

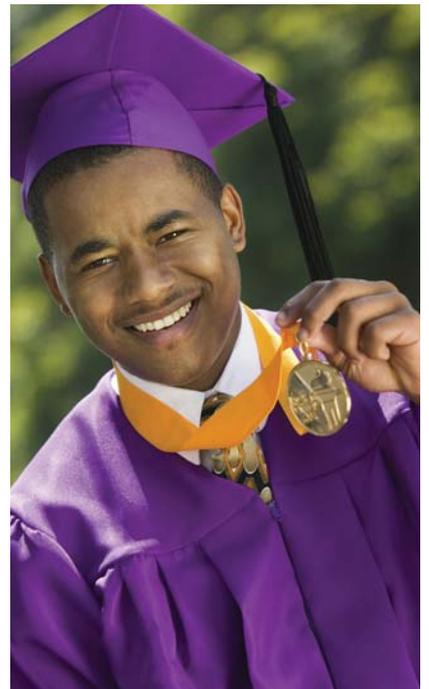
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FY2015

AUSTIN Independent School District

PRELIMINARY BUDGET



A Message from the Superintendent

Dear AISD Community, the Austin Independent School District is one of the highest performing urban districts in the state and even the nation. We have continued to improve in the face of tougher accountability requirements, dwindling resources and changing demographics. In our five-year strategic plan, our district set these four goals: All students will perform at or above grade level, achievement gaps for student groups will be eliminated, students will be prepared for college, career and life and all schools will meet or exceed state and federal accountability standards.

Starting at pre-K and throughout the school years we have programs and strategies to make sure students are ready for college by the time they cross the stage for that diploma. We are adapting to the new state graduation requirements that establish one diploma plan with opportunities for students to earn five different endorsements in such areas as STEM, business and industry, art and humanities.

We are sharpening our focus on literacy education to help our students develop habits of mind that will prepare them for a full life whatever path they choose.

We're improving our facilities to support academics. Every school in AISD will benefit from bond funding approved by voters in May 2013 to repair and renovate school buildings, upgrade technology, renovate science labs, expand and renovate libraries, purchase new buses, and improve energy conservation.

Our focus on strategic priorities is paying off. Graduation is the bottom line in measuring the success of our school district. Over the past five years, our graduation rates have increased from its lowest at 74.3 percent in 2008 to an all-time high of 82.5 percent in 2012. In the first year under the new testing system, 110 of AISD's 123 schools met the state standard and 55 schools earned academic distinctions under new, stricter expectations. This is being accomplished in spite of a decrease in funding for average daily attendance of \$586 per pupil compared to 2011 funding levels.

In 2013, our state legislature restored some of the funding that was cut from public education two years ago, but it didn't make up for the \$60 million that was cut in 2011.



With so little new money from the state, we will need to work together to find a balanced solution to fund our most important priorities, like keeping salaries for teachers competitive so that we can attract and retain the best staff.

We will need to find a long-term, permanent funding stream that's rock solid, most likely through a successful Tax Ratification Election. Because spending down our reserve to fund salaries is not a financially sound solution and certainly not a permanent one.

Recognizing that we don't do this alone, our district is fortunate to have great partners, beginning with our voters who support the district at the ballot box. And without the direct commitment of external resources and volunteer support that our partners provide, we would not be able to continue to launch new delivery models, replicate best practices, and accelerate effective programming.

We appreciate those of you who have invested with a long-term view and encourage others to join us in creating an exceptional educational experience for all students.

Change That Counts

This Preliminary Budget guide provides essential information on projected revenues and expenditures for FY2015 as well as comparative data on our tax rates and staffing. As part of our commitment to openness and transparency, this guide lays out many factors under consideration in our district's budget.



As part of our district's effort to provide information about each year's budget, this book offers a wide range of information about our district's strategic goals and our efforts to reach these goals through sound budget planning and investments. The budget reflects the goals and priorities of the community established in a five-year Strategic Plan that was approved by the AISD Board of Trustees in December 2009. As this five-year period comes to an end and a new strategic plan is developed, the Austin community will have the opportunity to develop a new strategic agenda, which may include other budget priorities in the coming years.

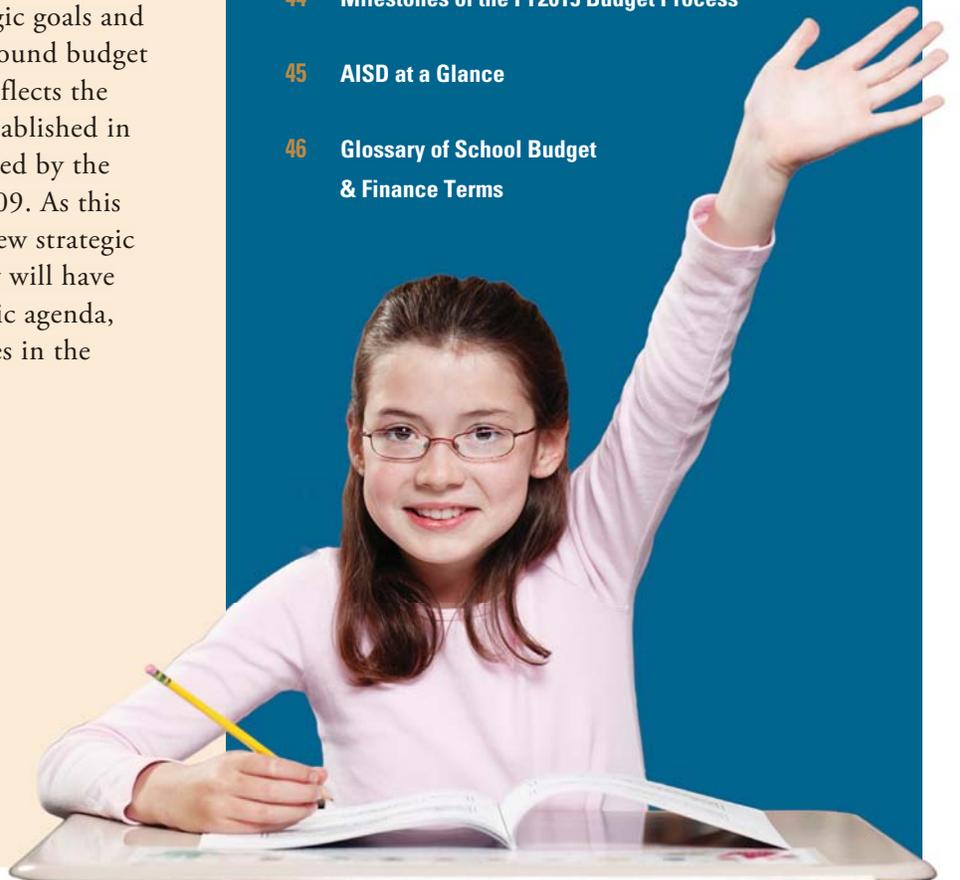
Sincerely,

A handwritten signature in black ink, appearing to read 'Meria Joel Carstarphen'.

Meria Joel Carstarphen
Superintendent

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AISD Strategic Plan FY2010-15 Guides the District's Budget, Plans, Programs and Initiatives

In December 2009, the Austin Independent School District's Board of Trustees approved the AISD Strategic Plan FY2010-15. Each year, the district revisits the plan to adjust for changes in the landscape, such as recent state funding reductions. To further strengthen measurable student achievement outcomes and provide increased accountability to the community, the district may revise the strategic plan as part of an annual review process.

AISD believes in the soundness of its Strategic Plan. It is the product of extensive research, including the review of best practices and a number of strategic plans from school districts across the country. The strategic plan also is the product of extensive stakeholder input, including community conversations, focus group discussions, task force input, surveys, individual interviews, and email and written comments. In all, the district received input from more than 3,500 sources.

Strategic Plan Consists of Three Parts

Framework The framework states the mission, vision and values of the district. It also includes four goals, 11 measurable outcomes and four strategies.

Key Action Steps The steps, arranged by the four strategies, provide a focused approach to implementing the strategic plan and achieving the district's mission.

Scorecard The scorecard includes more information on the measurable outcomes, as well as baseline data and targets for improvement.

As indicated in the framework (see page 8), the goals directly align with academics and student performance, and the measurable outcomes include quantifiable performance indicators directly related to the goals. The goals and measurable outcomes are ambitious, but they also are achievable. The four strategies represent a balance of perspectives—education, community, staff and resources—all of which are integral to successfully implementing the plan.



In addition to the budget, the Strategic Plan serves to guide AISD plans such as the district improvement plan (DIP), campus improvement plans and the Facility Master Plan.

For each of the key action steps, detailed work plans (e.g., the DIP) are developed to ensure that related programs and initiatives also are aligned with the strategic plan. Periodic status reports are provided on each of the work plans. An annual Strategic Plan scorecard—based on the measurable outcomes—is produced to assess the overall progress of the strategic plan implementation. The release of the scorecard coincides with the Superintendent's annual delivery of the State of the District Address and the Annual Report.

The Annual Report is available at www.austinisd.org/publications.

Strategic Plan Guides the Budget

Why does the district need a long-term Strategic Plan? With limited resources, AISD must be focused on the goals and strategies that will best prepare all students for college, career and life in a globally competitive environment. This means being fully transparent in the decisions guiding the district, setting priorities and sticking to them, and concentrating resources on the programs, practices and staffing that will best serve students in achieving academic success.

The Strategic Plan has ambitious goals. It includes specific action steps the AISD will take and measurable outcomes against which the district's work will be judged. This is true accountability.

This plan requires a compact with the families AISD serves. Its success also calls for a commitment from the greater Austin community to work with the district to provide needed services. Working together with community partners to implement this plan, the district can eliminate achievement gaps, keep young people from dropping out, and raise the level of achievement so that every student graduates ready for college, career, and life in a continually changing, highly competitive and exciting world.

Financial Transparency

Recognizing the importance of providing sufficient time during the budget process for community members to discuss and debate challenging issues, AISD accelerated its budgeting process beginning in FY2011. In this way, the public is able to review and scrutinize the preliminary budget before the district's Board of Trustees adopts a final budget.

This preliminary budget provides a first glance of the investment plan for the 2014–2015 school year. It will evolve as the budget process advances and presents opportunities for input from key stakeholders, including: parents, students, community members, and staff members throughout the district. AISD will hold meetings with the community to unpack the preliminary budget, welcoming additional input that can be incorporated before the Superintendent presents the final recommended budget and the Board of Trustees adopt the district's budget in August 2014.

Strategic Plan Goals

1. All students will perform at or above grade level.
2. Achievement gaps among all student groups will be eliminated.
3. All students will graduate ready for college, career and life in a globally competitive economy.
4. All schools will meet or exceed state accountability standards, and the district will meet federal standards and exceed state standards.

The Superintendent established the Budget and Finance Advisory Committee (BFAC) to provide guidance and counsel on budget and finance matters. BFAC meets regularly, working alongside 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.

Results Oriented with Performance-based Budgeting

AISD has made significant progress in developing a performance-based budgeting (PBB) system. Key performance indicators, driven by the Strategic Plan, tie budget investments to expected performance outcomes. PBB allows the district to ensure budget investments are well-aligned and well-articulated with clear lines of accountability.

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 strategic planning process is, by its nature, ongoing—as the district constantly seeks input and evaluates progress in order to make adjustments. The same applies to the budget process, in which the district:

- Makes financial realignments to support key initiatives or priorities;
- Increases or decreases budgets depending on the outcomes of performance measures; and,
- Using evaluative tools to judge success.

Strategic Investments

The district’s administrative leadership works to ensure resources are strategically aligned and budgeted funds are spent primarily on supports for schools and students. Despite severe financial constraints, the district has found the resource capacity to support critical investments directly related to specific key action steps of the Strategic Plan. Funding key action steps of the strategic plan will remain a major goal in the budget development process for the district, but fully implementing the plan will be difficult, as AISD continues to face the challenge of maintaining current funding levels.

6

Biennial Academic and Facilities Recommendations

AISD’s Board of Trustees took action Feb. 25, 2013 approving a strategic modification to the FMP Framework, establishing a 24-month cycle for the Biennial Academic and Facilities Recommendations (BAFRs). The BAFRs process establishes a means for adjustment to the district’s short- and long-term facilities plans. These recommendations generally have both a both a capital and operational impact, and must be included in the district’s overall budget planning. This type of review was previously conducted every year. The modification will allow:

- Twelve months of research and community engagement beginning in September 2014;
- Four months of presentation and development of preliminary and draft BAFRs leading to board approval in December 2015; and
- Eight months of program development and facility renovations and preparations for implementation of approved BAFRs following approval in December 2015.





FY2015 Board Budget Parameters

- 1 The board seeks to maintain an unassigned fund balance consistent with district policy in an effort to (1) maintain a bond rating of Aaa or higher, (2) maintain a “superior” financial rating from the state and (3) ensure a sufficient operating reserve to support operating costs for at least two and a half months.
- 2 The board recognizes its fiduciary responsibility to adopt a balanced budget and will seek to do so by considering all cost savings and efficiency options.
- 3 If projected expenditures exceed projected revenue and budget reductions become necessary, the district will first seek those options that are sustainable and will address structural imbalances on a multi-year basis. One-time solutions, including the use of fund balance reserves will be considered with caution and appropriately factored into out-year budget shortfalls.
- 4 The district will continue to pursue additional revenue, costs savings and efficiencies; and will work to reduce investments in programs that have not produced sufficient results.
- 5 The budget will prioritize investments that are aligned with our strategic goals as outlined in the Strategic Plan:
 - All students will perform at or above grade level.
 - Achievement gaps among student groups will be eliminated.
 - All students will graduate ready for college, career and life in a globally competitive economy.
 - All schools will meet or exceed state accountability standards, and the district will meet federal standards and exceed state standards.
- 6 The district recognizes the need to target resource investments in programs that support achievement growth for all schools. Therefore, any new budgetary investments will reflect the Strategic Priorities established by the board.
- 7 The performance results from the district’s performance management system will be used to make budgetary decisions in an effort to establish a budget that is performance-driven and based on proven results. The performance management system includes: the district-wide balanced scorecard, Strategic Plan monitoring tools, program evaluations, electronic dashboards, operational key performance indicators (KPIs) and individual employee evaluations.
- 8 The budget process must be transparent and include sufficient opportunity for community engagement and feedback.
- 9 The board seeks to maintain competitive total compensation levels for all classes of employees and will consider such recommendations as long as they are sustainable.
- 10 Budgeted assumptions for staffing ratios must meet state standards, unless a waiver is sought from the state.
- 11 The budget should be developed in a multi-year framework (minimum three years) to account for out-year implications of budget proposals and revenue estimates.

Mission

WHAT WE DO

In partnership with parents and our community, AISD exists to provide a comprehensive educational experience that is high quality, challenging, and inspires all students to make a positive contribution to society.

Vision

WHERE WE WANT TO BE

AISD will be nationally recognized as an outstanding school district, instilling a passion for life-long learning in all students.

Values

WHAT WE BELIEVE IN

Focus on Children
Excellence
Integrity
Equity
Respect
Health and Safety

Goals

WHAT WE WANT TO ACCOMPLISH

- 1 All students will perform at or above grade level.
- 2 Achievement gaps among all student groups will be eliminated.
- 3 All students will graduate ready for college, career, and life in a globally competitive economy.
- 4 All schools will meet or exceed state accountability standards, and the district will meet federal standards and exceed state standards.

Strategies

HOW WE WILL ACHIEVE OUR GOALS

- 1 Provide a high-quality, well-rounded educational experience to all students that is rigorous, culturally relevant, healthful, and engaging.
- 2 Build strong relationships with students, families, and the community to increase trust and shared responsibility.
- 3 Ensure that every classroom has a high-quality, effective educator, supported by high-quality, effective administrators and support staff.
- 4 Align resources to accomplish priorities within a balanced budget.



Measurable Outcome

HOW WE WILL CHECK PROGRESS ON OUR GOALS

- 1 Texas Assessment of Knowledge and Skills (TAKS)/State of Texas Assessments of Academic Readiness (STAAR) passing rates for students who have been in the district for at least three consecutive years
- 2 TAKS/STAAR passing rates for students who have not been in the district for at least three consecutive years
- 3 Achievement gaps among ethnic groups
- 4 Achievement gaps between economic groups
- 5 Graduation rates—the number of students in a 9th grade cohort who graduate within four years of their enrollment in 9th grade
- 6 College readiness—the number of graduates who meet or exceed a combination of TAKS exit level, SAT, and ACT criteria
- 7 TAKS writing scores—the number of 11th graders scoring 3 or 4
- 8 Postsecondary enrollment—the number of seniors who enrolled in a four-year or two-year college or university or in a technical school within the first year after graduating
- 9 Enrollment in Advanced Placement (AP) courses—the number of students enrolled in AP courses and completing dual enrollment courses
- 10 Performance in AP courses—the number of students with AP test scores of 3, 4, or 5
- 11 District and campus accountability ratings—based on the district rating (i.e., Acceptable), the number of schools achieving Adequate Yearly Progress (AYP), and the number of Acceptable, Recognized, and Exemplary schools

The District Strategic Priorities for the 2014-15 School Year are as follows:

- 1 Develop a plan to implement HB5 mandates to enhance graduation plan endorsements, including Career and Technical Education (CTE) related and other programming.
- 2 Expand social and emotional initiatives to provide behavioral health supports for all students consistent with our commitment to Whole Child, Every Child.
- 3 Develop and implement a marketing campaign to improve community understanding of all of the good things that our District offers and build pride and improve satisfaction among AISD's students, teachers, staff and families and increase enrollment.
- 4 Research and develop professional pathways to recruit, develop, evaluate, compensate, and retain high quality teachers in AISD.
- 5 Develop multi-faceted solutions to balance the budget and ensure future financial stability by considering revenue alternatives such as a TRE and expenditure reductions.
- 6 Implement a District literacy plan to promote academic achievement and graduation rates for all student groups.
- 7 Implement the Facility Master Plan and jump start the May 2013 bond program.

The proposed budget increases for the FY2015 budget are closely aligned with these approved priorities.





AISD's Continued Commitment to Students and Taxpayers

The 2012-13 school year marked the second year of the State of Texas Assessments of Academic Readiness (STAAR) and the first year of a new state accountability system. The new accountability system continues to use student assessments to measure school performance, but also makes use of additional indicators to provide parents and taxpayers greater detail on the performance of a district or charter and each individual campus throughout the state.

The 2013 accountability system is based on a performance index framework that considers four areas:

- Student Achievement
- Student Progress
- Closing Performance
- Postsecondary Readiness

Districts and campuses with students in Grade 9 or above must meet targets on all four indexes in order to earn a rating of Met Standard. Districts and campuses with students in Grade 8 or lower must meet targets on the first three indexes (excluding Postsecondary Readiness).

Only three rating labels were available in 2013:

- MET STANDARD – Met accountability targets on all indexes for which they have performance data in 2013
- MET ALTERNATIVE STANDARD – Met modified performance index targets for alternative education campuses or districts
- IMPROVEMENT REQUIRED – Did not meet one or more performance index targets

Campuses that achieved the rating of Met Standard were eligible for academic achievement distinction designations. The distinction designations recognized schools for high performance in reading, math and student progress in relation to a group of comparison campuses.



- The Austin Independent School District's students performed well in the first year of the state's new accountability system, with 110 schools meeting the state's standards.
- AISD's results exceeded the state's targets in all four areas: student achievement by 28 points, student progress by 14 points, closing performance gaps by 15 points and postsecondary readiness by 6 points.

- Fifty five schools earned a total of 89 academic achievement distinction designations. Eleven of the 55 campuses received academic distinctions in all three areas: English/Language Arts, Mathematics, and Student Progress.
- District passing rates for required end-of-course exams were above state passing rates in Algebra I, English I Reading, and US History, were the same for English I Writing and English II Reading, and were slightly below the state passing rate for English II Writing and Biology. District and state exit level TAKS passing rates were comparable.
- AISD's passing rates on 2013 STAAR for grades three through eight ranged from 85% in third grade reading to 63% in eighth grade social studies.
- The district passing rate was higher than the state passing rate for all subjects in grades three through five.
- The percentage of AISD schools that met 2013 accountability standards (85.3%) exceeded the state average (84.2%) and was second among comparable urban districts. The percentage of AISD schools rated as "Improvement Required" is 7.8%, lower than the state (9.0%) and third lowest among comparable urban districts.

2013 State Accountability Ratings Results Comparable Urban Districts Percent of Campuses by Rating

	Met Standard/Alt.		Met Standard		Met Alt. Standard		Improvement Required		Not Rated		Total # of Campuses
Austin	110	85.3%	107	82.9%	3	2.3%	10	7.8%	9	7.0%	129
Corpus Christi	37	63.8%	37	63.8%	0	0.0%	18	31.0%	3	5.2%	58
Dallas	192	82.4%	192	82.4%	0	0.0%	34	14.6%	7	3.0%	233
El Paso	85	90.4%	83	88.3%	2	2.1%	3	3.2%	6	6.4%	94
Fort Worth	100	70.4%	99	69.7%	1	0.7%	28	19.7%	14	9.9%	142
Houston	210	76.6%	206	75.2%	4	1.5%	58	21.2%	6	2.2%	274
San Antonio	74	76.3%	70	72.2%	4	4.1%	17	17.5%	6	6.2%	97
Ysleta	60	96.8%	58	93.5%	2	3.2%	0	0.0%	2	3.2%	62
State	7207	84.3%	6987	81.7%	220	2.6%	768	9.0%	579	6.8%	8554

Source: Texas Education Agency, 2013 Accountability Ratings campus data download

No federal accountability ratings were issued in 2013 because the State of Texas secured a conditional waiver from the U.S. Department of Education for specific provisions of the Elementary and Secondary Education Act (ESEA), commonly known as the No Child Left Behind (NCLB) Act of 2001. Under key components of the state's NCLB waiver, Texas schools will no longer be designated as having met or made Adequate Yearly Progress (AYP).

Our Student Investment When Compared to Our Texas Peers

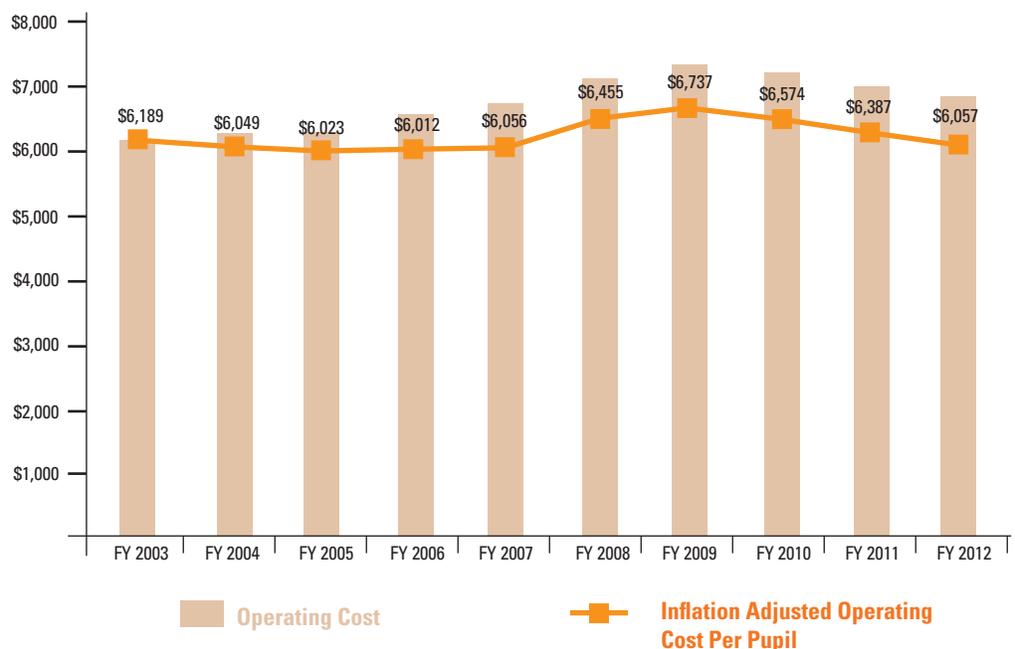
In FY2012, the most recent year for which comparable data are available, Austin ISD spent \$8,935 per pupil, which ranks the third highest among urban school districts in Texas. As illustrated in the graph, six out of eight urban districts spent more than \$8,000 per pupil in FY2012. Although AISD's operating expenditures per pupil are slightly 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 \$33 million annually or \$377 per pupil in FY2013.

FY 2012 Per Pupil Expenditures as Reported by the TEA



Other Funds & Grants	\$1,298	\$917	\$1,628	\$1,645	\$1,781	\$1,731	\$1,261	\$2,323
General Fund	\$7,638	\$5,891	\$7,094	\$6,666	\$7,190	\$6,692	\$6,293	\$6,902

General Fund Inflation Adjusted Operating Cost per Pupil



AISD students continued to outperform their peers in large urban school districts on the Nation's Report Card, ranking among the top in math and reading—while economically disadvantaged students and English Language Learners outperformed their peers nationally.

The National Assessment of Educational Progress reported AISD students ranked second in fourth grade math and third in eighth grade math in the percentage of students scoring at the proficient or advanced levels. In reading, the students ranked third in both fourth and eighth grade. AISD's economically disadvantaged students and English-language learners outperformed their peers in both the nation and large cities.

For 2013, the district set a goal to include more students in the nation's report card because some students were previously excluded due to limited English proficiency. The NAEP assessment only is available in English, while state assessments are offered in Spanish at third through fifth grade. Similarly, some students were previously excluded because accommodations for students with disabilities were not available. AISD met its goal with dramatic decreases in the percentage of Austin's students excluded from the NAEP assessments. For example, fourth grade students excluded from the reading assessment due to limited English proficiency and/or disabilities decreased from 20 percent in 2005 to 4 percent in 2013.

Despite the changing composition of the students who were tested, Austin continued to perform well in comparison to the nation, large cities and urban districts.

"These new results show that Austin maintained its superior academic position compared with other big city school districts across the country at the same time they were including more students in the assessments. This is a difficult position for any school district to maintain, but Austin has done it," Michael Casserly, executive director for the Council of the Great City Schools, said.

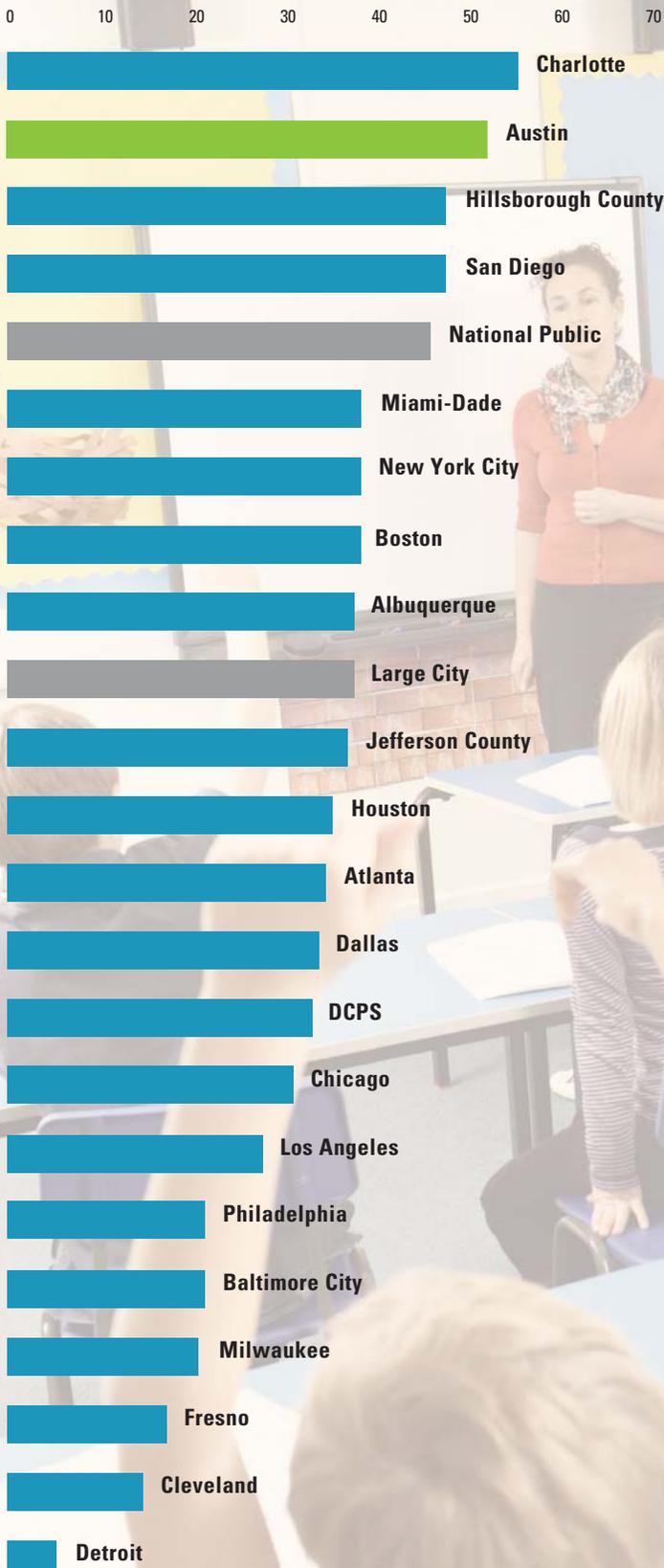
Results for mathematics were particularly strong, a testament to the district's emphasis on numeracy, integration challenging content within the curriculum and the investment of resources to provide supports for students.

The Nation's Report Card also Reported:

- Austin's economically disadvantaged students outscored their peers in both the nation and large cities on the eighth grade reading assessment for the first time.
- Austin's English-language learners outscored their peers in both the nation and large cities on the fourth grade reading assessment for the first time.
- AISD students ranked third in eighth grade math in the percentage of students scoring at the proficient or advanced levels.
- In reading, the students ranked third in both fourth and eighth grade. AISD's English-language learners outperformed their peers in both the nation and large cities.
- Austin's students in all groups outscored their peers in large cities on the eighth grade math assessment, and white students and English-language learners outscored their peers nationwide.
- Austin's students in most groups outscored their peers in both large cities and the nation on the fourth grade math assessment.
- Even with dramatic decreases in the percentage of students excluded in the assessment, Austin's fourth and eighth grade students still made significant gains over time in both reading and math.

Since 2005, Austin ISD has participated in NAEP's Trial Urban District Assessment administration, otherwise known as the Nation's Report Card. Representative samples of students from a total of 21 school districts across the United States participated in the 2013 assessment of fourth and eighth grade students in reading and mathematics, which provides an opportunity to benchmark progress over time as well as performance against students in other participating urban districts, large U.S. cities and the nation.

NAEP Mathematics Grade 4 Overall Percent at or Above Proficient 2013 AISD Students ranked second in fourth grade math in the percentage of students scoring at the proficient or advanced levels



Despite budget constraints in recent years, AISD continues to use sound fiscal management practices and prudently allocate its resources. Budgets have been developed and implemented with a focus on students and their needs. The district's efforts at fiscal responsibility have helped produce the following results:

- The second lowest overall property tax rates in the Austin area for school districts.
- Aaa debt rating from Moody's Investors Service, AA+ from Standard & Poor's, and AA+ from Fitch Ratings, which are among the highest ratings a Texas public school can earn from these agencies. This has resulted in millions of dollars worth of savings for the district's bond program and Austin taxpayers.
- A Superior FY2013 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement for the 11th consecutive year. (The FY2013 rating is based on 2012 indicators) and is the highest that can be attained.
- The Texas Comptroller of Public Accounts awarded AISD with a Leadership Circle Award for budget transparency, for the fourth consecutive year. Gold is the highest level and requires multiple financial documents and a web page dedicated to financial transparency.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for 10 years in a row and the GFOA Certificate of Achievement for Excellence in Financial Reporting for four years in a row.
- The Association of School Business Officials International (ASBO) Meritorious Budget Award for excellence in the preparation and issuance of its school system budget and the ASBO Certificate of Excellence in Financial Reporting for four years in a row.
- Second ranked school district in the nation for total amount of renewable energy purchased.
- Eighth largest purchaser of "green power" among all U.S. government entities.
- A two-star rating or higher from the Austin Energy Green Building Program for new schools, classroom additions and major renovations.





Budget Challenges

Significant Funding Losses

In 2011, during the 82nd Legislative Session, reductions made to the Texas school finance formulas forced AISD to absorb nearly \$96 million in reductions to total maintenance and operations revenue across the 2012 and 2013 school years. The first year reduction was more than \$37.4 million, and this amount was further cut to more than \$58.2 million in the second year. When computed on a per Refined ADA basis, this translates into a loss of more than \$737 per ADA for the FY2013 school year.

The loss in state revenue, coupled with the loss of nearly \$60 million in federal stimulus funding in FY2011 and \$13.8 million in Edu jobs funding lost in the subsequent year, has forced AISD to confront these losses with severe cuts to programming and the number of staff members during the past three years.

During FY2010, the district took advantage of operating inefficiencies that offered ways to balance the budget without a significant effect on the classroom. In FY2010, the district eliminated 18 central office positions, which saved a little more than \$700,000, and implemented a central office hiring freeze, which still stands today, which saved more than \$1.5 million. FY2011 reductions included the elimination of 117 central office positions that saved the district an estimated \$5 million. The district implemented a total of \$27.7 million in reductions and savings during these first two years without affecting local campuses' budgets.

After those first two years, however, the budget cuts reached a point where they were felt at the campus and classroom level. In FY2012, the district eliminated 1,153 positions, the bulk of which were at the campus level. As a result, AISD teachers and team members have heavier workloads, larger classes, increased health care costs, and less leave time. The district was forced to make program cuts to athletics, summer school and school turnaround initiatives in order to balance the budget.

As a result of many of the efficiency, savings and cost reduction measures the district put into place, AISD was able to stabilize staffing levels during FY2013 through the use of its fund reserves as a short term solution to the growing revenue shortfall.

More than 600 school districts across Texas, including AISD, are involved in a lawsuit claiming that the state funding system was inadequate and unfair, which is a violation of the Texas constitution. Six lawsuits were combined into one lawsuit. In February 2013, Judge John Dietz ruled the Texas school finance system is unconstitutional, finding it does not adequately fund public schools and that the system has evolved into a de facto statewide property tax. The lawsuit was reopened on Jan. 21, 2014 to consider action taken by the 83rd Legislature. It is anticipated this case will be appealed to the Texas Supreme Court, with a decision sometime in 2015.

In the recent 83rd Legislative Session, through Senate Bill 1, the Legislature restored a significant amount of the statewide cuts made during the previous session. Despite these efforts, because the restoration was not made in the same manner as the cuts, SB1 did not provide any level of meaningful restoration for AISD. As currently estimated, the amount of cumulative restoration over the biennium is approximately \$22.2 million. When computed on a per Refined ADA basis, SB1 still leaves AISD with a net loss of \$586 per ADA when compared with 2011 funding levels. As such, the FY2015 Preliminary Budget assumes a net decrease of \$10.1 million in additional operating revenue when recapture is factored, leaving the district with a projected revenue shortfall of \$32.1 million.

Limited Resource Capacity to Support a Diverse Student Population

AISD serves approximately 85,500 students, about 4,500 more than attended AISD during FY2006. Historically, the district has grown by about 1,000 students per year—a rate two to three times faster than the state’s student population, which itself is growing at a faster rate than the nation’s student population. However, during FY2013 there was relatively flat growth with a steep decline in FY2014. The district projects enrollment to decline by 408 students in FY2015. This estimate reflects a downward trend in enrollment that occurred in both FY2013 and FY2014. The district now estimates that there will be future declines in enrollment due to a number of factors affecting growth in the district.

The district has changed demographically. While many neighboring districts have been serving more students each year in recent years, much of the recent year growth in AISD comprises diverse student populations. The demographic makeup of the district’s student population has shifted, and our changing student population is more costly to serve.

During the past 10 years, while AISD’s student population has grown by 7 percent, the district’s economically disadvantaged student population has grown by 28 percent. Approximately 64 percent of students qualify for free or reduced lunch; the district’s English language learner population has grown by 44 percent and comprises 29 percent of our student enrollment.

The district must establish new delivery models and support strategies to educate an increasingly diverse student population with the following characteristics:

- Nearly 2 out of 3 children in AISD are from economically disadvantaged homes.
- For one in three, English is not their first language. Nearly 90 languages are spoken throughout the district.
- One in 10 children is classified as having a learning (or other) disability.
- Nearly 30,000 students participate in advanced academics.

AISD celebrates its diversity, and embraces the responsibility to offer all students an excellent education. However, the district has experienced





an achievement gap in meeting accountability expectations for several of these vulnerable groups of students and recent funding reductions have severely impacted the district's ability to adequately serve all students.

Higher Accountability Standards-Less Resources

AISD is working hard to serve all of our students amid declining resources and increasing state standards. Implementing funding reductions with increased academic expectations is challenging. Additional resources for increased instructional time, improved staff development and targeted interventions for struggling students are needed if AISD will be able to make the gains required to ensure Texas students are ready for the challenges they will face after graduating from high school to compete in the global economy. The district will also be faced with implementing House Bill 5 with no additional funding for implementing the new standards. As we implement House Bill 5, students will have one diploma plan with one of five endorsements. Phase one of implementation of HB 5 will cost the district \$1.7 million and we anticipate costs will escalate over the next four years.

Teamwork Makes The Dream Work

Even though the bar is going up and resources are going down, AISD staff members and students are making the grade. The district is experiencing record academic performance. And, to be successful in the future, the district will need a human capital strategy that allows the district to maintain its high quality staff members.

AISD employees have shared the burden in the district's budget struggles. They are paying more for health care and receiving less leave time—and salaries were frozen for two years in FY2011 and FY2012. And, while staff members have gone the extra mile to ensure the vital work of the district was accomplished during a difficult period, it is not sustainable to freeze wages for long periods of time.

As a result of State budget cuts, it is becoming more and more difficult for the district to pay competitive salaries. A recent analysis indicates that AISD teacher salaries rank 8 out of 10 among our neighboring districts in teacher pay, and 10 out of 10 among the top 10 urban districts in Texas.

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

Rank	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
1	Leander	Eanes	Eanes	Leander	Leander	Lake Travis	Lake Travis
2	Lake Travis	Leander	Eanes				
3	Round Rock	Leander	Leander	Eanes	Eanes	Eanes	Leander
4	Eanes	Round Rock	Manor	Round Rock	Manor	Round Rock	Round Rock
5	Pflugerville	Manor	Round Rock	Manor	Round Rock	Manor	Dripping Springs
6	Manor	Del Valle	Pflugerville	Georgetown	Pflugerville	Dripping Springs	Manor
7	Georgetown	Pflugerville	Georgetown	Pflugerville	Austin	Del Valle	Del Valle
8	Del Valle	Georgetown	Del Valle	Del Valle	Del Valle	Austin	Austin
9	Austin	Austin	Austin	Austin	Georgetown	Hays	San Marcos
10	Hays	Hays	Hays	Hays	Hays	San Marcos	Hays

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

Rank	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
1	Dallas	Fort Worth	Fort Worth	Fort Worth	Fort Worth	Fort Bend	Cypress Fairbanks
2	Fort Worth	Houston	Dallas	Dallas	Dallas	Fort Worth	Arlington
3	Fort Bend	Fort Bend	Houston	Houston	Houston	Houston	Northside (SA)
4	Houston	Dallas	Fort Bend	Fort Bend	Fort Bend	Dallas	Houston
5	Arlington	Northside (SA)	Dallas				
6	Northside (SA)	Arlington	Arlington	Arlington	Arlington	Cypress Fairbanks	Fort Bend
7	Cypress Fairbanks	Arlington	Fort Worth				
8	El Paso						
9	San Antonio	Austin	San Antonio				
10	Austin	San Antonio	Austin	Austin	Austin	Austin	Austin

After two years of a salary freeze, in FY2013, the Board of Trustees approved a one-time compensation adjustment for all regular employees equivalent to a 3 percent increase funded from district reserves. The preliminary budget assumes the 3 percent increase will remain in effect for FY2015. In FY2014 the Board of Trustees approved the continuance of the 3 percent

increase and an additional 1.5 percent increase that is not pensionable. The additional 1.5 percent salary adjustment is not included in the FY2015 preliminary budget assumptions. Further, funding salary investment with reserve funds is not sustainable and a secure and a recurring revenue source will be needed to continue these investments in the future.

Dire 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 growing enrollments and meet other facilities needs.

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 and replacing old plumbing. This proposition includes repairs for every school in the district. A complete list of repairs by school can be found online at www.austinisd.org/bond/bond-program/by-school.

Two of the four bond propositions did not pass. Proposition 2, for \$233.9 million, included building new schools to address overcrowding, improvements in safety and security, and improving facilities for fine arts, physical education and athletics. Proposition 4, for \$168.5 million, included facility improvements for career and technical education, fine arts, special education and physical education and athletics, and facility renovations at the Ridgeview campus (old Anderson High School) for the School for Young Men.

Now that the election is over, the administration will work with the board and all school communities to reassess how to prioritize the district's needs and determine what is affordable for the Austin community. As with any approved bonds, AISD will establish a Citizens' Bond Oversight Committee to ensure the will of the voters is carried out.

The bond program was developed by a group of community members and school district staff, working together to identify needs at each of the district's more than 128 schools and facilities. They spent countless hours providing factual information to the Austin community about the four propositions in the bond.

Other Challenges

Other factors also have an impact on the district's financial position:

Social Security

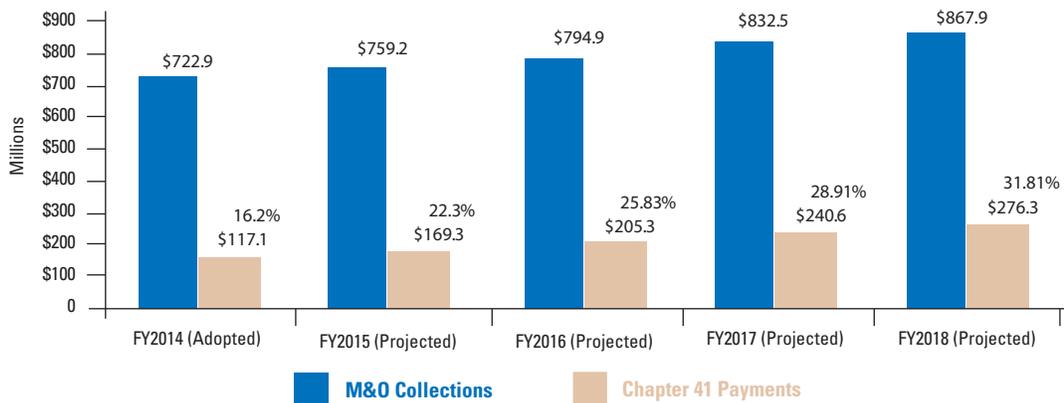
AISD is one of just a handful of Texas school districts required to participate in two retirement programs: the federal social security system, and the Teacher Retirement System of Texas (TRS). AISD incurs approximately \$33 million per year in employer social security taxes—a cost most other Texas school districts do not have to bear.

The district's participation in social security is not universally popular among teachers. Teachers with more experience tend to view it favorably because of the extra support it provides, while teachers with less experience tend to view it as a negative because it represents a hit to their paychecks.

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 the case. AISD is considered "property-wealthy" under the state's "recapture" law, which will require the district to send a projected \$169.3 million to the state for redistribution to property-poor school districts in FY2015. Between FY2002 and FY2015, AISD will have paid the state more than \$1.8 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 FY2015, the district projects that approximately 22.3% of all local tax revenue collected will be sent to the state under recapture. By FY2018, nearly a third of every tax dollar collected will go to the State.

M&O Tax Collections Subject to Recapture (Chapter 41)



Under the current State funding formula, AISD must either increase its tax rate or increase its WADA to generate increased operating revenue. Austin voters authorized an M&O tax rate increase in 2008 and the M&O tax rate was increased by nearly four cents. AISD has not changed its M&O tax rate since then, approximately six years ago.

Outdated State Funding Formula

To exacerbate the limitations in the State funding formula even further, many of the “weights” that the state uses to allocate funding to school districts haven’t been updated since the early 1990s with the exception of Bilingual Ed which hasn’t been updated since 1985. The costs of providing important student services since these weights were updated, 20-25 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; and we know the cost of living in Austin is substantially higher than most of these areas. An adjustment to the CEI index could provide additional revenue to AISD of anywhere from \$2 to 14 million if it were increased to the level of these other districts.

Infinite Need, Finite Resources: Where to Prioritize?

While the district implemented a multi-year financial plan that allowed it to increase its reserve levels to offset revenue losses for a few years, it is not a permanent solution. The district accessed reserves in FY2013 and is also budgeted to do so in FY2014 and again in FY2015 to cover revenue shortfalls. The district must take action before reserve levels become dangerously low, which could affect the district’s bond ratings. To remain financially solvent, the district will need to increase the tax rate to cover projected expenditure costs for the FY2016 budget.

The current state financing system holds the district to FY2007 revenue levels and does not account for increased inflationary costs for areas like electricity, fuel and healthcare. The district does not benefit from increasing property values. The district has made efforts to increase attendance rates resulting in an additional \$5.3 million in revenue over the last three years. However, inflationary costs substantially exceed revenue generated from attendance increases and the projected decline in enrollment over the next 10 years will decrease revenue.

This nominal revenue growth, and the projected decrease in student enrollment for FY2015 leads to stagnation in the out years that makes it nearly impossible for the district to constrain spending to a level that matches revenue growth and still maintain the current level of services. The district will have to absorb increased energy, fuel and healthcare costs.

The district was able to realize some recent savings in its healthcare plan which will have a favorable impact in planning the FY2015 budget. Due to a shift in employee participation from a more costly district health plan to a more affordable plan in FY2014, the district realized a net savings of \$8 million and will use these savings to defray any increases in health insurance costs for FY2015. However, under Federal Health Care legislation, these costs will continue to increase at an estimated annual rate of 6.5 percent in the subsequent years from FY2016 through FY2018. Therefore, the district will need to continue to prioritize the district's needs and be careful about any expansion of the current and future budgets. The district has reached a place where the consideration of a TRE is imminent in order for AISD to meet service expectations and remain financially solvent.

But, even if the district accessed all available revenue from the remaining nine pennies available to the district under current law, it would generate only another \$31.9 million for the district, which is still not enough to restore even half of the state funding cuts of \$60 million or fund all the district's needs.

Option to Stabilize Revenue Through a Tax Rate Increase

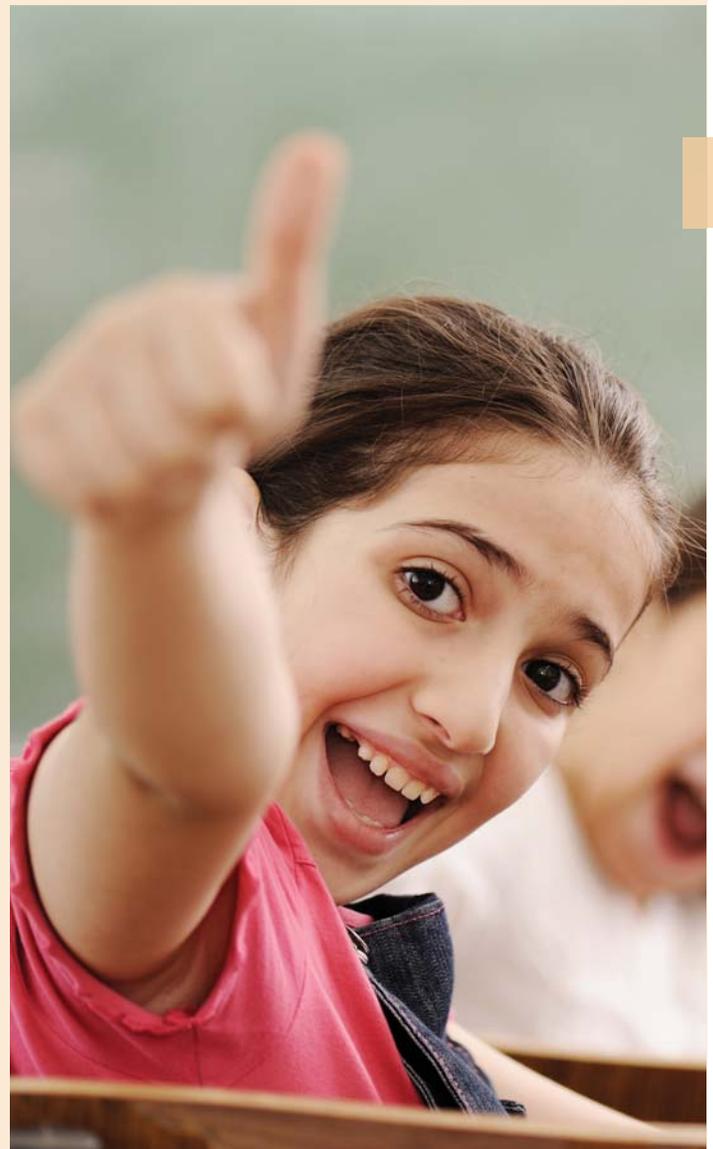
During the past few years, the Board of Trustees have held numerous discussions about whether or not and when the district should seek voter approval for an increase to the district's tax rate for maintenance and operations.

The one-time compensation adjustment that the Board approved in FY2013 cost approximately \$14.5 million and is being funded out of district reserves and the district plans to access reserves again in FY2014 and FY2015 to offset projected budget shortfalls. But, the district leadership knows reserves cannot continue to fund this type of recurring expense indefinitely. The district will need to secure a sustainable revenue source—sooner rather than later.

AISD will continue to implement cost-cutting expenditure controls and revenue enhancements that have been initiated during the past few years in order to minimize this draw on reserves, but these controls will not fully offset the cost of the one-time compensation adjustment. The district will need a recurring revenue stream in order to fund a permanent

salary increase or any new initiatives, which means the district will likely need to propose a Tax Ratification Election (TRE). As previously mentioned, the recent 83rd Legislative Session, through Senate Bill 1, the Legislature restored a significant amount of the statewide cuts made during the previous session. Despite these efforts, because the restoration was not made in the same manner as the cuts, SB1 did not provide any level of meaningful restoration for AISD.

Under state law, school districts must secure voter approval for any increase in M&O tax rates. AISD's Board of Trustees would need to call for a Tax Ratification Election (TRE). Texas school districts are the only local taxing authorities required to secure voter approval in order to increase taxes. The maximum tax rate a school district can levy is 1.17 per \$100 of assessed value. This has been the case since 2007.





Other local entities, including the city and the county, are not required to seek voter approval for limited tax increases.

If the voters approved a TRE, it would be the first increase to the M&O tax rate since 2008, when voters ratified an increase of nearly four cents by increasing the tax rate from 1.04, which is the maximum tax rate the district can establish without voter approval, to 1.079 per assessed \$100 value. Increasing the tax rate from 1.079/\$100 to 1.139/\$100, or six cents, would generate an additional \$21 million in revenue for the district and increase the tax bill for the median value homeowner by \$120. Increasing the tax rate to the maximum allowable under the law—from 1.079/\$100 to 1.17/\$100 or nine cents—would generate an additional \$31.9 million in revenue for the district and increase the tax bill for the median homeowner by \$182.

While the FY2015 Preliminary Budget does not assume a tax rate increase, a dialogue with the Austin community about the possibility of considering a TRE to secure the revenue needed to implement a permanent salary increase for employees and support key academic programming is part of the district’s financial solvency plan for FY2016.

Additional Revenue from an Increased M&O Tax Rate

Scenario	Tax Rate	Local Revenue Generated (Above Status quo)	Net Revenue Generated (Above Status quo)	Estimated Average Taxpayer Impact (Annual Increase)	Estimated Median Taxpayer Impact (Annual Increase)
Status quo	1.079	n/a	n/a	\$143	\$108
Four-cent increase	1.119	\$26.7M	\$14.0M	\$102	\$80
Six-cent increase	1.139	\$40.1M	\$21.0M	\$153	\$120
Eight-cent increase	1.159	\$53.4M	\$28.0M	\$204	\$160
Nine-cent increase (maximum)	1.17	\$60.7M	\$31.9M	\$233	\$182

Budget Planning: A Multiyear Fiscal Strategy for FY2015 and Beyond

Future budget pressures are twofold: one is the immediate pressure that will have to be considered as the district develops next year's budget for the FY2015 budget cycle, and the other, longer-term budget pressure is how each item plays out during the five-year period from FY2015 to FY2019.

Before taking into account any additional budget pressures, the district will face a revenue shortfall in FY2015 to continue the current level of services. The projected baseline shortfall includes the cost of maintaining the one-time 3 percent salary adjustment that was authorized by the Board of Trustees in FY2013 through the use of reserves. The FY2015 Preliminary Budget reflects a revenue gap of approximately \$32.1 million, which will increase each year if there are no substantial changes to projected revenue and expenditures. Contributing to this budget shortfall are: escalating inflationary costs for expenditures such as electricity, fuel, gas and employee healthcare premiums, compensation, additional maintenance and operations costs from voter-approved bond propositions, Biannual Academic and Facilities Recommendations (BAFRs) and funding for programming that is either statutorily required, mandated or critical.

Long-range financial planning has better positioned the district to manage budget shortfalls in recent years and in the year ahead. The district's strategy has been to predict multi-year financial needs, minimize costs, stabilize resources, and build up enough reserves to offset projected shortfalls in FY2013, FY2014 and FY2015. However, budget balancing through the uses of reserves is not expected to be sustainable after next year—it has only been considered as a short term solution until a sustainable revenue source is secured. Rating agencies will expect the district to implement a multi-year stabilization plan. A balanced approach, including a revenue increase, will stabilize future district budgets. In light of this, the Board will need to consider calling for a Tax Ratification Election in 2015 to increase revenue for the FY2016 budget.

Facilities Planning

Since 2011, the district has taken significant steps to improve long-term facilities planning, and to ensure that planning for future facilities needs support academic improvement.

On Nov. 21, 2011, the board adopted a Facility Master Plan Framework that would support the district's long-term goals, including the Strategic Plan, as well as shorter-term priorities that the Board identifies each school year. The three-part framework includes annual updated information used to inform the FMP process, and Annual Academic and Facilities Recommendations (AAFRs). The Facility Master Plan Framework established a process that was designed to be flexible enough to respond to changes in academic and operational needs and to predict the need and timing for new or expanded facilities, bond elections and programs, lease arrangements, general transportation needs, and major renovations, policy and procedure adjustments.

For the 2012–13 and 2013–14 school years, the Board adopted several AAFRs. Then, in February 2013, the process was revised so that facilities recommendations are made every two years, rather than annually. The next series of Biannual Academic and Facilities Recommendations will be made in December 2015 for the 2016–17 school year. The FY2015 Preliminary Budget accounts for increases and decreases in projected baseline expenditures, statutorily required needs and costs associated with approved AAFRs when compared to the FY2014 Adopted budget.

- Dual Language Program Expansion and Extension
- Continuation of Responsive Education Solutions at Lanier and Travis High Schools
- Campus-Initiated In-District Charter at Travis Heights Elementary School
- Fine Arts Program: Any Given Child Creative Learning Initiative
- Single-Sex Middle Schools at Garcia and Pearce

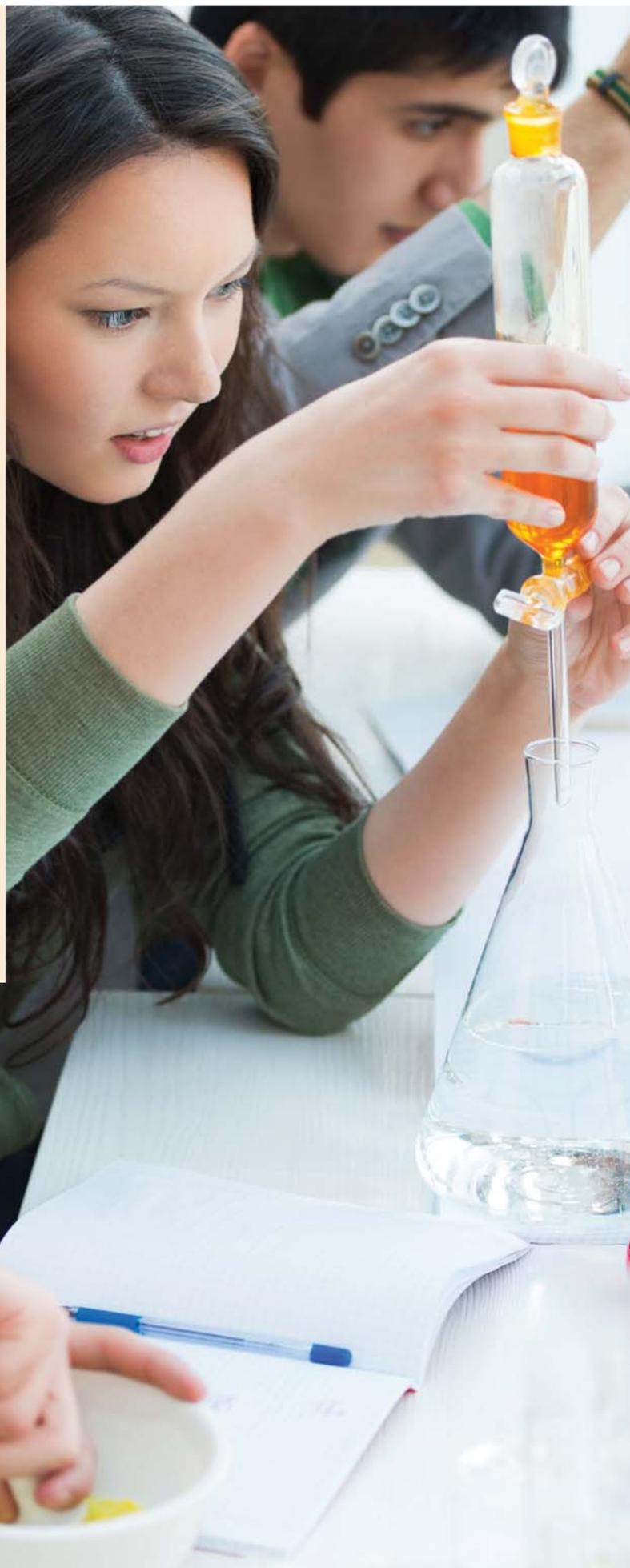
2013 Bond Program

In May 2013, voters approved nearly \$490 million in bond funding to repair and renovate facilities, upgrade technology, renovate science labs, expand and renovate libraries, purchase new busses, and improve energy conservation.

The district was unable to access bond funds for more than six months as a result of a lawsuit filed by the Travis County Taxpayers Union. In January, 2014, the group agreed to drop its appeal in a lawsuit challenging the bond ballot language, allowing the district to proceed with bond projects. As a result, district staff will move deliberately and expeditiously to faithfully fulfill the mandate of its constituents.

When the community approved the bonds, it demonstrated strong support for AISD schools and in return, the community can expect AISD to use those resources wisely and our bond rating agencies are looking for that so that they can have confidence in the district's ability to manage resources.

For the future, the district needs a long-range capital improvement plan that takes into account needs included in the two bond propositions that voters did not approve. The district will need strategies for addressing over and under enrolled schools, Career and Technical Education, special education, fine arts and athletics.



Summary of Budget Increases/Decreases From the FY2014 Adopted Budget to the FY2015 Preliminary Budget

AAFR Recommendations

Garcia and Pearce Single Gender Middle Schools	\$ 697,403	
Dual language program expansion/extension	<u>462,000</u>	\$ 1,159,403

Baseline Increases

New school operating impact costs (North Central Elementary #2)	838,283	
Gasoline/Fuel for student transportation	216,065	
Utilities	956,247	
Insurance and Bonding costs	110,240	
Increase in Chapter 41 Estimate	<u>52,211,906</u>	\$ 54,332,741

Statutorily Required/Contractually Obligated

Evaluation Specialist to administer and interpret tests for 504 students	63,857	
Expand CATE courses to comply with HB 5	1,657,665	
Social and Emotional Learning to all students equitably	154,000	
Operations costs for the new Performing Arts Center	382,867	
Increase in Loan Payment to State Energy Conservation	<u>394,387</u>	\$ 2,652,776

School Safety Related

Increase in the cost for Greater Austin/Travis Regional Radio System	<u>483,611</u>	\$ 483,611
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Continuation of Existing Programming

Student handbook	15,000	
Shared Service Agreement for the Texas School Blind and Deaf	209,869	
Health education	<u>50,000</u>	\$ 274,869

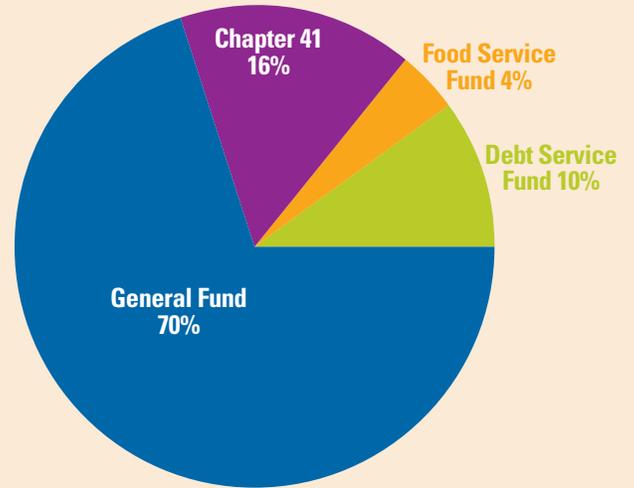
Budget Decreases

TRS on behalf state matching (to realign with historical spending)	-5,263,592	
Budget reductions including 5% from the departmental non-staff allocations	-3,737,594	
Elimination of the one time salary increase at 1.5%	<u>-7,300,000</u>	-16,301,186

Budget Analysis

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.



What is Recapture?

Recapture, which represents 16 percent of AISD’s governmental funds, is a function of Chapter 41 of the Texas Education Code, which equalizes educational spending across school districts that have varying amounts of property wealth.

The Chapter 41 provision recaptures local tax dollars from “property-rich” districts and redistributes the funds to “property-poor” districts. Under this law, “golden pennies” represent the 6 cents that property-rich school districts like AISD are allowed to retain in revenue above the one-dollar tax that is assessed on all taxable property values. Any revenue collected on property taxes above these 6 cents is subject to recapture by the state.

In FY2015, the district projects a \$52.2 million increase in recapture from the prior year adopted budget. Approximately 22 percent of all local tax revenue collected will be subject to recapture.

In FY2015, AISD anticipates the district will submit \$169.3 million to the state in recapture funds. This amount is expected to increase from the prior year as a result of projected increases in the district’s taxable property value and tax collections. From FY2002 to FY2015, AISD will have paid the state of Texas more than \$1.8 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 and will create an even larger deficit between revenue and expenditures.

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 \$1,050,845,941. The fund balance will be used to make up for shortfalls in revenue.

Fund	Revenue	Expenditures
General Fund	861,886,445	894,012,566
Food Service	40,891,553	40,891,553
Debt Service	115,941,822	115,941,822
	\$1,018,719,820	\$1,050,845,941

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.

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.

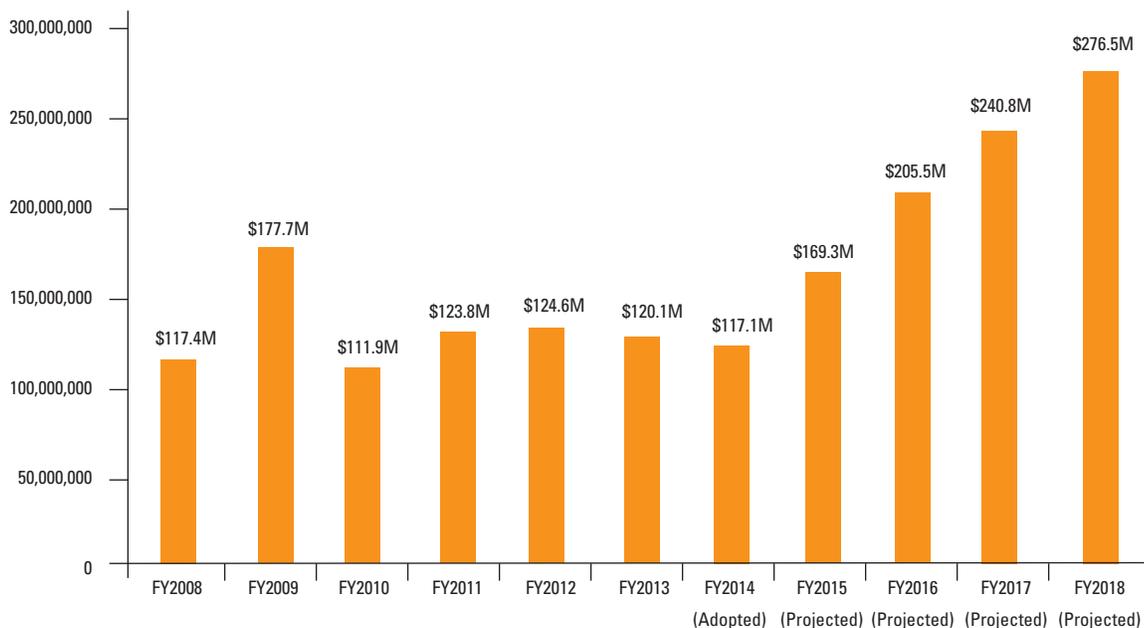
Federal Funding reflected in the General Fund are earnings from indirect cost from federal grant expenditures, and revenues received for school health and related services (SHARS), a Medicaid reimbursement program. This portion of the budget does not include Federal grant funding which is accounted for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

Local Revenue

The vast majority of AISD's funds come from local sources, mainly local property tax collections. Local revenue is expected to increase 6 percent or roughly \$43.8 million as a result of increased property tax values and a high collection rate. However, due to the state's funding formula which essentially caps the amount of revenue the district can receive through the "target revenue" system, much of the additional revenue generated locally will go to the state for redistribution, rather than staying in the district.

Under the target revenue system, school districts are guaranteed to receive the same funding per student (WADA) that they received in FY2006. If the state's funding formula allots a school district less than its target revenue, the state raises the funding to meet the guaranteed amount. However, if a school would receive more than the target revenue based on Texas' funding formula, the state decreases the amount of funding allocated to the school so that it only receives the target revenue amount. Therefore, the district will have \$10.1 million less operating revenue in FY2015 when compared to the FY2014 Adopted Budget.

Chapter 41 Payments FY2008-2018



FY2015 General Fund Revenue Source

Local	89%
State	8%
Federal	3%

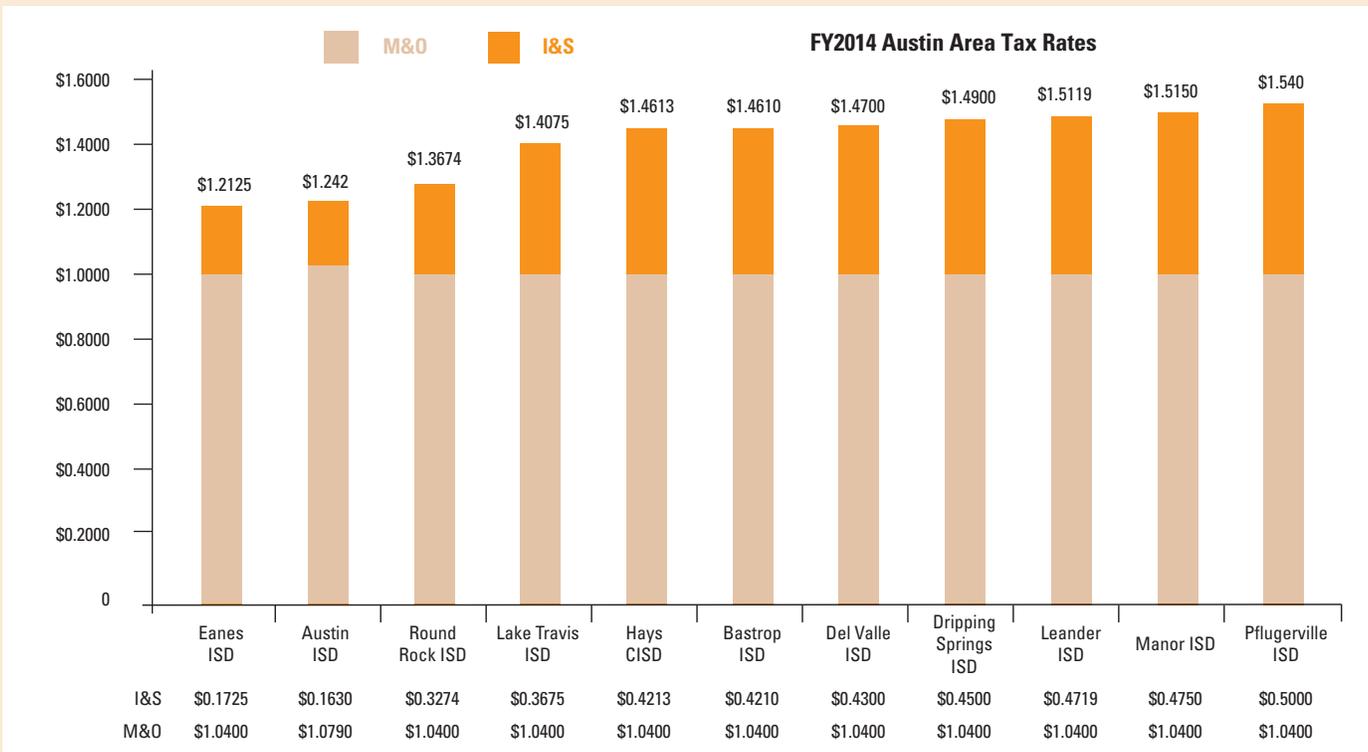
Revenue Source	FY2014 Adopted Budget	FY2015 Preliminary Budget	\$ Change	% Change
Local	724,365,700	768,193,679	43,827,979	6.05%
State	73,786,530	71,763,129	-2,023,401	-2.74%
Federal	21,655,426	21,929,637	274,211	1.27%
Total	819,807,656	861,886,445	42,078,789	5.13%
Less:				
Recapture	117,074,739	169,286,645	52,211,906	44.60%
Operating Revenue	702,732,917	692,599,800	-10,133,117	-1.44%

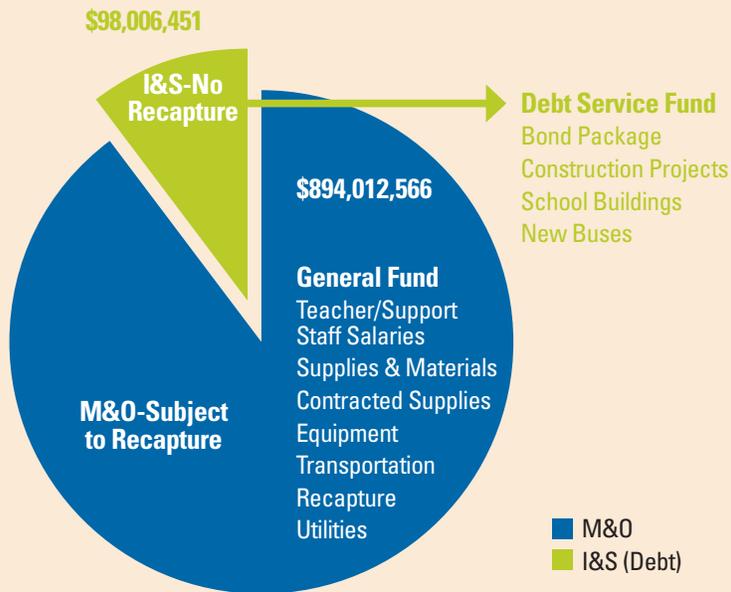
Tax Rates

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 bonds approved by taxpayers. Increases to the M&O tax rate are subject to recapture while I&S tax rate increases are not. The following tables illustrate the structure of the M&O rate. The current proposed FY2015 Preliminary Budget assumes no increase in the M&O tax rate currently at 1.079/\$100 of taxable value. However, this assumption may change as the district progresses in its budgeting process and seeks to implement a sustainable budget

strategy to meet district funding needs and explore the possibility of a tax ratification election. Similarly, the district is not proposing a change to the current I&S tax rate of \$0.163/\$100 of taxable value in FY2015.

Historically, as the FY2014 Austin Area Tax Rates chart depicts, AISD has maintained one of the lowest tax rates in the Austin area, and expects to continue to do so with the Preliminary FY2015 budget. AISD has the second lowest tax rate when compared to other local school districts in the metro area and it expects to maintain this position.





Taxable Values Affect Local Revenue

A key component of revenue estimation is taxable values. The following chart depicts the historical and projected taxable values for the district. Taxable value is projected to increase in 2014, by 5.9 percent and by 5 percent in FY2015. Preliminary taxable values will not be available until early May, and the actual final certified taxable values will not be available from the appraisal district until late July 2014. Since the FY2015 preliminary budget is being prepared in advance of the certified values, it is expected that any variances between the present estimate and the preliminary taxable value in May and/or the certified value in July will require a re-calculation of local property tax revenues, if necessary, to reflect the actual certified appraised values for FY2015.

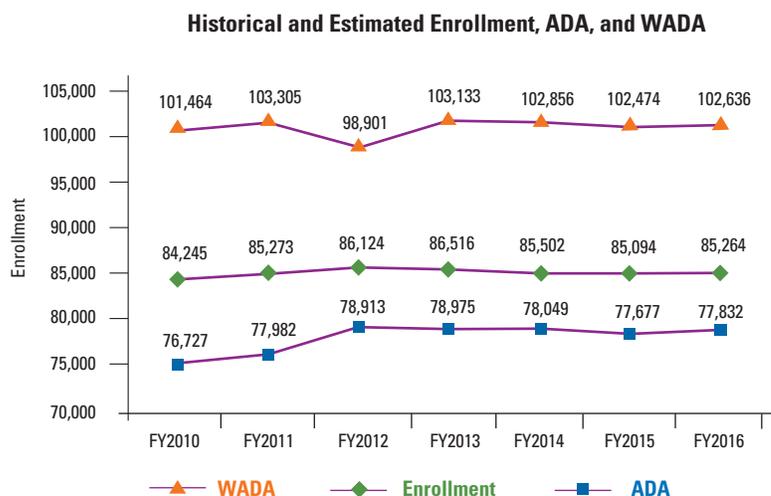
Tax Year as of Jan 1	Net Taxable Value
2007 Certified	50,570,268,178
2008 Certified	56,266,583,957
2009 Certified	57,794,696,337
2010 Certified	56,280,681,272
2011 Certified	56,875,444,136
2012 Certified	59,110,581,643
2013 Certified	63,187,538,609
2014 Projected	66,958,958,560
2015 Projected	70,306,906,488
2016 Projected	73,822,251,813

How Attendance Affects State Revenue

A key factor in generating state revenue to support public education is the district's number of students in Average Daily Attendance (ADA). In general, increases in ADA mean that the district gets more funding from state and local sources. Closely akin to ADA is WADA (weighted ADA), which adjusts the ADA student count to reflect student and district characteristics, such as the number of students receiving special education services or the size of the school district, for example. WADA is multiplied by target revenue to yield the combined state/local funding levels each year. Attendance is an important opportunity for the district to increase revenue. It is estimated that the district receives \$5.9 million in revenue for every 1 percent increase in attendance.

The state budget lowered WADA for FY2012 in comparison to FY2013. The legislature achieved this reduction in WADA through a new funding weight called the regular program adjustment factor (RPAF). The factor was set at 0.9239 for FY2012 and 0.98 in FY2013. For ASATR (additional state aid for tax reduction or "hold harmless") districts, there was an additional reduction in state aid achieved by another new funding weight called the target revenue adjustment factor (TRAF). This factor was set at 0.9235 in FY2013. The district is projecting a slight decrease in WADA, enrollment and ADA from FY2014 to FY2015.

The following chart reflects historical and projected enrollment from FY2010 to FY2016 in terms of enrollment at the end of the first six-week period, annualized ADA and WADA.



Revenue, Expenditure, & Fund Balance Forecast

The following table models the impact of certain revenue and expenditure assumptions on the ending unreserved fund balance through FY2018. This model is based upon the most current data available regarding revenues and projected expenditures. It is anticipated that this model will need to be updated periodically as new data become available.



AISD General Fund Forecast for FY2013 through FY2018 Combined Statement of Revenues, Expenditures by Function and Changes in Fund Balance

	Actual FY2013	Amended FY2014	FY2015	FY2016	FY2017	FY2018
Total Revenue	804,251,978	823,489,740	861,886,445	896,326,106	934,755,950	954,070,077
Operating Expenditures	697,949,620	734,416,613	724,725,921	730,377,083	736,210,147	742,224,276
Chapter 41 Cost of Recapture	120,069,626	130,261,099	169,286,645	205,466,419	240,784,729	276,507,800
Net Other (Sources) Uses	(1,662,005)	30,000	30,000	30,000	30,000	30,000
Budget Gap (Est)	(13,767,208)	(41,217,972)	(32,156,121)	(39,547,396)	(42,268,926)	(64,691,999)
Estimated Outstanding Purchase Orders and Unspent Balances at Year End		16,229,629	15,798,414	15,922,220	16,049,381	16,180,489
Net Change to Fund Balance (Est)	(12,105,263)	(24,988,343)	(16,357,707)	(23,625,176)	(26,219,545)	(48,511,510)
Fund Balances September 1 (Beginning)	252,336,073	240,048,053	215,059,710	198,702,003	175,076,827	148,857,282
Fund Balances August 31 (Ending)	240,230,810	215,059,710	198,702,003	175,076,827	148,857,282	100,345,772
Categories of Ending Fund Balance:						
Assigned	34,552,623	27,642,098	22,113,678	17,690,943	17,690,943	17,690,943
Non Spendable	9,078,617	7,262,894	5,810,315	4,648,252	4,648,252	4,648,252
Unassigned	196,599,569	180,154,718	170,778,010	152,737,632	126,528,087	78,006,577
% Unassigned/Expenditures	23.89%	20.83%	19.10%	16.37%	12.95%	7.66%



Where the Money Goes

AISD continues to ensure resources are spent primarily on supports for schools and students. Approximately 59.9 percent of the general fund revenue is allocated directly towards instruction.

A significant portion of AISD's budget also is spent on maintenance and facilities. General administration represents just 2.5 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 www.austinisd.org/budget/mytaxdollar

General Fund Functional Area	FY2015 Preliminary Budget	% of Budget
Instruction	433,174,311	59.9%
Instructional Resources & Media Services	10,615,276	1.5%
Curriculum & Staff Development	11,732,593	1.6%
Instructional Administration	12,086,386	1.7%
School Administration	46,936,644	6.5%
Guidance & Counseling Services	19,615,228	2.7%
Attendance & Social Work Services	4,566,870	0.6%
Health Services	6,171,346	0.9%
Pupil Transportation	28,062,512	3.9%
Co-Curricular Activities	13,418,892	1.9%
Subtotal Instruction and Student Support	586,380,058	81.0%
General Administration	17,828,390	2.5%
Community Services	5,217,381	0.7%
Subtotal Central & Community Services	23,045,771	3.2%
Plant Maintenance	77,814,814	10.7%
Security & Monitoring Services	9,937,137	1.4%
Data Processing Services	18,416,914	2.5%
Facilities Acquisition & Construction	1,519,000	0.2%
Payments-Shared Services Arrangements	2,013,547	0.3%
Debt Services	883,000	0.1%
Other Intergovernmental Charges	4,715,680	0.7%
Subtotal Operations & Infrastructure	115,300,092	15.9%
GRAND TOTAL	724,725,921	100.0%



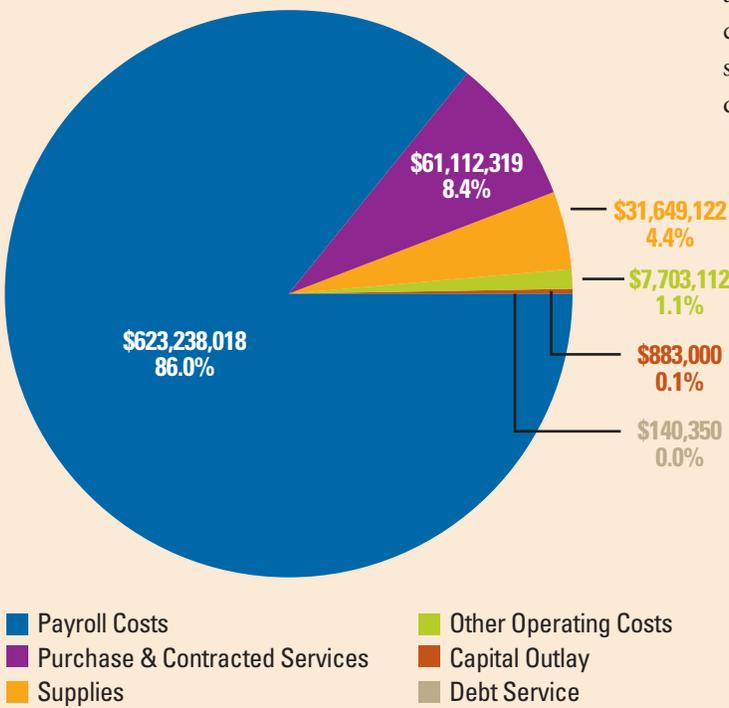
**General Fund by Major Objects
FY2015 Preliminary Budget (Recapture Excluded)**

General Fund by Major Object	FY2014 Adopted Budget	FY2015 Preliminary Budget	\$ Change	% Change
Payroll Costs	\$ 637,842,920	\$ 623,238,018	\$ -14,604,902	-2.29%
Purchase & Contracted Services	59,746,398	61,112,319	1,365,921	2.29%
Supplies	29,161,659	31,649,122	2,487,463	8.53%
Other Operating Costs	7,021,623	7,703,112	681,489	9.71%
Capital Outlay	488,613	883,000	394,387	80.72%
Debt Service	155,400	140,350	-15,050	-9.68%
Totals	\$ 734,416,613	\$ 724,725,921	\$ -9,690,692	-1.32%

A Business Of People

A school system is an enterprise that is highly dependent on human capital. In AISD, when recapture is excluded, 86 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.

In FY2012, AISD was forced to implement a reduction in force in response to decreases in state and federal funding. Staffing has since stabilized in recent years due to the austerity planning the district adopted during the past three years.

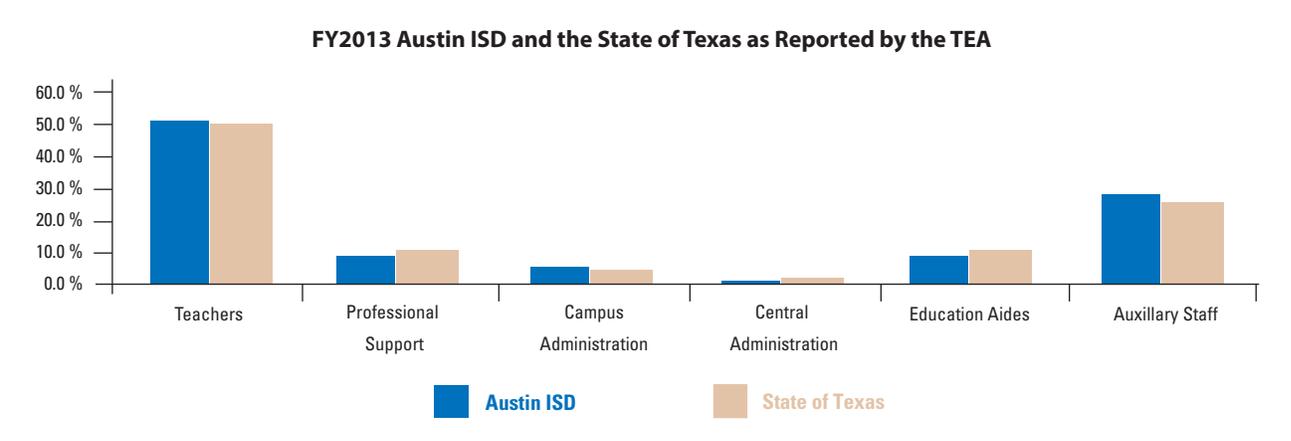


Positions By Type

The Preliminary FY2015 budget accounts for 11,553 full-time equivalents (FTEs), a decrease of 161 FTEs from FY2014 levels of 11,714 FTEs. AISD's workforce is comprised primarily of teachers, representing 51.4 percent of all positions. Education aides and auxiliary staff represent 7.9 percent and 27.8 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 elementary level.

AISD's staffing is in line with total average staffing in other Central Texas school districts and the state. In FY2013, the most recent year comparative data is available, AISD had more teachers in the classroom compared to the state of Texas rate. By contrast, staffing for central administration is relatively low, despite public perception.

Positions by Type	Austin ISD
Teachers	51.4%
Professional Support	8.3%
Campus Administration	4.0%
Central Administration	0.6%
Education Aides	7.9%
Auxiliary Staff	27.8%





General Fund

The following report reflects three years of actual prior year data, the current year adopted budget and the preliminary FY2015 budget.

	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Adopted	FY2015 Preliminary
Revenues					
Local Sources	\$653,112,865	\$657,285,559	\$681,210,937	\$724,365,700	\$768,193,679
State Sources	162,678,023	152,343,733	101,842,960	73,786,530	71,763,129
Federal Sources	42,432,291	28,660,836	21,198,081	21,655,426	21,929,637
Total Revenues	858,223,179	838,290,128	804,251,978	819,807,656	861,886,445
Expenditures by Function					
Instruction	\$399,301,376	\$387,832,534	\$405,059,180	\$436,894,955	\$433,174,311
Instructional Resources & Media Services	12,248,753	11,296,385	10,416,323	10,933,919	10,615,276
Curriculum & Staff Development	14,310,972	12,934,425	11,621,141	14,327,482	11,732,593
Instructional Administration	9,673,934	11,491,638	11,392,639	12,219,551	12,086,386
School Administration	46,971,582	45,219,914	46,944,290	48,476,789	46,936,644
Guidance & Counseling Services	19,417,443	19,801,639	21,142,457	19,801,886	19,615,228
Attendance & Social Work Services	3,040,796	4,449,880	4,606,795	4,228,213	4,566,870
Health Services	5,744,568	5,640,115	5,899,754	6,123,518	6,171,346
Pupil Transportation	26,441,452	26,910,368	27,426,020	28,634,044	28,062,512
Co-Curricular Activities	14,532,159	13,969,923	14,446,166	13,396,291	13,418,892
General Administration	16,532,883	15,869,304	17,762,523	18,402,671	17,828,390
Plant Maintenance	77,751,820	77,920,016	81,552,581	78,827,205	77,814,814
Security & Monitoring Services	9,028,580	9,185,740	9,981,578	10,078,386	9,937,137
Data Processing Services	18,498,506	17,419,549	18,418,185	18,964,651	18,416,914
Community Services	5,389,892	4,719,914	4,747,400	5,110,070	5,217,381
Debt Services	1,129,400	1,046,903	812,565	488,613	883,000
Facilities Acquisition & Construction	2,101,455	3,096,226	(548,380)	1,020,000	1,519,000
Chapter 41 Recapture	123,774,675	124,582,632	120,069,626	117,074,739	169,286,645
Payments - Shared Services Arrangements	1,658,106	1,641,539	2,028,668	1,803,678	2,013,547
Other Intergovernmental Charges	4,150,819	3,539,139	4,239,735	4,684,691	4,715,680
Total Expenditures	811,699,171	798,567,783	818,019,246	851,491,352	894,012,566
Excess (Deficiency) of Revenues Over Expenditures	46,524,008	39,722,345	(13,767,268)	(31,683,696)	(32,126,121)
Other Financing Sources (Uses) Other Resources	80,025	992,241	1,711,925	51,000	51,000
Other Uses	(73,387)	(7,044,255)	(49,920)	(81,000)	(81,000)
Total Other Financing Sources (Uses)	6,638	(6,052,014)	1,662,005	(30,000)	(30,000)
Net Change in Fund Balances	46,530,646	33,670,331	(12,105,263)	(31,713,696)	(32,156,121)
Estimated Outstanding purchase orders and unspent balances at year end				6,542,596	15,798,414
Fund Balances - September 1 (Beginning)	172,135,096	218,665,742	252,336,073	240,230,810	215,059,710
Fund Balances - August 31 (Ending)	218,665,742	252,336,073	240,230,810	215,059,710	198,702,003
Less Assigned Fund Balance	(39,038,247)	(54,234,837)	(43,631,241)	(34,904,992)	(27,923,993)
Ending Fund Balance - Unassigned	179,627,495	198,101,236	196,599,569	180,154,718	170,778,010

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 61,000 lunches daily, over 10 million annually, at 116 locations throughout the district. The Food Service Department also operates a significant summer meals program, which services the numerous academic-related programs that operate during June and July.

It is unknown at this time if the district's meal prices will change in FY2015. Student meal prices are driven on a federal government calculation which has not been updated for FY2015 yet.



	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Adopted	FY2015 Preliminary
Revenues					
Local Sources	\$7,624,437	\$7,055,162	\$7,370,755	\$8,416,536	\$ 8,361,201
State Sources	1,125,924	\$936,262	1,009,862	1,146,327	\$1,146,327
Federal Sources	29,610,386	\$28,943,522	29,004,206	29,966,306	\$31,384,025
Total Revenues	38,360,747	36,934,946	37,384,823	39,529,169	40,891,553
Expenditures by Function Current					
Food Services	37,665,777	36,822,837	39,216,998	41,214,436	40,891,553
Plant Maintenance	839,944	9,466	0	0	0
Total Expenditures	38,505,721	36,832,303	39,216,998	41,214,436	40,891,553
Excess (Deficiency) of Revenues Over Expenditures	(144,974)	102,643	(1,832,175)	(1,685,267)	0
Other Financing Sources (Uses)					
Other Resources	0	0	0	0	0
Other Uses	0	0	0	0	0
Total	0	0	0	0	0
Other Financing Sources (Uses)					
Net Change in Fund Balances	(144,974)	102,643	(1,832,175)	(1,685,267)	0
Fund Balances - Sept 1 (Beginning)	9,550,862	9,405,888	9,508,531	7,676,356	5,991,089
Fund Balances - Aug 31 (Ending)	\$9,405,888	\$9,508,531	\$7,676,356	\$5,991,089	\$5,991,089



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 in FY2015 is projected to remain at the FY2014 level of \$0.163 per \$100 of taxable value.

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

	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Adopted	FY2015 Preliminary
Revenues					
Local Sources	\$88,542,044	\$98,361,087	\$102,521,098	\$108,387,688	\$115,041,739
Federal Sources	886,020	984,466	941,642	984,466	900,083
Total Revenues	89,428,064	99,345,553	103,462,740	109,372,154	115,941,822
Expenditures					
Principals, Interests, and Fees	88,634,106	95,289,153	96,271,508	103,961,570	115,941,822
Total Expenditures	88,634,106	95,289,153	96,271,508	103,961,570	115,941,822
Excess (Deficiency of Revenues Over Expenditures)	793,958	4,056,400	7,191,232	5,410,584	0
Other Financing Sources (Uses)					
Other Resources	0	0	116,492,130	0	
Other Uses	0	0	(115,841,952)	0	
Total Other Financing Sources (Uses)	0	0	650,178	0	
Net Change in Fund Balances	793,958	4,056,400	7,841,410	5,410,584	
Change in Projected Fund Balance from Adopted to Revised				8,304,037	
Fund Balances- September 1 (Beginning)	20,605,125	21,399,083	25,455,483	24,992,856	38,707,477
Fund Balances - August 31 (Ending)	\$21,399,083	\$25,455,483	\$33,296,893	\$38,707,477	\$38,707,477

Resource Development and Partnership Support

Started in 2010, the Office of Innovation & Development (OID) was established to support the district and individual campuses in their fundraising efforts and to link community-based service providers and corporations with Austin ISD campuses. Our mission is to promote integrated partnerships and develop high-quality resources to support students. OID services include:

- Sharing innovative program successes with external partners,
- Identifying and sharing funding opportunities to support district priorities and campus needs,
- Facilitating and writing strategic funding proposals,
- Ensuring communication with valued community partners and appropriate stewardship of their investments,
- Providing technical assistance and support for grant writing and grants management, and
- Assisting with the process and procedures necessary to provide support services to students.

Resource Development

Through the recent economic downturn felt by communities across the nation, AISD's corporate and philanthropic partners continue their support of high quality education for students, their families and our communities. The district anticipates an increasingly strained financial landscape for public education. Without the significant financial support and resources partners provide, AISD would not be able to continue implementing new delivery models, initiatives to improve student academic achievement, and support strategies for special populations through accelerated and differentiated instruction. AISD appreciates partners who have invested with a long-term view and welcomes others to join the AISD team to create an exceptional educational experience for all students.

Since opening, OID has led and supported new initiatives and secured more than \$30 million dollars in grant support. OID continues to work closely with the Austin Public Education Foundation (APEF) Board of Directors to build additional community support.

Partnership Support

Partnerships allow schools to leverage the strengths of other entities that have additional resources, competencies and access to impact students' holistic needs during and outside of the school day. In the face of significant budget constraints, partnerships add indispensable value to our students. Since significant increases in general funding are not anticipated in the future, now is a critical time to elevate the focus on partnerships as an opportunity to augment the services AISD can offer to students and families.

Currently, over 90 partners provide services to AISD students on campus. Services range from counseling to after school arts programs. Campus leaders and community organizations can learn more about services available on campuses at ysm-austin.org.

Filling the gap

In determining where resources are needed, strategy is just as important – or more important – than quantity. To identify true need, we must first understand:

- What outcomes do we need to achieve?
- Which services are already provided and where?
- How can we maximize existing resources?
- Where are the gaps where need cannot be met with existing resources?



With this knowledge, we can better determine how to pursue and place resources – and how we can best work with partners to achieve mutually beneficial outcomes. To this end, OID is working to maximize technologies such as the Youth Services Mapping (YSM), GIS mapping, Standard Aggregate Reporting (SAR) and Integrated Case Management (ICM) systems to help us understand the relationship between needs, assets, gaps and outcomes.

Highlights

Social and Emotional Learning Campaign

The OID Team led the campaign to expand AISD’s Social and Emotional Learning Initiative to reach all campuses by 2016. Over \$2.6M has been committed to support this initiative including a \$1M award from the St. David’s Foundation announced in December 2013. This award along with contributions from the RGK Foundation, Stratus Properties, MFI Foundation, Quincy Lee, Mary and Howard Yancy, Sandy and Lisa Gottesman, the OneSkye Foundation and many other generous donors completed the match for the \$1M challenge pledge issued by the Tapestry Foundation, Buena Vista Foundation and Jeanne and Michael Klein in the fall of 2012.



Teaching with Google Nexus Project

In partnership with Google, the OID Team led the Teaching with Google Nexus Project grant, which vetted over 60 innovative grant submissions from AISD teachers and nonprofit providers who work with AISD students. Through a multi-step review process, 100 Google Nexus Tablets were awarded.

Assistance for Victims of Halloween Floods

OID also worked in concert with district leadership and The Austin Project to successfully raise over \$142,000 to support the 360 students and 25 AISD staff members affected by the October 31 flooding in Central Texas.

School Business Partnership Fair

The 2013 School Business Partnership Fair connected 35 community organizations and businesses with 150 campus leaders and was organized by OID, Austin Partners in Education and the Austin Council of Parent Teacher Associations.



How OID Can Help Requests for Campus Support

Campuses or district departments can use a convenient online form to request services and/or notify OID of an upcoming project.

Visit www.austinisd.org/oid/campus-support to:

- Find opportunities that fit your goals
- Develop and submit your proposal
- Recognize your achievements
- Advocate for you
- Help thank the funder
- Assist with possible collaborations with other grantees
- Brainstorm workable ideas and project development

How You Can Help AISD Become a Partner

Service providers, community organizations or businesses interested in partnering with AISD or needing partnership services can visit www.austinisd.org.



Make a Gift

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

Going Forward

State Funding

In the coming months, the Board will take action on guiding principles for the 84th legislative session, which will convene in January 2015. These principles will be used to educate lawmakers and the public about issues of importance to our district. New legislation is not likely to affect the FY2015 budget, but securing sufficient state funding will be critical for future years.

School Finance Lawsuit

Austin ISD, along with more than 600 other Texas school districts, is currently involved in a lawsuit challenging the state's school finance system. The lawsuit is expected to go to the state Supreme Court, where it is likely to be decided sometime in 2015.

Securing External Resources

AISD will continue to advocate and work with our partners to secure additional funding for Strategic Plan priorities. The district will continue to efficiently align our resources, financial and non-financial with our Strategic Plan – the Power of Us, ensuring every child in every school is on track to graduate, ready for college, career, and life in a globally competitive economy.



(L to R) Tamala Barksdale, *At Large 9*; Cheryl Bradley, *District 1*; Lori Moya, *District 6*; Jayme Mathias, *Secretary, District 2*; Vincent M. Torres, *President, District 4*; Gina Hinojosa, *Vice President, At Large 8*; Robert Schneider, *District 7*; Amber Elenz, *District 5*; Ann Teich, *District 3*

Organizational Structure

AISD is an independent, public educational agency operating under the applicable laws and regulations in the State of Texas. The district's organizational hierarchy begins with the students, parents and community members who elect a nine-member Board of Trustees to autonomously govern the district.

The Board of Trustees employs the Superintendent, who is the Chief Executive Officer, to manage the day-to-day operations of the district. Under the Superintendent are seven chiefs, who oversee various areas of the district's operations, including academics, campus operations, human resources, facilities and system management, finance, performance evaluation and accountability. The Texas Education Agency provides the district's education accreditation.

Milestones of the FY2015 Budget Process

September 2013

- Board Adopts FY2015 Budget Parameters and Budget Development Calendar

November 2013

- Board Reviews Assumptions, Staffing Formulas, Enrollment Projections, Staffing Guidelines and Fund Balance Condition
- Board Determines Strategic Plan Priorities
- Board Action on Facilities Master Plan Framework

January 2014

- Revised Financial Forecast for FY2015-2018
- Budget Office Compiles Budget

February 2014

- Superintendent presents the Preliminary FY2015 Budget to the Board, Public and Media

March/April 2014

- Community Meetings on the Preliminary FY2015 Budget

May 2014

- Travis Central Appraisal District provides Preliminary Appraisal Values

June 2014

- Superintendent presents the Revised FY2015 Budget to the Board, Public and Media

July 2014

- Travis Central Appraisal District (TCAD) Certifies Appraisal Values

August 2014

- Superintendent presents the Recommended FY2015 Budget to the Board, Public and Media
- Board Conducts Public Hearing on Proposed Budget and Tax Rate
- Board Adopts the FY2015 Budget and Tax Rate





AUSTIN ISD at a glance (as of 10/1/13)

Schools

Elementary Schools	83
Middle Schools	18
High Schools	16
Other	11
Total	128

Students

African American	8%
Hispanic	60%
White	25%
Other	7%
Total	100.0%

Total Population = 85,591
 Economically Disadvantaged = 63.8%
 Limited English Proficiency = 25%
 Special Education = 10%

Staff

Administrators	501
Classified	4,646
Teachers	5,915
Other Professionals	948
Total	12,010

State Accountability

(According to 2013 Texas Education Agency Accountability Summary)

District Accountability Rating:

MET STANDARD

Areas Met Standard on:

STUDENT ACHIEVEMENT

STUDENT PROGRESS

CLOSING PERFORMANCE GAPS

POST-SECONDARY READINESS

Areas Did Not Meet Standards:

NONE

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 Districts 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 September 1–August 31.

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). 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, Sep. 1 through Aug. 31.

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 Nonspendable 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 nonspendable, 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



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