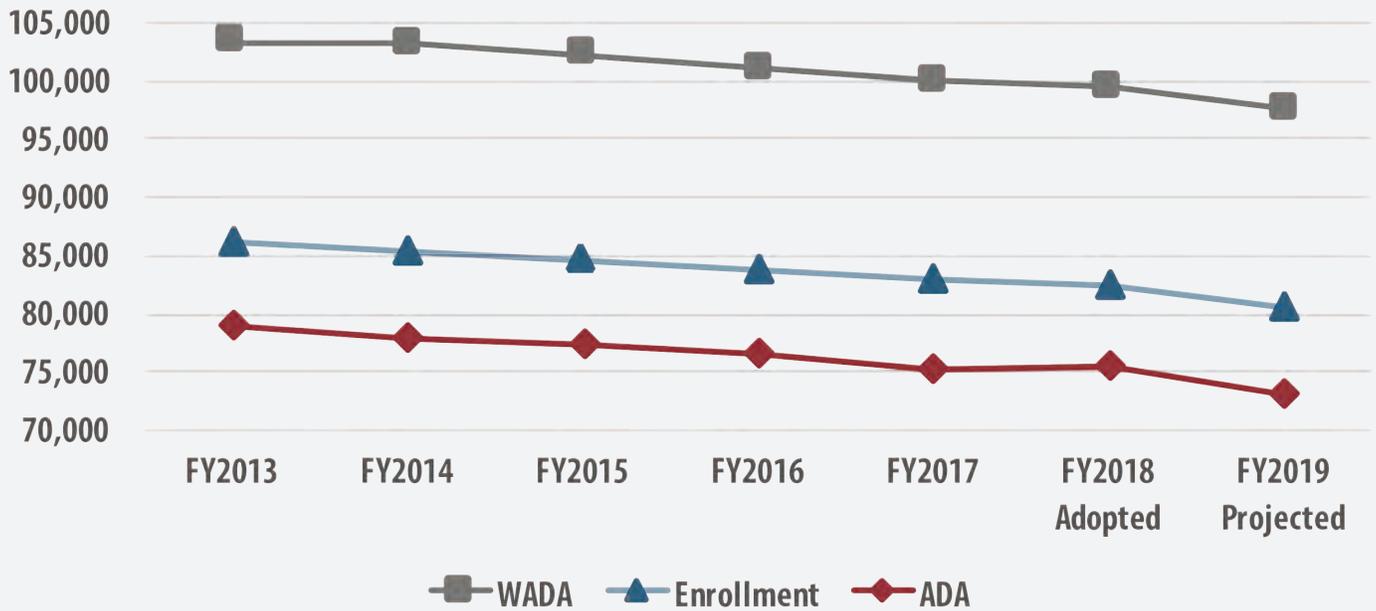


Taxable Values Affect Local Revenue

A key component of revenue estimation is taxable values. Taxable values are projected to increase in FY2018-19, by 10.07 percent. Preliminary taxable values were released in April 2018, and the final certified taxable values will not be available from the appraisal district until late July 2018. Since the FY2018-19 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 FY2018-19.



Historical and Projected Enrollment, 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/mytaxdollar>.

What is Recapture?

Recapture represents 42 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.



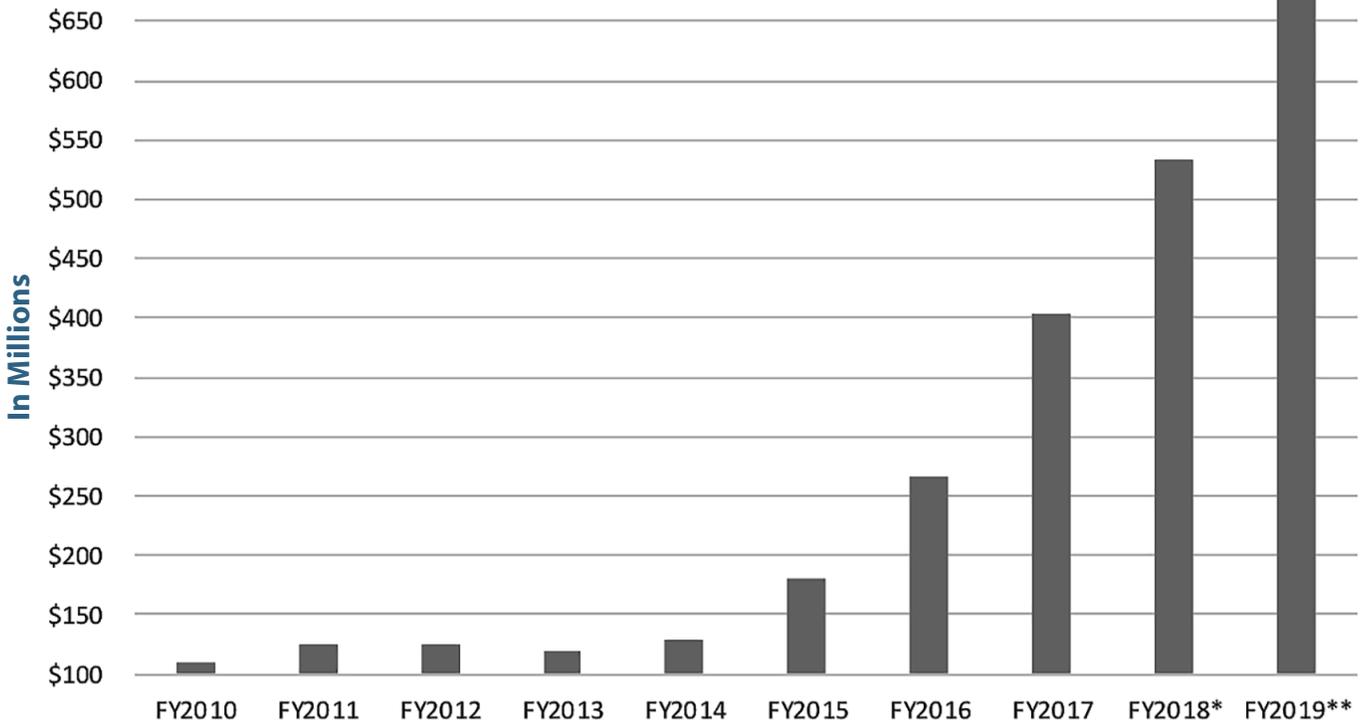


| General Fund Functional Area (in millions) | FY2019 Preliminary | |
|--|-----------------------|---------------|
| | Budget | % of Budget |
| Instruction | \$434.5 | 56.2% |
| Instructional Resources & Media Services | 11.0 | 1.4% |
| Curriculum & Staff Development | 12.9 | 1.7% |
| Instructional Administration | 15.3 | 2.0% |
| School Administration | 51.2 | 6.6% |
| Guidance & Counseling Services | 25.0 | 3.2% |
| Attendance & Social Work Services | 4.9 | 0.6% |
| Health Services | 8.8 | 1.1% |
| Pupil Transportation | 31.9 | 4.1% |
| Co-Curricular Activities | 15.6 | 2.0% |
| Subtotal Instruction and Student Support | \$611.2 | 79.0% |
| General Administration | \$22.5 | 2.9% |
| Community Services | 7.3 | 0.9% |
| Subtotal Central & Community Services | \$29.8 | 3.9% |
| Plant Maintenance | \$84.8 | 11.0% |
| Security & Monitoring Services | 13.2 | 1.7% |
| Data Processing Services | 22.3 | 2.9% |
| Debt Services | 0.5 | 0.1% |
| Facilities Acquisition & Construction | 0.1 | 0.0% |
| Payments-Shared Services Arrangements | 4.1 | 0.5% |
| Other Intergovernmental Charges | 7.4 | 1.0% |
| Subtotal Operations & Infrastructure | \$132.3 | 17.1% |
| Grand Total | \$773.4 | 100.0% |

The preliminary recapture payment of \$669.6 million for FY2018-19 is a \$135.7 million increase when comparing to the adopted FY2017-18 budget. Over 50.0 percent of local tax revenue collected will be subject to Recapture. This adds additional pressure on AISD's budget.

In FY2017-18, AISD will have a Recapture payment of \$546 million. This amount is expected to increase in FY2018-19 as a result of projected increases in the district's taxable property value and declines in enrollment. From FY2005-06 to FY2018-19, AISD will pay \$3.2 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.

Chapter 41 Payments FY2010-2019



*FY2018 data is based on the Adopted value.

**FY2019 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 26.0 percent of the total \$2.1 billion collected by the state in FY2017-18. Under the state’s “recapture” law, the district will be required to send a projected \$546 million to the state in FY2017-18 and \$670 million for FY2018-19. 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. Approximately 50 percent of the students that AISD serves meet the federal definition of poverty and are considered economically disadvantaged, and 28 percent have limited English proficiency.

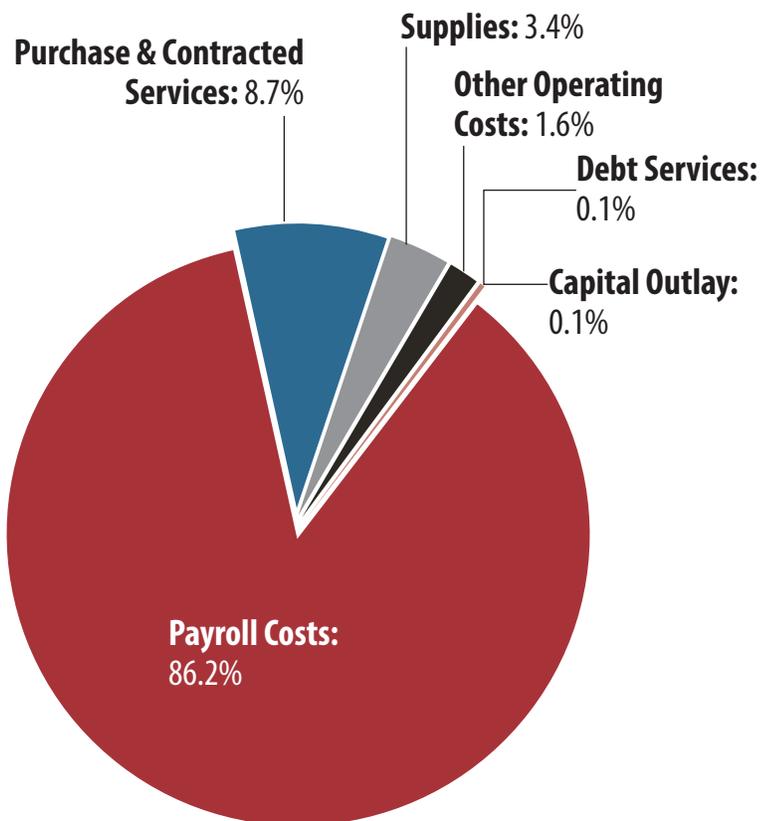
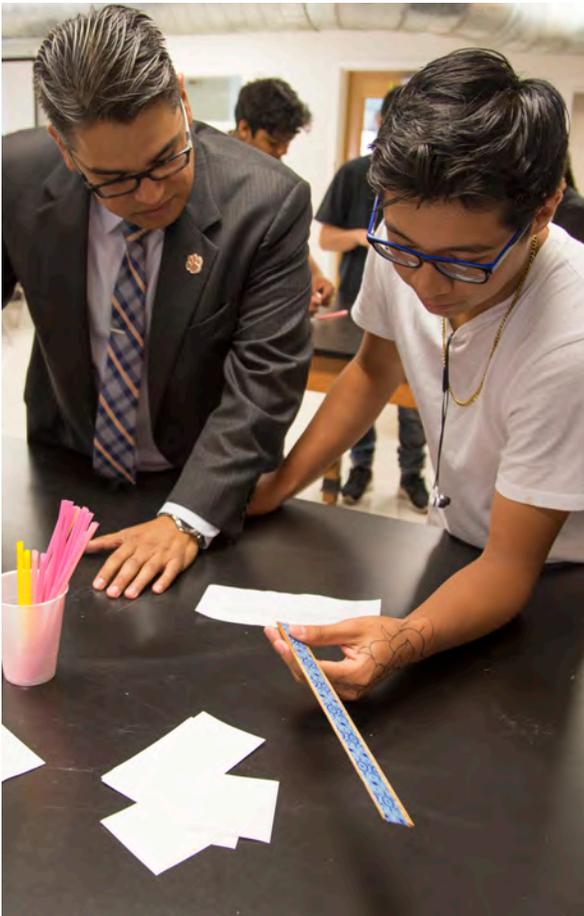
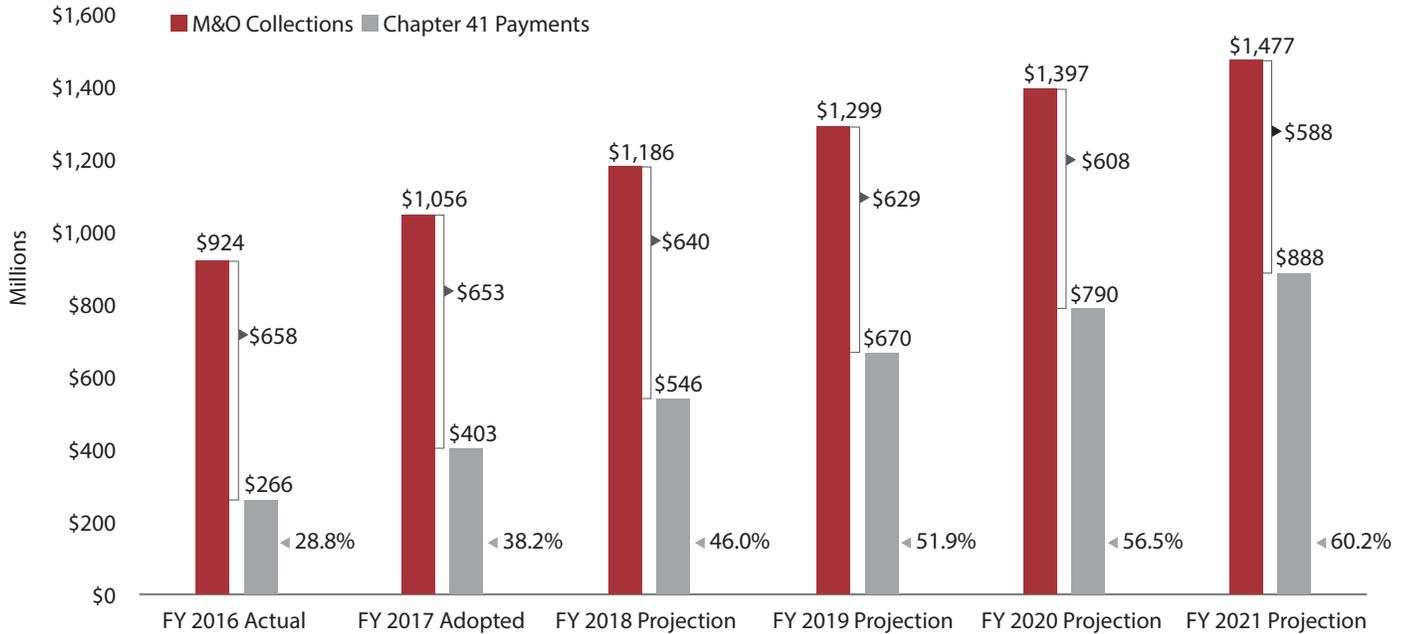
From FY2005-06 through FY2018-19, AISD will pay the state over \$3.2 billion in recapture payments, all of which

comes from tax dollars generated in Austin. Recapture is projected to become a larger percentage of overall tax collections in future years. In FY2017-18, approximately 46.0 percent of all local tax revenue collected will be sent to the state under recapture. By FY2018-19, more than a half of every tax dollar collected will go 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 below. For more information on the impact of recapture, please visit the AISD: Our Tax Dollars, Our Students, Our Future-Video link at www.austw3eft.inisd.org/budget.



A Business of People

A school system is an enterprise that is highly dependent on human capital. In AISD, when recapture is excluded, 86.2 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 (in millions) | FY2018 Q3 Budget | FY2019 Preliminary Budget | \$ Change | % Change |
|---|------------------------|---------------------------------|-----------------|---------------|
| Payroll Costs | \$667.7 | \$666.3 | (\$1.4) | (0.2%) |
| Purchase & Contracted Services | 68.2 | 67.5 | (0.7) | (1.0%) |
| Supplies | 35.2 | 26.6 | (8.6) | (24.5%) |
| Other Operating Costs | 13.9 | 12.1 | (1.8) | (12.9%) |
| Capital Outlay | 0.5 | 0.5 | (0.0) | (3.6%) |
| Debt Service | 0.9 | 0.4 | (0.5) | (55.8%) |
| Totals | \$786.4 | \$773.4 | (\$13.0) | (1.7%) |

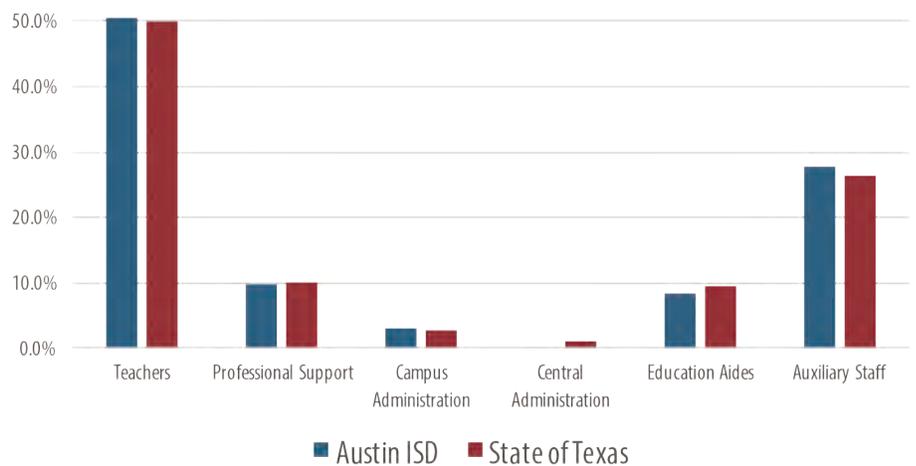
Positions by Type

The FY2018-19 Preliminary Budget accounts for 11,450 full-time equivalents (FTEs), a decrease of 54 FTEs from FY2017-18 levels of 11,503 FTEs. AISD's workforce is comprised primarily of teachers, representing 48.7 percent of all positions. Education aids and auxiliary staff represent 8.4 percent and 28.9 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 FY2016-17, 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 | 50.6% | 50.0% |
| Professional Support | 9.7% | 10.0% |
| Campus Administration | 3.1% | 2.9% |
| Central Administration | 0.3% | 1.1% |
| Education Aides | 8.4% | 9.6% |
| Auxiliary Staff | 27.9% | 26.4% |

Source: Texas Education Agency, Texas Academic Report 2016-17 District Profile





Governmental Funds

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

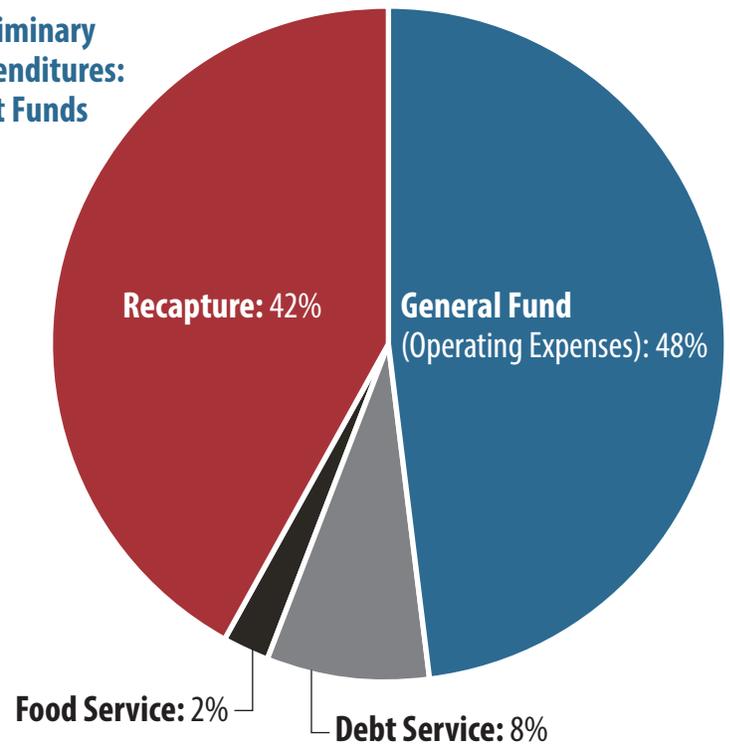
- The General Fund pays for salaries and benefits, classroom resources, campus cleaning and landscaping, transporting students, paying utility bills, providing clerical and administrative support— all the things schools and support centers need to operate on a daily basis.
- The Food Service Fund pays 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.



FY2019 Preliminary Budget Expenditures: Government Funds



| Fund (in millions) | Revenue | Expenditures |
|---------------------|------------------|------------------|
| General Fund | \$1,415.8 | \$1,443.0 |
| Food Service | \$40.7 | \$40.7 |
| Debt Service | \$128.2 | \$128.2 |
| | \$1,584.7 | \$1,611.9 |

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 | \$1,313.2 | \$8.0 | \$127.2 | \$1,448.4 |
| 5800 State Sources | 78.4 | 1.2 | 0.0 | 79.6 |
| 5900 Federal Sources | 24.2 | 31.6 | 1.0 | 56.8 |
| Combined Fund Revenue Total | \$1,415.8 | \$40.7 | \$128.2 | \$1,584.7 |
| Expenditures | | | | |
| 11 Instruction | \$434.5 | | | \$434.5 |
| 12 Instructional Resources & Media Services | 11.0 | | | 11.0 |
| 13 Curriculum & Staff Development | 12.9 | | | 12.9 |
| 21 Instructional Administration | 15.3 | | | 15.3 |
| 23 School Administration | 51.2 | | | 51.2 |
| 31 Guidance & Counseling Services | 25.0 | | | 25.0 |
| 32 Attendance & Social Work Services | 4.9 | | | 4.9 |
| 33 Health Services | 8.8 | | | 8.8 |
| 34 Pupil Transportation | 31.9 | | | 31.9 |
| 35 Food Services | 0.0 | 40.7 | | 40.8 |
| 36 Co-Curricular Activities | 15.6 | | | 15.6 |
| 41 General Administration | 22.5 | | | 22.5 |
| 51 Plant Maintenance | 84.8 | | | 84.8 |
| 52 Security & Monitoring Services | 13.2 | | | 13.2 |
| 53 Data Processing Services | 22.3 | | | 22.3 |
| 61 Community Services | 7.3 | | | 7.3 |
| 71 Debt Services | 0.5 | | 128.2 | 128.7 |
| 81 Facilities Acquisition & Construction | 0.1 | | | 0.1 |
| 91 Contracted Instructional Svcs-Public Schools | 669.6 | | | 669.6 |
| 93 Payments-Shared Services Arrangements | 4.1 | | | 4.1 |
| 99 Other Intergovernmental Charges | 7.4 | | | 7.4 |
| Combined Fund Expenditure Total | \$1,443.0 | \$40.7 | \$128.2 | \$1,611.9 |
| Excess (Deficiency) of Revenues Over Expenditures | (\$27.3) | (\$0.0) | \$0.0 | (\$27.3) |
| 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) | (\$0.3) | \$0.0 | \$0.0 | (\$0.3) |
| Projected Hiring Lag and Unspent at year end | 8.0 | | | 8.0 |
| Net Change in Fund Balances | (19.6) | (0.0) | 0.0 | (19.6) |
| 3600 Fund Balance - Beginning | \$266.7 | \$5.4 | \$133.5 | \$405.5 |
| 3600 Fund Balance - Ending | \$247.1 | \$5.4 | \$133.5 | \$385.9 |
| Categories of Ending Fund Balance: | | | | |
| Assigned | \$23.9 | | | \$23.9 |
| Non Spendable | 0.2 | | | 0.2 |
| Committed | 0.0 | | | 0.0 |
| Unassigned | \$222.9 | \$5.4 | \$133.5 | \$361.7 |
| % Unassigned/Expenditure (Chapter 41 Included) | 15.4% | 13.2% | 104.1% | 22.4% |
| % Unassigned/Expenditure (Chapter 41 Excluded) | 28.8% | 13.2% | 104.1% | 38.4% |

General Fund

The following report reflects three years of actual prior year data, the current year adopted budget and the preliminary FY2018-19 budget.

General Service Fund Statement of Revenues, Expenditures by Object, and Changes in Fund Balance For School Year FY2018-19 with Comparative Data for Prior Years *(in millions)*

| | FY2016 Actual | FY2017 Actual | FY2018 | Q3 | FY2019 Preliminary |
|---|------------------|------------------|----------------|----|-----------------------|
| Revenues | | | | | |
| 5700 Local Sources | \$935.9 | \$1,082.6 | \$1,208.9 | | \$1,313.2 |
| 5800 State Sources | 50.3 | 78.6 | 62.6 | | 78.4 |
| 5900 Federal Sources | 26.6 | 28.2 | 28.0 | | 24.2 |
| Total Revenues | 1,012.8 | 1,189.4 | 1,299.6 | | 1,415.8 |
| Expenditures by Function | | | | | |
| 6100 Payroll Costs | \$565.5 | \$646.4 | \$667.7 | | \$666.3 |
| 6200 Professional & Contracted Svcs. | 57.1 | 71.2 | 68.2 | | 67.5 |
| 6300 Supplies & Materials | 27.3 | 29.7 | 35.2 | | 26.6 |
| 6400 Other Operating Expenses | 9.4 | 12.9 | 13.9 | | 12.1 |
| 6500 Debt Service | 0.4 | 0.5 | 0.5 | | 0.5 |
| 6600 Capital Outlay | 2.6 | 8.0 | 0.9 | | 0.4 |
| Total Operating Expenditures | 662.2 | 768.8 | 786.4 | | 773.4 |
| Recapture | 266.1 | 403.3 | 546.0 | | 669.6 |
| Excess (Deficiency) of Revenues Over Expenditures | 84.5 | 17.3 | (32.8) | | (27.3) |
| Other Financing Sources (Uses) | | | | | |
| 7900 Other Resources | 0.0 | 0.1 | 0.1 | | 0.1 |
| 8900 Other Uses | (10.0) | (8.0) | (2.2) | | (0.3) |
| Total Other Financing Sources (Uses) | (10.0) | (8.0) | (2.1) | | (0.2) |
| Net Change in Fund Balances Projected Hiring Lag & Unspent at year end Adjustment from Adopted to Amended | \$74.5 | \$9.3 | (\$34.9) | | (\$27.5) |
| | | | | | \$8.0 |
| Fund Balances- Beginning | \$217.7 | \$292.3 | \$301.6 | | \$266.7 |
| Fund Balances - Ending | 292.3 | 301.6 | 266.7 | | 247.2 |
| Less Assigned Fund Balance | (26.0) | (29.7) | (30.1) | | (24.2) |
| Ending Fund Balance - Unreserved | \$266.2 | \$271.9 | \$236.5 | | \$223.0 |
| Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures | 40.2% | 35.4% | 30.1% | | 28.8% |

*FY2016 was a 10 month year

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 22,000 breakfasts, 40,000 lunches and 4,000 after school snacks and meals, over 11 million annually, at 130 locations throughout the district. Over 22,000 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, 30 campuses will offer free breakfast and lunch to all students under the Community Eligibility Provision (CEP). CEP provides a higher reimbursement rate per meal 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 projected the district will increase meal prices by \$0.10 in FY2018-19 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 FY2018-19 with Comparative Data for Prior Years *(in millions)*

| | FY2016 Actual | FY2017 Actual | FY2018 Q3 | FY2019 Preliminary |
|--|------------------|------------------|--------------|-----------------------|
| Revenues | | | | |
| 5700 Local Sources | \$7.0 | \$7.9 | \$7.2 | \$8.0 |
| 5800 State Sources | 1.1 | 1.8 | 1.2 | 1.2 |
| 5900 Federal Sources | 27.9 | 29.9 | 31.7 | 31.6 |
| Total Revenues | 36.0 | 39.6 | 40.1 | 40.7 |
| Expenditures by Object | | | | |
| 6100 Payroll Costs | \$19.5 | \$23.2 | \$21.8 | \$22.4 |
| 6200 Professional & Contracted Svcs. | 0.6 | 0.6 | 0.6 | 0.4 |
| 6300 Supplies & Materials | 15.1 | 16.5 | 17.3 | 17.6 |
| 6400 Other Operating Expenses | 0.0 | 0.0 | 0.0 | 0.0 |
| 6600 Capital Outlay | 0.1 | 0.0 | 0.3 | 0.3 |
| Total Expenditures | 35.4 | 40.3 | 39.9 | 40.7 |
| Excess (Deficiency) of Revenues Over Expenditures | \$0.6 | (\$0.7) | \$0.1 | \$0.0 |
| 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 | \$0.6 | (\$0.7) | \$0.1 | \$0.0 |
| Estimated outstanding purchase orders and unspent balances at year end | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Fund Balances- Beginning | \$5.2 | \$5.9 | \$5.2 | \$5.4 |
| Fund Balances - Ending | 5.9 | 5.2 | 5.4 | 5.4 |
| Less Assigned Fund Balance | 0 | 0 | 0 | 0 |
| Ending Fund Balance - Unreserved | \$5.9 | \$5.2 | \$5.4 | \$5.4 |
| Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures | 16.6% | 12.9% | 13.4% | 13.2% |

*FY2016 was a 10 month year

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 FY2018-19.

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 FY2018-19 with Comparative Data for Prior Years *(in millions)*

| | FY2016 Actual | FY2017 Actual | FY2018 | Q3 | FY2019 Preliminary |
|---|------------------|------------------|----------------|----|-----------------------|
| Revenues | | | | | |
| 5700 Local Sources | \$106.2 | \$112.0 | \$124.8 | | \$127.2 |
| 5800 Other Rev from T.E.A. | 1.5 | 1.0 | .6 | | .0 |
| 5900 Federal Sources | .5 | .9 | 1.0 | | 1.0 |
| Total Revenues | 108.2 | 113.9 | 126.4 | | 128.2 |
| Expenditures by Object | | | | | |
| 6511 Bond Principal | \$0.2 | \$71.0 | \$89.0 | | \$82.1 |
| 6521 Bond Interest | 18.0 | 37.1 | 45.7 | | 43.4 |
| 6599 Other Debt Serv Fees | .6 | 4.1 | 1.1 | | 2.8 |
| Total Expenditures | 18.7 | 112.3 | 135.8 | | 128.2 |
| Excess (Deficiency) of Revenues Over Expenditures | \$89.5 | \$1.6 | -\$9.5 | | \$0.0 |
| Other Financing Sources (Uses) | | | | | |
| 7900 Other Resources | \$24.1 | \$639.4 | \$0.0 | | \$0.0 |
| 8900 Other Uses | (24.1) | (635.8) | 0.0 | | 0.0 |
| Total Other Financing Sources (Uses) | \$0.0 | \$3.6 | \$0.0 | | \$0.0 |
| Net Change in Fund Balances | \$89.5 | \$5.3 | (\$9.5) | | \$0.0 |
| Fund Balances- Beginning | \$48.2 | \$137.7 | \$142.9 | | \$133.5 |
| Fund Balances - Ending | 137.7 | 142.9 | 133.5 | | 133.5 |
| Less Assigned Fund Balance | 0.0 | 0.0 | 0.0 | | 0.0 |
| Ending Fund Balance - Unreserved | \$137.7 | \$142.9 | \$133.5 | | \$133.5 |
| Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures | 736% | 127% | 98% | | 104% |

*FY2016 was a 10 month year



Going Forward

State Funding

The Board or Trustees will take action by June 2018 on legislative priorities for the 86th Legislative Session, which will convene in January 2019. These priorities are used to educate lawmakers and the public about issues of importance to our district. New legislation is not likely to affect the FY2018-19 budget, but securing sufficient state funding will be critical for future years.

State Commission on Public School Finance

The issue of school finance has been a litigious issue in the State of Texas for many years. Since the 1980s, school districts have repeatedly sued the state in an attempt to increase public education funding, and have often prevailed. However, in 2016, after several school finance lawsuits, the Texas Supreme Court issued a ruling upholding the state's public school funding system as constitutional, while also urging state lawmakers to implement "transformational, top-to-bottom reforms that amount to more than Band-Aid on top of Band-Aid." The courts further went on to say that "our Byzantine school funding 'system' is undeniably imperfect, with immense room for improvement. "While there is agreement that the system is broken, there is disagreement on how to fix school finance.

To answer this, the Texas Commission on Public School Finance was established pursuant to House Bill 21, 85th Texas Legislature, 1st Called Special Session (2017), to develop and make recommendations for improvements to the current public school finance system or for new methods of financing public schools.

The commission is charged with developing recommendations to address issues related to the public school finance system, including:

1. The purpose of the Public School Finance System and the relationship between state and local funding in that system;
2. The appropriate levels of local Maintenance and Operations and Interest and Sinking Fund tax effort necessary to implement a Public School Finance System that complies with the requirements under the Texas Constitution; and
3. Policy changes to the Public School Finance System necessary to adjust for student demographics and the geographic diversity in the state.

Not later than December 31, 2018, the commission shall prepare and deliver a report to the governor and the legislature that recommends statutory changes to improve the Public School Finance System, including any adjustments to funding to account for student demographics.

Budget Stabilization Task Force

AISD is planning on having a budget stabilization task force meet during June, July, and August to develop recommendations for the Board to consider in the fall of 2018. These discussions will be hard decisions as AISD continues to have a lack of state support, increasing recapture liability, and declining student enrollment.



Austin ISD Board of Trustees



(from left) Edmund T. Gordon, District 1; Ann Teich, District 3; Geronimo M. Rodriguez, Jr., VICE PRESIDENT, District 6; Amber Elenz, District 5; Kendall Pace, PRESIDENT, At Large 9; Julie Cowan, SECRETARY, District 4; Yasmin Wagner, District 7; Cindy Anderson, At Large 8; Jayme Mathias, District 2



Milestones of the FY2019 Budget Process

October 2017

- Board Adopts FY2018-19 Budget Development Calendar

January 2018

- FY2019-FY2021 Forecast

April / May 2018

- Travis Central Appraisal District provides Preliminary Appraisal Values
- Superintendent presents the FY2018-19 Preliminary Budget to the Board, Public and Media
- Community Meetings on the FY2018-19 Preliminary Budget

June 2018

- Superintendent presents the FY2018-19 Recommended Budget to the Board, Public and Media
- Board Conducts Public Hearing on Proposed Budget and Tax Rate
- Board Adopts the FY2018-19 Budget

July 2018

- Travis Central Appraisal District (TCAD) Certifies Appraisal Values

August 2018

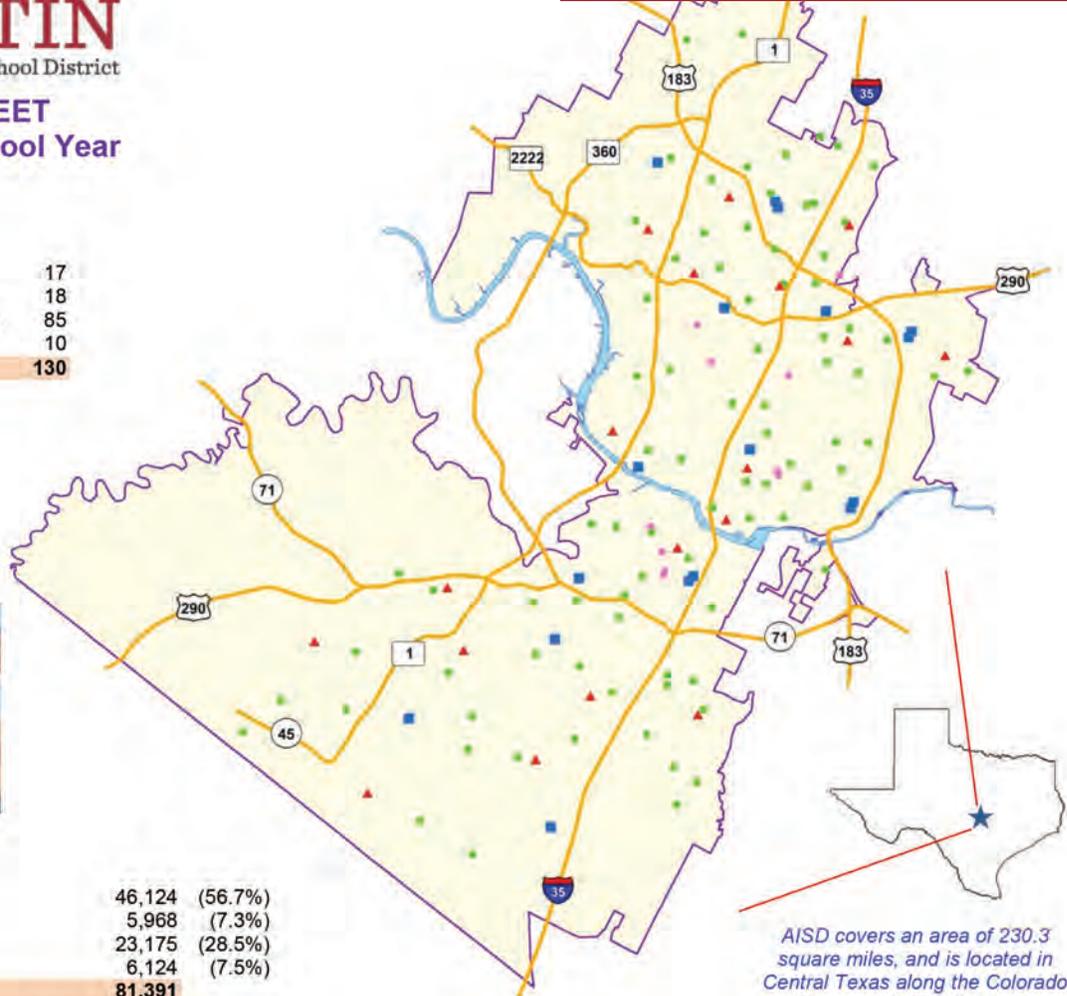
- Board Adopts the FY2018-19 Tax Rate



FACT SHEET 2017-2018 School Year

Campuses

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



Student Enrollment¹

| | | |
|----------------------------------|---------------|---------|
| Hispanic | 46,124 | (56.7%) |
| African American | 5,968 | (7.3%) |
| White | 23,175 | (28.5%) |
| Other | 6,124 | (7.5%) |
| Total | 81,391 | |
| English Language Learner (ELL) | 22,427 | (27.6%) |
| Economically Disadvantaged (EcD) | 43,314 | (53.2%) |
| Special Education (SpEd) | 8,859 | (10.9%) |

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

AISD Points of Pride

- ★ The Texas Education Agency has awarded 162 Distinction Designations for Outstanding Performance to 58 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's graduation rate is at an all-time high of 90.7%.
- ★ AISD has 49 National Merit Semifinalists competing for Finalists, 121 National Merit Commended students, 31 National Hispanic Recognition Program Scholars, and 7 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.

Employees²

| | | |
|---------------------|---------------|---------|
| Teachers | 5,712 | (48.3%) |
| Other Professionals | 2,809 | (23.8%) |
| Auxiliary | 3,293 | (27.9%) |
| Total | 11,814 | |

Budget³

| | | |
|-----------------|-------------------------|---------|
| Operations | \$1,314,013,505 | (90.0%) |
| Food Service | \$39,927,142 | (2.7%) |
| Debt Service | \$105,295,049 | (7.2%) |
| Total | \$1,459,235,696 | |
| State Recapture | \$533,874,730 | |
| Net Operations | \$780,138,775 | |
| Total Tax Rate | \$1.192/\$100 valuation | |

Population within AISD Boundaries⁴

| | |
|--|-------------|
| Total Population | = 717,669 |
| Average Household Size | = 2.43 |
| Home Language Not English | = 31.0% |
| Foreign Born | = 17.0% |
| Median Household Income | = \$65,331 |
| Below Poverty Level | = 15.2% |
| Median Home Value | = \$331,200 |
| Median Monthly Rent | = \$1,188 |
| Renter Occupied Housing | = 55.3% |
| Different Residence 1 Year Ago | = 19.3% |
| Age 25+ with Bachelor's Degree or Higher | = 49.2% |
| Median Age | = 33.0 |

¹PEIMS Snapshot (Preliminary Data), November 2017

²AISD Human Resources Department, November 2017

³AISD Adopted Budget, FY 2018

⁴American Community Survey (U.S. Census Bureau), 2016

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

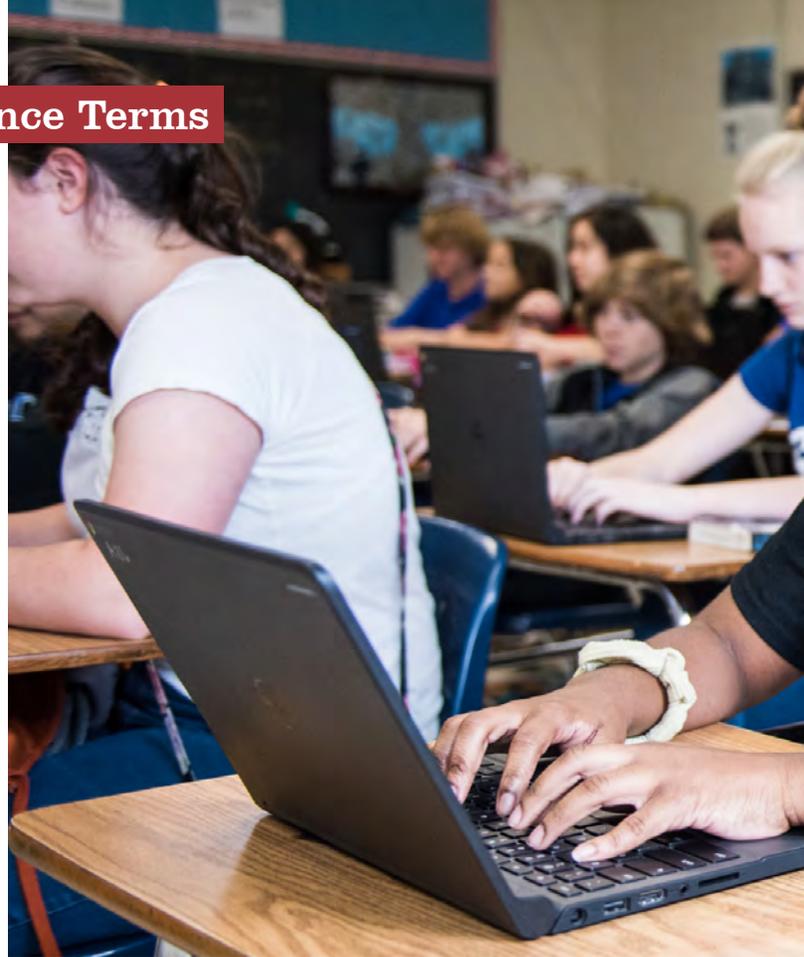
These fund amounts can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Trustees). The purpose of the funds can be changed only by Board resolution.

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.

WADA

(Weighted Average Daily Attendance) 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.




AUSTIN

Independent School District

Read and download a copy of the
FY2019 Preliminary Budget at:
www.austinisd.org/budget

