

FY2016

AUSTIN Independent School District

PRELIMINARY BUDGET



AUSTIN
Independent School District

A Message from the President, AISD Board of Trustees

Dear AISD Community,

On behalf of the Board of Trustees, I thank you for putting your trust in us as we consider the preliminary budget for the 2015-16 school year. Education is a fundamental right, and the most important investment a community can make.

As we determine our priorities and make decisions for the upcoming school year, we want to listen to our community and strive for even greater transparency.

For the first time in several years, our district is adopting a multi-year budget balancing strategy that will eventually eliminate future structural deficits. To do so, we must be prudent with our existing resources while ensuring the best possible education for our students.

We know we cannot reach all of our goals today. As a board, we intend to invest more resources over time as additional funding becomes available. We are seeking innovative ways to generate revenue from new sources. We continue to look to the courts to address inequities in our state's system for funding public schools.

We understand that our teachers are among the lowest paid in the region, and we aim to correct that as soon as possible. We know we can't get to where we want to be with the resources we have. But we are committed to providing a modest salary increase this year and making temporary salary increases of the past few years permanent.



I hope you'll review the information in this FY2016 Preliminary Budget Book, and participate in the community conversations about our district's budget.

Thank you for being part of this important conversation.

Sincerely,
Gina Hinojosa
President, AISD Board of Trustees



A Message from the Superintendent



Dear AISD Community,

As superintendent of the largest school district in central Texas, I am proud to present this preliminary budget for the 2015-16 school year.

By shedding light on our annual budget, this publication offers a wide range of information about our district's goals and priorities. It reflects our values as a school community.

Our strategic investments to prepare students for college, career and life are paying off. AISD students have achieved their best performance under the toughest accountability standards in the state's history.

Graduation rates are at an all-time high of 84.1 percent for the Class of 2013.

Our overall attendance rate exceeds 95 percent, and has greatly improved over the past five years.

For the 2013-14 school year, 110 schools met the state standard and 70 of the schools earned a total of 205 distinction designations for outstanding performance.

Starting at Pre-K and throughout a student's school years, programs and strategies are in place to encourage all students to cross the stage at graduation.

We are preparing our students to meet high standards under new high school graduation requirements. Our Board of Trustees voted unanimously to require ninth grade students to enter high school under the Distinguished Level of Achievement Plan, the highest graduation plan offered in the state of Texas.

Our district is fortunate to have so many highly qualified educators who support our students every day. Our challenge is to continue to attract and retain outstanding staff by remaining competitive with other districts in the region and state.

Our direction forward must be achieved with vision and a strong steady focus. We can and must continue to improve by providing the support each student needs to be successful.

Paul Cruz, Ph.D.
Superintendent

Change That Counts

This Preliminary Budget guide provides essential information on projected revenues and expenditures for FY2016 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

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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 that 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 for all of our students.

With the 2010-2015 strategic plan as a guide, the district focused resources to fund new initiatives and ensure the sustainability of programs and projects directly related to one or more of the plan's Key Action Steps. The Board approved a total of about \$44 million to implement the 2010-2015 strategic plan. Over the five years, detailed annual action plans for each of the key action steps were prepared at the departmental level. In total, 417 work tasks have been completed, 144 have become ongoing, and 42 are still in progress.

Development of a 2015-20 strategic plan is underway. In October-December 2014, initial input was obtained from the Board and the community. In January 2015, the Superintendent formed a Planning Team of internal and external stakeholders which developed a preliminary draft strategic plan, taking the plan to the objective and strategy level. For each of the seven strategies in the preliminary draft plan, an Action Team of internal and external stakeholders will develop detailed action plans including expected results, specific tasks, and cost-benefit analyses. The seven Action Teams will meet from mid-February to mid-April. Then the Planning Team will reconvene in late



April to review the action plans and incorporate them into a final draft strategic plan to take to the Board of Trustees for consideration. Board approval of the new strategic plan is targeted for June 2015.

The district will conduct an annual review of the strategic plan to ensure that it remains aligned to the most critical needs of the district and that it is responsive to any significant changes in our environment. The district will also regularly monitor the progress of action plan implementation.

Opening the Windows on the Budget Process: Transparency and Engagement

Recognizing the importance of providing sufficient time during the budget process for community members to discuss and debate challenging issues, 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.

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

The preliminary budget provides a first glance of the investment plan for the 2015–2016 school year. It will evolve as the budget process advances and presents opportunities for input from parents, students, community members, staff members and other key stakeholders. Community meetings will give the public the opportunity to offer input on the preliminary budget that can be incorporated into the final recommended budget which will be presented for action to the Board of Trustees in August 2015. An up to date schedule for these events can be found at www.austinisd.org/budget/community-meetings.

The Budget and Finance Advisory Committee (BFAC) was established to provide guidance and counsel on budget and finance matters. BFAC meets regularly, working with staff members and others to develop tools and methodologies on how to best improve the district’s budgeting process. The administration has been responsive to BFAC’s recommendations for greater cohesion and clarity. The district’s budget development has become an integrated process that aligns resource allocation with goals and priorities established through the development of a well-defined curriculum—and a well-conceived and executed strategic planning process.

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.

Biennial Academic and Facilities Recommendations

AISD’s Board of Trustees took action Jun. 16, 2014 approving a Facility Master Plan (FMP). The FMP establishing a 24-month cycle for the Academic and Facilities Recommendations (AFRs). The AFRs process establishes a means for adjustment to the district’s short- and long-term facilities plans. These recommendations generally have both a capital and



operational impact, and must be included in the district’s overall budget planning. The process allows:

- Twelve months of research and community engagement
- Four months of presentation and development of preliminary and draft AFRs leading to Board approval in December 2015.
- Eight months of program development and facility renovations and preparations for implementation of approved AFRs following approval in December 2015.

AISD’s Continued Commitment to Students and Taxpayers

The 2013-14 school year marked the second year of a new state accountability system based on the State of Texas Assessments of Academic Readiness (STAAR). The state 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 2014 accountability system is based on a performance index framework that considers four areas:

1. **Student Achievement** – Provides a snapshot of performance across all subjects.
2. **Student Progress** – Measures year-to-year student progress by subject and student group.
3. **Closing Performance Gaps** – Tracks advanced academic achievement of economically disadvantaged students and the lowest performing racial/ethnic student groups.
4. **Postsecondary Readiness** – Emphasizes the importance of earning a high school diploma that provides students with the foundation necessary for success in college, the workforce, job training programs, or the military.

Districts, campuses and charters receive one of three ratings under the state accountability system: Met Standard; Met Alternative Standard; or Improvement Required. To earn a rating of Met Standard, a district or campus must meet the target on all indexes for which it has performance results. Campuses that receive an accountability rating of Met Standard are also eligible for distinction designations. Distinction designations are awarded to campuses based on achievement in several performance indicators relative to a group of 40 campuses of similar type, size, and student demographics. Distinction designations can be earned by campuses in the following areas:

- Academic Achievement in Reading/English Language Arts;
 - Academic Achievement in Mathematics;
 - Academic Achievement in Science;
 - Academic Achievement in Social Studies;
 - Top 25 Percent: Student Progress;
 - Top 25 Percent: Closing Performance Gaps; and
 - Postsecondary Readiness.
- In 2014, 111 AISD schools earned the state's highest rating of Met Standard or Met Alternative Standard.
 - 70 AISD schools earned distinction designations from the Texas Education Agency for Top 25 percent Student Progress, Top 25 percent Closing Achievement Gap, Postsecondary Readiness, and Academic Achievement in Reading/Language Arts, Mathematics, Science, or Social Studies.

- The percentage of students in grades three through eight who achieved the college readiness standard (Level II Final) in 2014 improved in all five subject areas: reading, mathematics, writing, science, and social studies.
- In grades three through eight, all student groups made gains at the college readiness standard in mathematics and science.
- In 2014, AISD led comparable districts for End of Course results in Biology, English I, and English II.
- In 2014, AISD first-time testers met or exceeded the state passing average for all end-of-course exams.
- The federal graduation rate of the Class of 2013 was 84.1percent, the highest AISD graduation rate ever recorded.
- AISD's fourth and eighth grade students continued to outperform their peers in large urban school districts on the 2013 National Assessment of Educational Progress (NAEP), also known as the "Nation's Report Card," ranking among the top of participating urban districts in math and reading, while English Language Learners outperformed their peers nationally.
- The percentage of AISD schools that met 2014 accountability standards (86.7percent) exceeded the percentage of schools statewide (85.0percent) that met the standards and was second among comparable urban districts. The percentage of AISD schools rated "Improvement Required" is 6.3percent and is lower than the state (8.5percent) and second lowest among comparable urban districts.

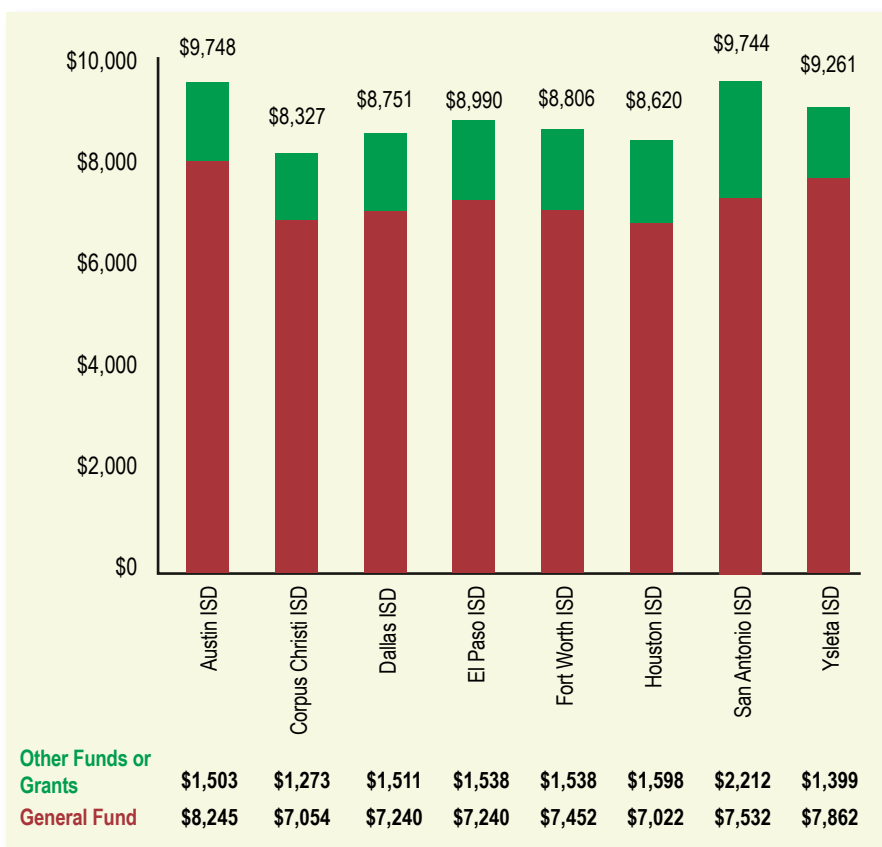
2014 State Accountability Ratings Results Comparable Urban Districts Percent of Campuses by Rating

	Met Standard/Alt		Met Standard		Met Alt Standard		Improvement Required		Not Rated	Total # of Campuses	
Austin	111	86.7%	107	83.6%	4	3.1%	8	6.3%	9	7.0%	128
Corpus Christi	45	76.3%	44	74.6%	1	1.7%	11	18.6%	3	5.1%	49
Dallas	184	79.0%	183	78.5%	1	0.4%	43	18.5%	6	2.6%	233
Fort Worth	105	73.9%	104	73.2%	1	0.7%	24	16.9%	13	9.2%	142
Houston	220	78.9%	216	77.4%	4	1.4%	44	15.8%	15	5.4%	279
San Antonio	73	75.3%	70	72.2%	3	3.1%	17	17.5%	7	7.2%	97
Ysleta	60	98.4%	58	95.1%	2	3.3%	0	0.0%	1	1.6%	61
State	7285	85.0%	7041	82.1%	244	2.8%	733	8.5%	556	6.5%	8574

Our Student Investment When Compared to Our Texas Peers

In FY2014, the most recent year for which comparable data is available, Austin ISD spent \$9,748 per pupil, which ranks the highest among urban school districts in Texas. As illustrated in the graph, three out of eight urban districts spent more than \$9,000 per pupil in FY2014 and all of the urban peers spent more than \$8,000 per pupil. Although AISD's operating expenditures per pupil are higher than 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 \$33.2 million annually or \$391 per pupil in FY2014.

FY2014 Per Pupil Operating Expenditures



Source: TEA PEIMS Financial Standard Reports



AISD students continued to outperform their peers in large urban school districts on the Nation's Report Card in 2013, ranking among the top in math and reading, while English Language Learners outperformed their peers nationally.

The National Assessment of Educational Progress, administered on alternate years, 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 that were previously excluded due to limited English proficiency. The NAEP assessment is only 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.

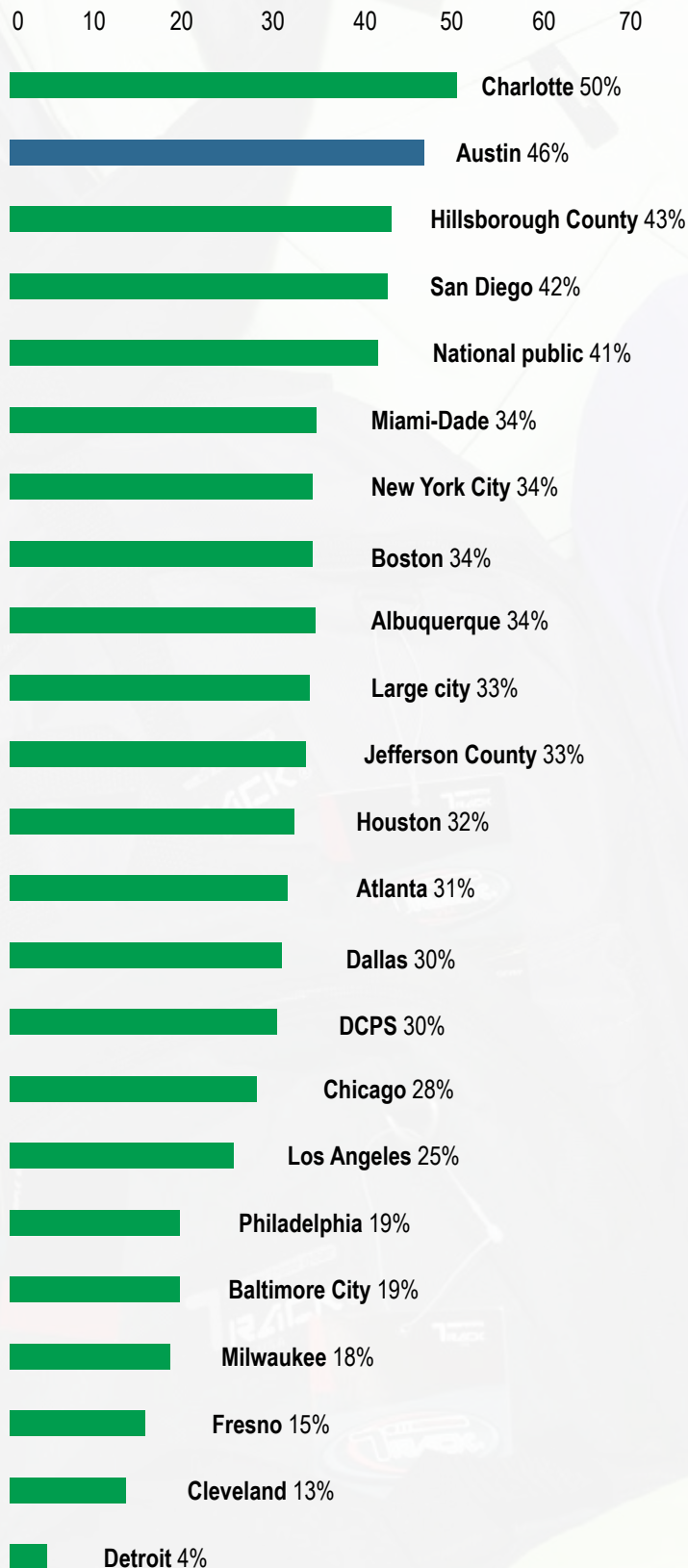
"These new results show that Austin maintained its superior academic position compared with other big city school districts across the country at the same time they were including more students in the assessments. This is a difficult position for any school district to maintain, but Austin has done it,"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

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.

The Nation's Report Card also Reported:

- Austin's English language learners outscored their peers in both the nation and large cities on assessments for fourth grade math and reading, and for eighth grade math.
- 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.
- 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.

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



Sound Budgets and Strong Fiscal Management

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

- The 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 amongst the highest ratings a Texas public school can earn from these agencies. This has resulted in millions of dollars worth of savings due to lower interest rates for the district's bond program and Austin taxpayers.
- 2014 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement, for the 11th consecutive year.
- The Texas Comptroller of Public Accounts awarded AISD with a Leadership Circle Award for budget transparency, for the fifth consecutive year. Platinum 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 11 years in a row and the GFOA Certificate of Achievement for Excellence in Financial Reporting for five 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 fifth year in a row.
- The ASBO Certificate of Excellence in Financial Reporting for the fifth year in a row.
- First ranked school district in the nation for total amount of renewable energy purchased.





Budget Challenges

Limited Resource Capacity to Support a Diverse Student Population

AISD serves more than 84,000 students. After many years of enrollment growth, in FY2013 the district began to experience a decline in student enrollment. Overall, the student population in the district is expected to decrease over the next ten years. The decline has been driven by lower birth rates in the area, movement of student populations within and out of the district and a shift in demographics which indicate fewer families with school aged children living in the City of Austin. The district projects enrollment to decline by approximately 569 students from FY2015 to FY2016.

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

- Nearly 2 out of 3 children in AISD are from economically disadvantaged homes.
- For one in three, English is not the 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.

Higher Accountability Standards-Less Resources

School districts face an ongoing challenge of implementing funding reductions while meeting rising academic expectations. Under new graduation standards mandated by the state, students will have one diploma plan with one of five endorsements. Implementing these new requirements cost the district an estimated \$1.7 million last year. The new requirements are expected to put financial pressure on the district's resources over the next several years.

AISD Received Nominal Restoration from Recent State Funding Cuts

In 2013, the Legislature restored \$3.9 billion in funding for public education in Texas, after significant cuts in 2011. As a result, Austin ISD



received about \$22.2 million for the biennium, or just over \$11 million per year, of the restored funding. But because the restored funding was not allocated to districts in the same way that cuts were made, unlike most districts, Austin ISD was not fully restored. As a result, the district will get back only 18percent of the \$60 million it lost as a result of the 2011 funding cuts; leaving our district with a permanent funding cut of nearly \$50 million.

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 and shifting enrollment and meet other facilities' needs.

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

With AISD's schools averaging over 40 years in age, the district has developed a facility condition index that quantifies and tracks the status of each facility, and helps guide the repair, restoration, or replacement of buildings. The district used independently developed population projections, which generally show that despite Austin's continued growth, overall student enrollment will be relatively flat over the next 10 years. However, there are schools that are experiencing overcrowding. The district analyzed the permanent capacity of schools and compared it to actual enrollment to determine utilization rates. An external consultant performed a space utilization study to identify how classroom space is actually used and analyze the various institutional and support uses on campuses.

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.

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

Social Security

AISD is one of seventeen Texas school districts participating in two retirement programs: the federal Social Security system, and the Teacher Retirement System of Texas (TRS) for all regular employees. AISD incurs approximately \$33 million per year in employer Social

Security taxes. 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 financial offset in 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

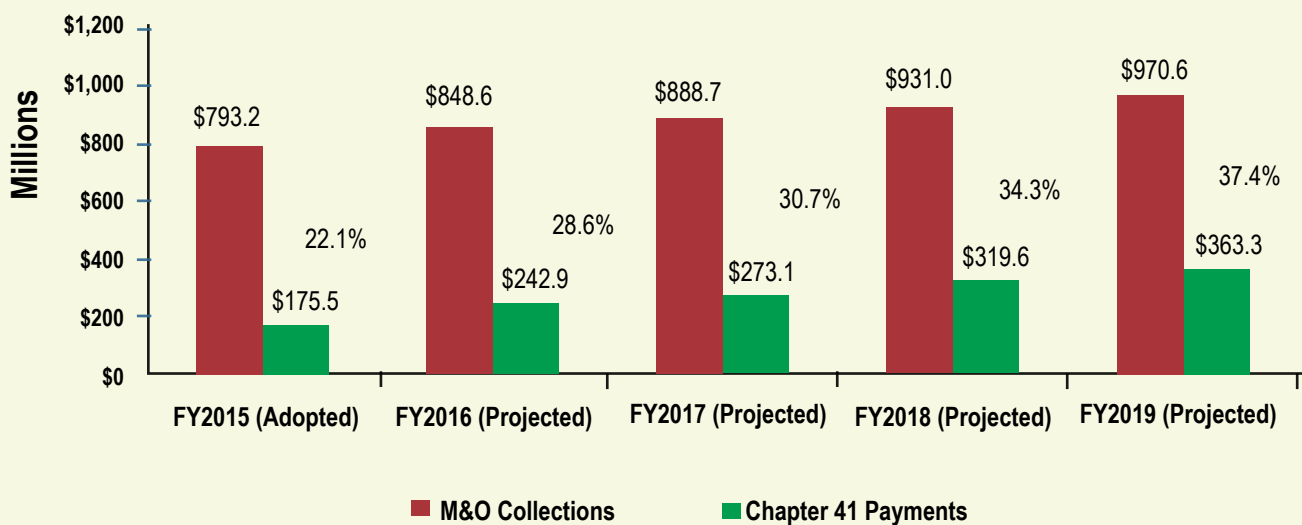


property tax collections, that is not entirely the case. The Chapter 41 provision under Texas Education Code, attempts to equalize school district spending by recapturing local tax dollars from “property-rich” districts and redistributing funds to “property-poor” districts.

Among Chapter 41 districts, AISD is the single largest payer of recapture, representing approximately 10.9percent of the total \$1.18 billion collected by the state in 2014. Under the state’s “recapture” law, the district will be required to send a projected \$242.9 million to the state in FY2016. Even though AISD is considered “property wealthy” under recapture, AISD serves a more diverse student population with costlier educational needs than the typical Chapter 41 district. Over 60percent of the students that AISD serves meet the federal definition of poverty and are considered economically disadvantaged and almost 30percent have limited English proficiency.

Over the last ten years through FY2014, AISD has paid the state \$1.45 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 FY2016, the district projects that approximately 28.6percent of all local tax revenue collected will be sent to the state under recapture. By FY2018, more than a third of every tax dollar collected will go to the state. Therefore, it is important to realize increases to taxpayers’ annual property tax bills do not necessarily translate into more revenue for the district. For more information on the impact of recapture, please visit the AISD: Our Tax Dollars, Our Students, Our Future-Video link at www.austinisd.org/budget.

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



Limited Ways to Generate Revenue

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

Outdated State Funding Formula

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, 25-30 years ago, have increased. For example, the funding formula contains a Cost of Education (CEI) index that is to account for regional costs differences. The current CEI for Austin is lower than that of: Northside ISD, North East ISD, Round Rock ISD, Fort Worth ISD, El Paso ISD, Fort Bend ISD, Dallas ISD, Cypress-Fairbanks ISD and Houston ISD. The Austin Metropolitan Area has among the highest costs of living in the state. The median price for a single-family home and median apartment rent in Austin are both higher than any other area of the state. In 2014, the median family income was \$5,000 higher in the Austin area than the highest county in the Dallas area. An adjustment to the CEI index could provide additional revenue to AISD of anywhere from \$2 million to \$14 million if it were increased to the level of these other districts.

Unfunded Mandates

Austin ISD is working hard to serve all of our students amid declining resources and increasing state standards. Implementing funding reductions simultaneously with increased academic expectations has been particularly challenging. Additional resources for increased instructional time, improved staff development and targeted

interventions for struggling students are needed if the district is to 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 HB 5 with no additional funding for implementing the new standards. As we implement HB 5, students will have one diploma plan with one of five endorsements. Phase one of implementation of HB 5 cost the district \$1.7 million in FY2015 million and we anticipate costs will escalate over the next few years.

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



Enrollment Decline and Strategy

After decades of enrollment growth, AISD has experienced a decrease in enrollment over the last few years, and according to the demographer, the trend can be expected to continue for the next ten years. This is due to a number of factors, including:

- Affordability issues in general, and specifically a drop in affordable housing;
- A decline in birth rates that occurred during the recent recession, which especially impacts the district at Pre-K and Kindergarten; and
- Increased competition from charter and private schools.

Since state funding is provided based on the number of students in classrooms each day, this change in enrollment is expected to negatively impact our revenue budget in future years. While this may create a savings in payroll expenditures, it decreases the district's revenue to pay for fixed costs and infrastructure. In response, the district is conducting a campaign to encourage Pre-K and kindergarten enrollment and developing a broader marketing strategy to attract and retain families. We are also working with local government entities to address the issue of affordability in Austin.

Human Capital

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

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

While student performance has continuously improved, AISD employees have shared the burden in the district's budget struggles. They are paying more for health care and wages have continued to lag even with salary increases. It is becoming more difficult for the district to pay

competitive salaries. A recent analysis indicates that AISD teacher salaries rank 10 out of 10 among our neighboring districts in teacher pay, and 9 out of 9 among the top urban district in Texas.

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

Rank	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1	Leander	Leander	Lake Travis	Lake Travis	Round Rock
2	Lake Travis	Lake Travis	Leander	Eanes	Lake Travis
3	Eanes	Eanes	Eanes	Leander	Eanes
4	Round Rock	Manor	Round Rock	Round Rock	Leander
5	Manor	Round Rock	Manor	Dripping Springs	Pflugerville
6	Georgetown	Pflugerville	Dripping Springs	Manor	San Marcos
7	Pflugerville	Austin	Del Valle	Del Valle	Del Valle
8	Del Valle	Del Valle	Austin	Austin	Manor
9	Austin	Georgetown	Hays	San Marcos	Hays
10	Hays	Hays	San Marcos	Hays	Austin

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

Rank	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1	Fort Worth	Fort Worth	Fort Bend	Cypress Fairbanks	Cypress Fairbanks
2	Dallas	Dallas	Fort Worth	Northside (SA)	Fort Worth
3	Houston	Houston	Houston	Houston	Fort Bend
4	Fort Bend	Fort Bend	Dallas	Dallas	Dallas
5	Northside (SA)	Northside (SA)	Northside (SA)	Fort Bend	Northside (SA)
6	Cypress Fairbanks	Cypress Fairbanks	Cypress Fairbanks	Fort Worth	Houston
7	El Paso	El Paso	El Paso	El Paso	El Paso
8	San Antonio	San Antonio	San Antonio	San Antonio	San Antonio
9	Austin	Austin	Austin	Austin	Austin

Budget Planning

A Multiyear Fiscal Strategy for FY2016 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 FY2016 budget cycle, and the other, longer-term budget pressure is how each item plays out during the five-year period from FY2015 to FY2019.

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 order to stabilize, the district has been balancing its budget with reserves to offset revenue losses for several years, with the understanding that it is not a perennial solution to the estimated budget shortfalls that the district is facing for FY2016. The district used \$12.1 million in reserves in FY2013; \$19.3 million in reserves in FY2014 and is projected to use \$6-8 million in reserves in FY2015.

However, budget balancing through the uses of reserves is not expected to be sustainable long-term; 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.

Facilities Planning

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 Academic and Facilities Recommendations (AFRs). 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 2014–15 and 2015–16 school years, the Board adopted several AFRs. The next series of biennial 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 AFRs when compared to the FY2015 Adopted budget.

Technology Initiative

As the district educates students for jobs that have not yet been created, our organization acknowledges we can no longer view technology in isolation and separate from teaching and learning. Technology can give access to students and families in new and fast ways, allowing for connection, production, contribution; transformational elements that facilitate learning, adaptability, critical thinking, and problem solving. As a result, Austin ISD is embracing new approaches to teaching and learning and technology implementation.

In 2014, the Board of Trustees tasked the district with developing a technology integration and implementation plan. The plan will inform the allocation of district-purchased technology to campuses, future bond issuances for technology purchases and map out a path to integrate technology into teaching and learning,



including curriculum, professional development, and instructional practices.

The district assembled a District Technology Planning Committee (DTPC) to develop the design of the plan. The DTPC is comprised of 60+ members, including teachers, students, principals, district support staff, and community and business partners. From Fall 2014 to Spring 2015, members engaged in activities grounded in design thinking, such as facilitated idea/strategy sessions, a student panel, a teacher panel, and a full day 'Innovation Lab,' where local tech companies and innovative teachers shared best practices for technology integration in education.

Throughout the design process, additional feedback and guidance was captured through engagement with the District Advisory Committee (DAC), the Citizens Bond Oversight Committee (CBOC), the Special Education Advisory Committee (SEAC), the executive committee of the Austin Administration of Public School Administrators (AAPSA), and community advisors from University of Texas, City of Austin, neighboring districts, principal and librarian groups, and local design thinking firm UpStream Thinking. Nationally regarded entities such as Gartner Research, Marzano Laboratory, and respected thought leader, Alan November, have provided guidance and feedback during the process

Five committee sub-groups worked to create the interdependent components of the plan.

The five groups are:

1. Curriculum & Instruction/Assessment & Resources
2. Technology Integration/ Implementation & Sustainability
3. Access & Equity/ Community & Partnerships
4. Flexible Learning Environments/ Facilities & Infrastructure
5. Roles & Organizational Structure/ Governance & Change Management

The vision of Austin ISD technology integration and implementation is as follows:

- Every Austin ISD student is a designer of the changing world.
- They are producers and contributors, not just consumers.
- Engaged, not compliant.
- Persistent learners and doers with flexible skillsets that help them thrive in a world that is connected and in perpetual change. AISD is a community of learners connected to other communities of learners.



Budget Overview

The 84th legislative session convened Jan. 13, 2015 to develop new laws for the next biennium and school finance has emerged as a critical issue that State legislature is currently debating. With record surpluses at an estimated \$7.5 billion as reported by the State Comptroller, the state's current financial condition is in sharp contrast to what it was in 2011, when adjustments made to the Texas school finance formulas forced Austin ISD to absorb nearly \$96 million in reductions across the 2012 and 2013 school years. In 2013, the Legislature restored a significant amount of the funds that had been cut in 2011, but AISD's restoration was less than 20 percent resulting in a permanent cut of \$50 million.

With starkly contrasting proposals from the Senate and the House; one focused on property tax relief and the other on fixing public school finance; there is uncertainty about what relief, if any, school districts can anticipate from this legislative session. Therefore, the preliminary budget assumes no changes to the current structure for financing



public education. This translates to a projected decline of \$12.5 million operating revenue for AISD in FY2016.

Stabilizing the Budget in FY2016 and the Outyears through Expenditure Reductions

Our planning and prudence recognizes the fact that the local economy, while better than most is still struggling to recover, and households are slowly trying to rebuild from the recession. The recent and unprecedented rise in taxable values has resulted in significant taxpayer fatigue. The district understands that it cannot increase its tax rate at this time to generate revenue to offset budget shortfalls. In absence of any new revenue from the legislature, the district will need to implement expenditure reductions in order to balance budget shortfalls.

As part of its multi-year financial plan, the district has utilized fund balance reserves to offset budget shortfalls for the last three fiscal years. However, this was only to be utilized as an interim solution as the district worked to develop a financial solvency plan that eliminated the dependency on district reserves for ongoing operating needs.

In order to stabilize the budget, limit the reliance on reserves and reduce significant outyear gaps, the FY2016 preliminary budget includes expenditure reductions to offset modest increases for inflationary costs and salary increases. Additional reductions will also be considered for the outyears, beginning in FY2017 in order to balance the budget. In preparation for these changes, the district will begin engaging with the community and staff to determine the best balancing solutions to implement in the outyears to offset budget shortfalls. Possible outyear solutions include:

- Redesigning employee health plan to generate district savings
- Implementing a marketing campaign to increase enrollment
- Reducing non-classroom staff through attrition to be more in line with comparable peer districts
- Continuously monitoring and evaluating the cost versus benefit of district programs

Salary Increases

Amidst a tough fiscal climate, in the past three years, AISD has had to find ways to invest in compensation for employees in absence of a permanent revenue source. Between FY2013 and FY2015, the Board of Trustees approved several one-time compensation adjustments for all regular and part-time employees to provide the equivalent to a 5 percent increase over the three years, funded from district reserves. While the Board implemented these prudent actions in response to the district's austere financial condition, the Board now recognizes the need to make these compensation increases permanent, so that district employees can be reassured that these investments will be continued.

In an effort to attract and retain a qualified workforce, and due to the pay parity gaps in teacher salaries, the Board has established employee compensation as one of the most important priorities of the district. The Board would like to see the district make substantial progress against closing teacher pay gaps. However, the projected decline in operating revenue limits the district's ability to do so in a meaningful way without substantial budgetary trade-offs. As a stop-gap measure, the FY2016 Preliminary budget includes a 1.5percent across-the-board salary increase for all regular full-time and part-time employees (those who qualify for benefits) and an additional 1.5percent salary increase for teachers, librarians and counselors with five or more years of experience. This investment in our staff will cost the district approximately \$10.43 million. While it is not the ultimate investment that the district would like

to make towards compensation, it will enable the district to provide a salary increase that can be supported within the budgeted levels. Even though it is too early to speculate how much the district could receive in new revenue from the legislative session, the district anticipates that it will receive some relief and will be able to balance outyear budgets with the new revenue.

Future revenue schedules that are presented to the board for the budget adoption in August will reflect any projected new revenue.

The Uses of Reserves in FY2016

The district will face a revenue shortfall in FY2016 to continue the current level of services. The FY2016 Preliminary Budget reflects a revenue gap of approximately \$32.6 million. This gap is projected to decline in the subsequent years as a result of additional expenditure reductions that total approximately \$15 million. Contributing to this budget shortfall are: escalating inflationary costs for expenditures such as employee healthcare premiums, insurance and bonding costs, property appraisal and collection fees and funding for programming that are either statutorily required, mandated or critical.



Expenditure Budget Increases and Decreases

From the FY2015 Adopted Budget to the FY2016 Preliminary Budget

A summary of changes from the FY2015 Adopted Budget to the FY2016 Preliminary Budget is shown below, providing an overview of budget changes from the current year to the next year.

Proposed Operating Expenditure Increases

1.5% across-the-board salary increase for regular full-time and part-time employees	\$6,780,000
1.5% Increase for Teachers, Librarians and Counselors with 5 or more years of service	3,650,000
Translation and interpretation service agreements	55,050
Insurance and Bonding Costs	141,937
Property Appraisal & Collection Fees	163,609
Shared Service- Blind/Deaf Payment to State	179,907
Increase TRS On Behalf payments	3,040,115
Health Insurance Costs	4,653,440
Board Consent on Blazier-Doss-Wooten Relief Plan	116,830
Total	\$18,780,888

Increase in Chapter 41 Estimate

\$67,323,886

Proposed Budget Decreases

Reduction of payroll costs resulting from a projected decrease in enrollment	-\$13,287,338
Decrease in Strategic Compensation	-2,158,306
Central Department Budget Reductions of 5%	-1,836,907
Decrease in Teacher Reserved Units	-1,000,000
Supplemental Support transition to grants (HDT)	-1,500,000
Custodian Sq. Ft. Adjustments (Est. 90 FTEs)	-938,499
Energy savings, reduction in painting and vehicle services	-610,000
Curriculum Writing Cadre Reduction	-593,200
Increase in Field Trip Reimbursement—Negative Expenditure Line Item	-450,000
Institute 30 day waiting period for health benefits	-500,000
Transfer software maintenance to Instructional Materials Allotment (IMA) funds	-265,775
Election Costs	-160,000
Premier Redesign	-150,000
Summer program reduction for nursing services already budgeted and tutoring support	-60,000
Community In Action Network	-30,000
Reduction in use of emergency pagers	-40,000
Total	-\$23,580,025

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.

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.

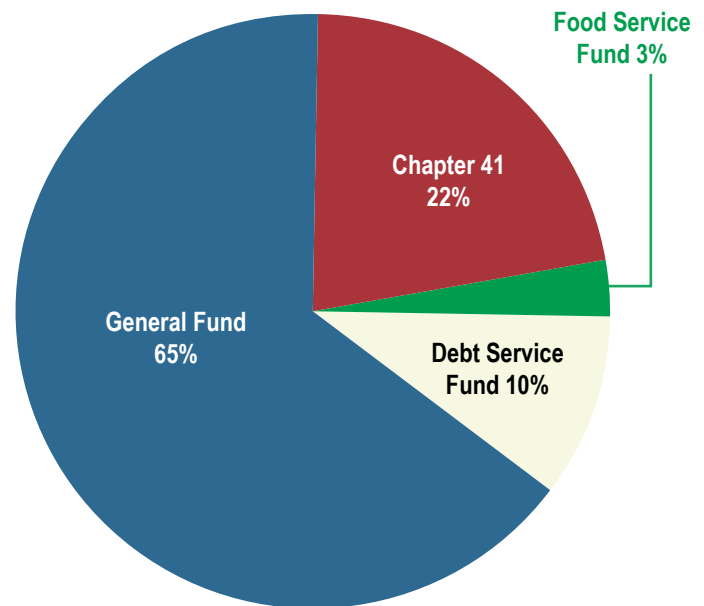
The proposed expenditure budget for the three primary funds totals \$1,119,110,397. The fund balance will be used to make up for shortfalls in revenue.

What is Recapture?

Recapture, which represents 22 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.

Fund	Revenue	Expenditures
General Fund	936,574,366	969,191,094
Food Service	40,886,129	40,886,129
Debt Service	98,130,528	109,033,174
	\$1,075,591,023	\$1,119,110,397

FY2016 Preliminary Budget Expenditures: Governmental Funds



The Chapter 41 provision recaptures local tax dollars from “property-rich” districts to provide state funding for “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.

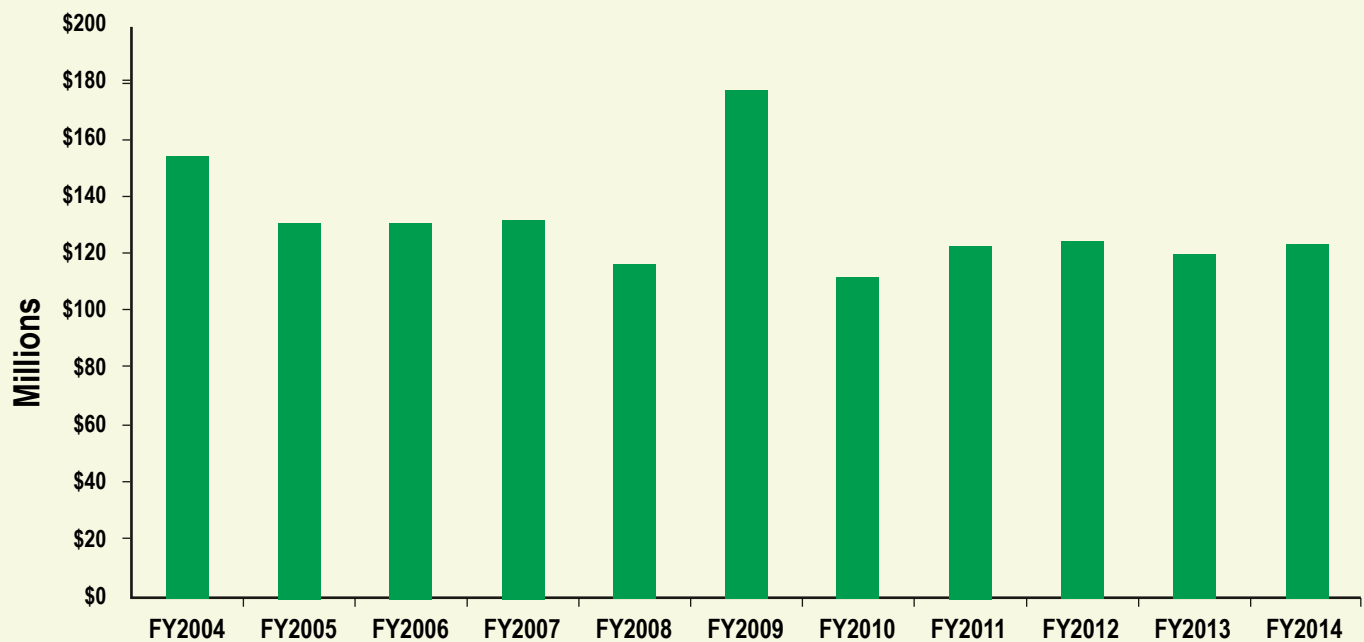
In FY2016, the district projects a \$67.3 million increase in recapture from the prior year adopted budget. Approximately 28.6 percent of all local tax revenue collected will be subject to recapture.

In FY2016, AISD anticipates the district will submit \$242.9 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. Over the last ten years through FY2014, AISD has paid \$1.45 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.

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.

Chapter 41 Payments FY2004-2014



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 6.7 percent or roughly \$54.1 million as a result of increased property tax values and a high collection rate. However, due to the state's recapture formula which essentially caps the amount of revenue the district can receive through the use of equalized wealth level thresholds, it is projected that 28.6 percent of revenue

FY2016 General Fund Revenue Sources	
Local	91.4%
State	6.1%
Federal	2.5%

generated locally will go to the state for redistribution, rather than staying in the district in FY2016. AISD is projected to generate revenue about the target in FY2016 without any additional assistance from the state.

Under the target revenue system, which is scheduled to expire at the end of FY2017, school districts are guaranteed to receive at least 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 delivers additional funding to meet the guaranteed amount. However, if a school would receive more than the target revenue based on Texas' funding formula, the state is not required to deliver any additional state aid. Therefore, because of declining enrollment and rising property values, the district will have \$12.5 million less operating revenue in FY2016 when compared to the FY2015 Adopted Budget.

Revenue Source	FY2015 Adopted Budget	FY2016 Preliminary Budget	\$ Change	% Change
Local	802,185,672	856,242,966	54,057,294	6.3%
State	57,648,608	57,057,837	-590,771	-1.0%
Federal	21,929,637	23,273,563	1,343,926	5.8%
Total	881,763,917	936,574,366	54,810,449	5.9%
Less:				
Recapture:	175,539,902	242,863,788	67,323,886	27.7%
Operating Revenue	706,224,015	693,710,578	-12,513,437	1.8%

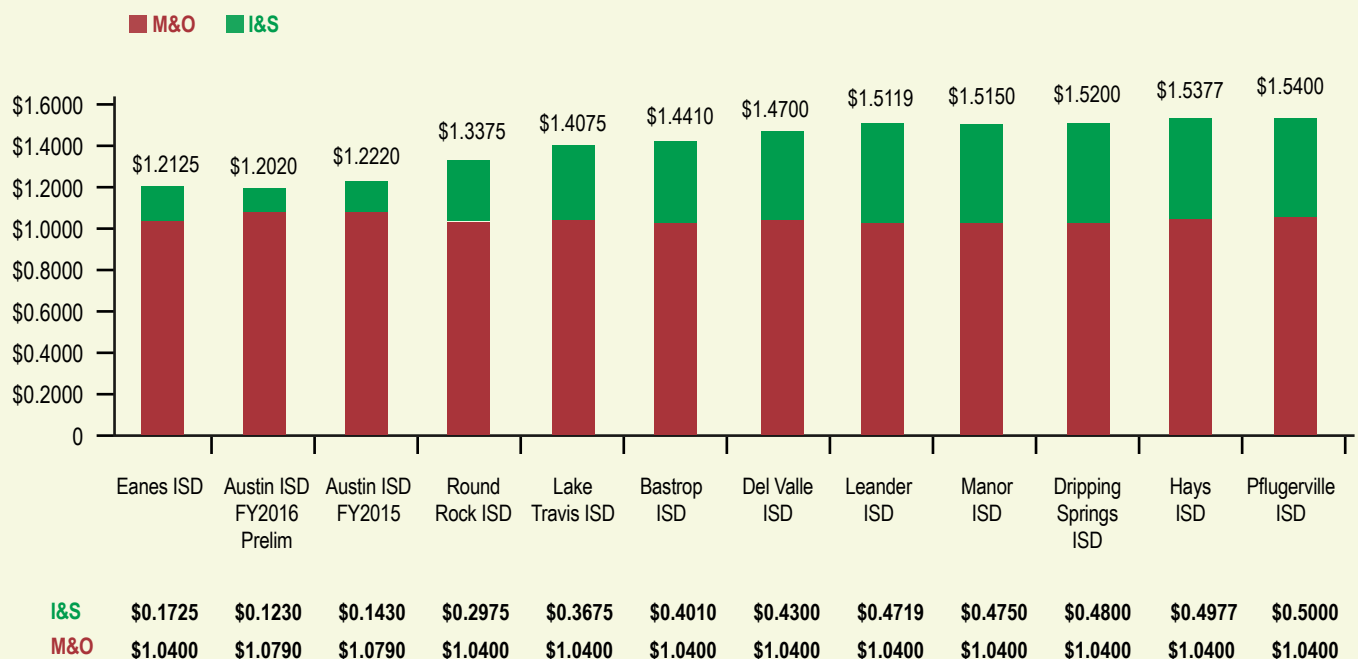
Tax Rates

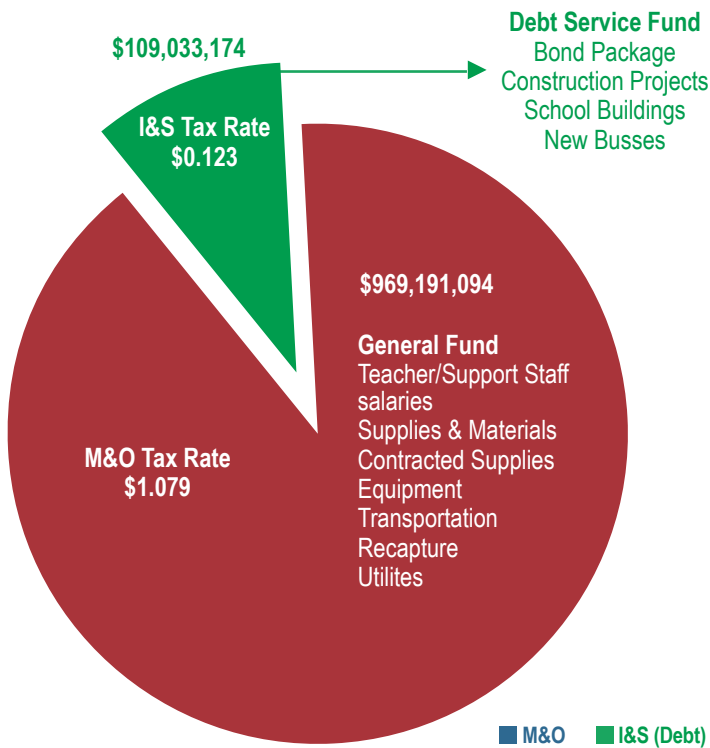
There are two types of tax rates set: Maintenance and Operation (M&O), the rate applied to the tax base to support the General Fund Budget, and the Interest & Sinking (I&S) tax rate, the rate applied to the tax base to cover the bonds approved by taxpayers. Increases to the M&O tax rate are subject to recapture while I&S tax rate increases are not. The current proposed FY2016 Preliminary Budget assumes no increase in the M&O tax rate currently at 1.079 of \$100 of taxable value. The debt service tax rate is projected to decrease from the FY2015

level of \$0.143 per \$100 of taxable value to \$0.123 per \$100 of taxable value in FY2016, as a result of projected increases in certified property tax values. This will be the second year in a row the I&S tax rate will decrease. In FY2014, the I&S tax rate was \$01.63 per \$100 of taxable value.

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 with the Preliminary FY2016 budget.

FY2015 Austin Area Tax Rates





Taxable Values Affect Local Revenue

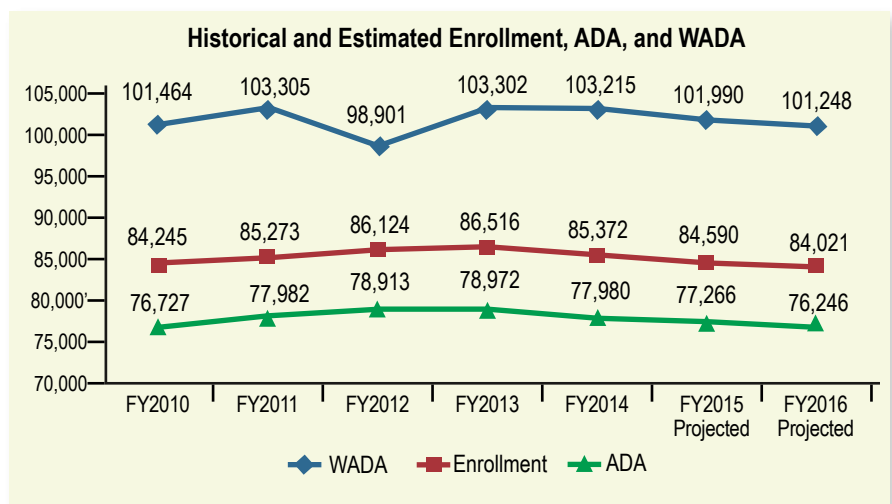
A key component of revenue estimation is taxable values. The following chart depicts the historical and projected taxable values for the district. Taxable value is projected to increase in 2015, by 5.5 percent and by 5 percent in FY2016. Preliminary taxable values will not be available until early May, and the actual final certified taxable values will not be available from the appraisal district until late July 2015. Since the FY2016 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 FY2016

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	63,187,538,509
2014 Certified	71,054,210,722
2015 Projected	74,951,367,922
2016 Projected	78,698,936,318

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, 0.98 in FY2013 and later restored to 1.0 in FY2014. 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 and increased to 0.9263 in FY2014. The district is projecting a decrease in WADA, enrollment and ADA from FY2015 to FY2016. 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, Expenditures and Fund Balance Forecast

The following table models the impact of certain revenue and expenditure assumptions on the ending unreserved fund balance through FY2019. 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 becomes available.



General Fund Forecast

	Actual FY2013-14	Adopted FY2014-15	Amended FY2014-15	Forecast FY2015-16	Forecast FY2016-17	Forecast FY2017-18	Forecast FY2018-19
Revenue							
Local Sources	\$733,130,919	\$802,185,672	\$817,649,179	\$856,242,966	\$896,303,444	\$938,504,913	\$978,084,359
State Sources	62,544,644	57,648,608	60,205,373	57,057,837	56,861,477	56,733,061	56,621,837
Federal Sources	22,198,036	21,929,637	23,300,901	23,273,563	23,287,570	23,295,579	23,295,579
Other Resources	1,075,523	51,000	51,000	51,000	51,000	51,000	51,000
Total Revenue & Other Resources	818,949,122	881,814,917	901,206,453	936,625,366	976,503,491	1,018,584,533	1,058,053,775
Expenditures							
Operating Expenditures-Baseline	714,470,997	731,126,443	733,700,701	726,327,306	712,037,729	713,427,814	714,565,919
Chapter 41	123,694,773	175,539,902	182,434,263	242,863,788	272,264,367	319,091,330	363,117,466
Total Budget	838,165,770	906,666,345	916,134,964	969,191,094	984,302,096	1,032,519,144	1,077,683,385
Other Uses	53,755	81,000	81,000	81,000	81,000	81,000	81,000
Total Revenue & Other Uses	838,219,525	906,747,345	916,215,964	969,272,094	984,383,096	1,032,600,144	1,077,764,385
Budget Gap (Est)	(19,270,403)	(24,932,428)	(15,009,511)	(32,646,728)	(7,879,605)	(14,015,591)	19,711,610
Projected Year End Unspent Based on Data as of 1/31/15		18,346,493	8,582,556	8,927,511	8,481,135	8,057,079	7,654,225
Net Change to Fund Balance (Est)	(19,270,403)	(6,585,935)	(6,426,955)	(23,719,217)	601,530	(5,958,512)	(12,057,385)
Fund Balances- September 1 (Beginning)	240,230,810	220,960,407	220,960,407	214,533,452	190,814,235	191,415,765	185,457,253
Fund Balances- August 31 (Ending)	220,960,407	214,374,472	214,533,452	190,814,235	191,415,765	185,457,253	173,399,868
Categories of Ending Fund Balance							
Assigned	26,606,228	22,113,678	22,113,678	17,690,942	17,514,033	17,338,893	17,165,504
Non Spendable	10,033,623	7,810,315	7,810,315	7,810,315	7,810,315	7,810,315	7,810,315
Committed		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unassigned	184,320,556	179,450,479	179,609,459	160,312,978	161,091,417	155,308,045	143,424,049
% Unassigned/Expenditures	21.99%	19.79%	19.61%	16.54%	16.37%	15.04%	13.31%



Where the Money Goes

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

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.

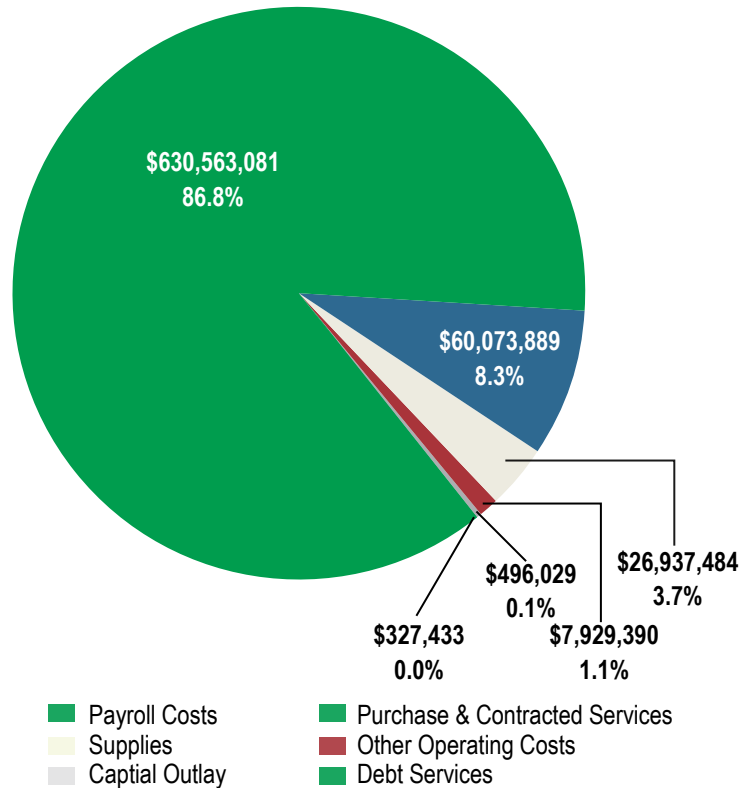
To see how the school tax portion of your annual property taxes pay for all of the services provided by the Austin Independent School District, please visit our interactive web site at www.austinisd.org/budget/mytaxdollar.

General Fund Functional Area	FY2016 Preliminary Budget	% of Budget
Instruction	431,897,105	59.6%
Instructional Resources & Media Services	10,850,956	1.5%
Curriculum & Staff Development	12,068,464	1.7%
Instructional Administration	13,000,320	1.8%
School Administration	49,120,708	6.8%
Guidance & Counseling Services	20,178,476	2.8%
Attendance & Social Work Services	4,562,200	0.6%
Health Services	6,224,304	0.9%
Pupil Transportation	27,614,702	3.8%
Co-Curricular Activities	13,653,109	1.9%
Subtotal Instruction and Student Support	589,170,344	81.2%
General Administration	18,086,242	2.5%
Community Services	4,585,193	0.6%
Subtotal Central & Community Services	22,671,435	3.1%
Plant Maintenance	75,859,981	10.4%
Security & Monitoring Services	9,939,909	1.4%
Data Processing Services	18,485,459	2.5%
Facilities Acquisition & Construction	1,546,604	0.21%
Payments-Shared Services Arrangements	2,540,295	0.35%
Debt Services	496,029	0.07%
Other Intergovernmental Charges	5,617,250	0.77%
Subtotal Operations & Infrastructure	114,485,527	15.8%
Grand Total	726,327,306	100.0%

A Business of People

A school system is an enterprise that is highly dependent on human capital. In AISD, when recapture is excluded, 86.8 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.



General Fund by Major Object	FY2015 Adopted Budget	FY2016 Preliminary Budget	\$ Change	% Change
Payroll Costs	\$631,344,968	630,563,081	(781,887)	-0.12%
Purchase & Contracted Services	61,787,836	60,073,889	(1,713,947)	-2.85%
Supplies	28,414,395	26,937,484	(1,476,911)	-5.48%
Other Operating Costs	8,549,002	7,929,390	(619,612)	-7.81%
Capital Outlay	883,000	496,029	(386,971)	-78.1%
Debt Services	147,242	327,433	180,191	55.03%
Totals	731,126,443	726,327,306	(4,799,137)	-0.66%



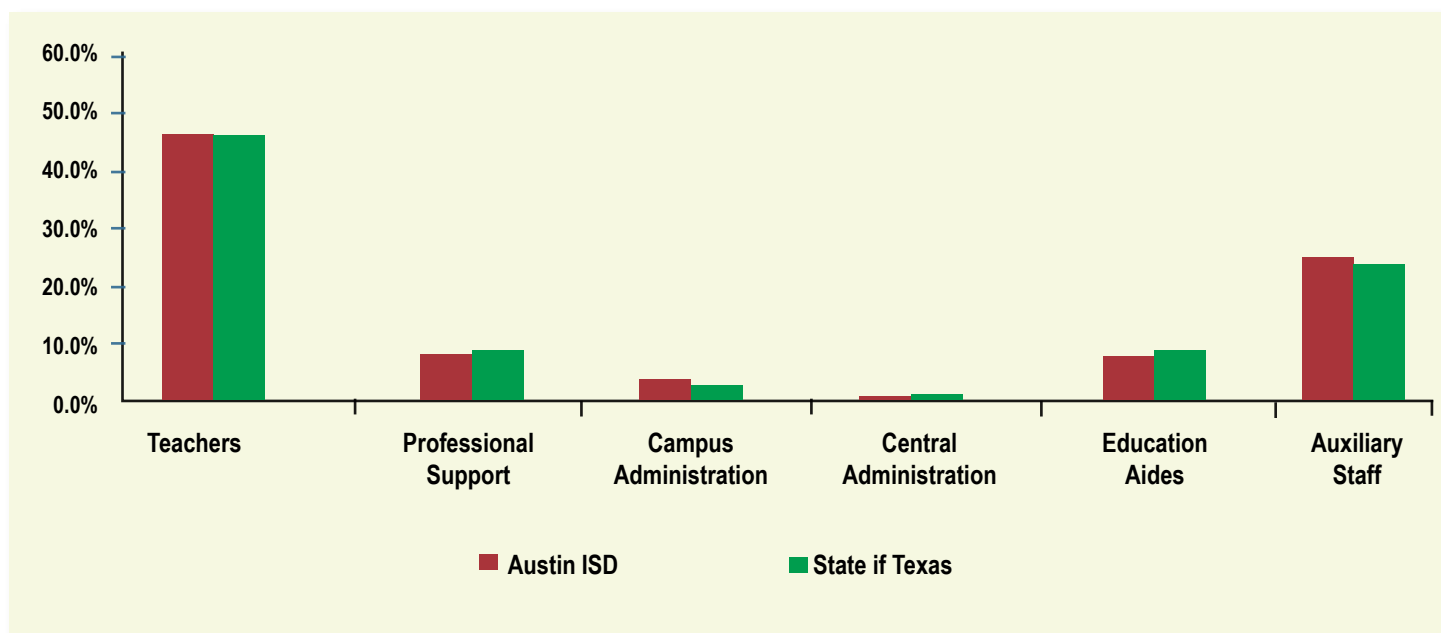
Positions by Type

The Preliminary FY2016 budget accounts for 11,227 full-time equivalents (FTEs), a decrease of 242 FTEs from FY2015 levels of 11,645 FTEs. AISD's workforce is comprised primarily of teachers, representing 51.1 percent of all positions. Education aids and auxiliary staff represent 8.2 percent and 27.4 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 FY2014, the most recent year comparative data is available, AISD staffing for central administration was relatively low, despite public perception.

Positions by Type	Austin ISD	State of TX
Teachers	51.1%	51.0%
Professional Support	8.7%	9.3%
Campus Administration	4.0%	2.9%
Central Administration	0.6%	1.0%
Education Aides	8.2%	9.4%
Auxiliary Staff	27.4%	26.3%

FY2013 Austin ISD and the State of Texas





General Fund

The following report reflects three years of actual prior year data, the current year adopted budget and the preliminary FY2016 budget.

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Adopted	FY2016 Preliminary
Revenues					
Local Sources	\$657,285,559	\$681,210,937	\$733,130,919	\$802,185,672	\$856,242,966
State Sources	152,343,733	101,842,960	62,544,644	57,648,608	57,057,837
Federal Sources	28,660,836	21,198,081	22,198,036	21,929,637	23,273,563
Total Revenues	838,290,128	804,251,978	817,873,599	881,763,917	936,574,366
Expenditures by Function					
Instruction	387,832,534	405,059,180	413,246,668	435,281,112	431,897,105
Instructional Resources & Media Services	11,296,385	10,416,323	10,627,806	10,905,972	10,850,956
Curriculum & Staff Development	12,934,425	11,621,141	12,920,457	11,939,131	12,068,464
Instructional Administration	11,491,638	11,392,639	12,934,881	12,215,675	13,000,320
School Administration	45,219,914	46,944,290	49,422,884	48,306,683	49,120,708
Guidance & Counseling Services	19,801,639	21,142,457	20,799,962	19,772,912	20,178,476
Attendance & Social Work Services	4,449,880	4,606,795	4,734,718	4,700,181	4,562,200
Health Services	5,640,115	5,899,754	5,297,262	6,182,904	6,224,304
Pupil Transportation	26,910,368	27,426,020	29,076,177	28,148,642	27,614,702
Co-Curricular Activities	13,969,923	14,446,166	15,381,387	13,499,513	13,653,109
General Administration	15,869,304	17,762,523	17,279,030	17,845,731	18,086,242
Plant Maintenance	77,920,016	81,552,581	82,425,257	77,918,209	75,859,981
Security & Monitoring Services	9,185,740	9,981,578	9,834,643	9,835,693	9,939,909
Data Processing Services	17,419,549	18,418,185	17,989,145	18,718,224	18,485,459
Community Services	4,719,914	4,747,400	4,641,614	5,639,832	4,585,193
Debt Services	1,046,903	812,565	333,608	883,000	496,029
Facilities Acquisition & Construction	3,096,226	(548,380)	1,101,730	1,519,000	1,546,604
Chapter 41 Recapture	124,582,632	120,069,626	123,694,773	175,539,902	242,863,788
Payments-Shared Services Arrangements	1,641,539	2,028,668	2,246,712	2,360,388	2,540,295
Other Intergovernmental Charges	3,539,139	4,239,735	4,230,810	5,453,641	5,617,250
Total Expenditures	798,567,783	818,019,246	838,219,525	906,666,345	969,191,094
Excess (Deficiency) of Revenues Over Expenditures	39,722,345	-13,767,268	-20,345,926	-24,902,428	-32,616,728
Other Financing Sources (Uses) Other Resources	992,241	1,711,925	1,075,523	51,000	51,000
Other Uses	-7,044,255	-49,920	0	-81,000	-81,000
Total Other Financing Sources (Uses)	-6,052,014	1,662,005	1,075,523	-30,000	-30,000
Estimated outstanding purchase orders and unspent balances at year end				18,346,493	8,927,511
Net Change in Fund Balances	33,670,331	-12,105,263	-19,270,403	-6,585,935	-23,719,217
Fund Balances September 1 (Beginning)	218,665,742	252,336,073	240,230,810	220,960,407	214,533,452
Fund Balances August 31 (Ending)	252,336,073	240,230,810	220,960,407	214,374,472	190,814,235
Less Assigned Fund Balance	-54,234,837	-43,631,241	-36,639,851	-34,923,993	-30,501,257
Ending Fund Balance- Unassigned	198,101,236	196,599,569	184,320,556	179,450,479	160,312,978

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.

As required by the United States Department of Agriculture (USDA), the district will increase meal prices by \$0.25 in FY2016 to offset the increasing cost of food.

Debt Service Fund

The debt service fund includes the annual payments for commercial paper and the fixed-rate debt. It is supported with revenue from the I&S tax rate, which is not subject to recapture. The debt service tax rate is projected to decrease from the FY2015 level of \$0.143 per \$100 of taxable value to \$0.123 per \$100 of taxable value in FY2016, as a result of projected increases in certified property tax values. This will be the second year in a row the I&S tax rate will decrease. In FY2014, the I&S tax rate was \$01.63 per \$100 of taxable value.

Food Service Fund

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Adopted	FY2016 Preliminary
Revenues					
Local Sources	\$7,055,162	\$7,378,990	\$6,836,753	\$8,361,201	\$7,879,777
State Sources	936,262	1,009,862	1,106,029	1,146,327	1,146,327
Federal Sources	28,943,522	29,405,602	29,480,817	31,384,025	31,860,025
Total Revenues	\$36,934,946	\$37,794,454	\$37,423,599	\$40,891,553	\$40,886,129
Expenditures by Function					
Current					
Food Services	36,822,837	39,626,629	38,631,706	40,891,553	40,886,129
Plant Maintenance	9,466	0	0	0	0
Total Expenditures	36,832,303	39,626,629	38,631,706	40,891,553	40,886,129
Excess (Deficiency) of Revenues Over Expenditures	102,643	(1,832,175)	(1,208,107)	0	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
Net Change in Fund Balances	102,643	(1,832,175)	(1,208,107)	0	0
Fund Balances - Sept. 1 (Beginning)	9,405,888	9,508,531	7,676,356	6,468,249	6,468,249
Fund Balances - Aug 31 (Ending)	\$9,508,531	\$7,676,356	\$6,468,249	\$6,468,249	\$6,468,249



Debt Service Fund

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Adopted	FY2016 Preliminary
Revenues					
Local Sources	\$98,361,087	\$102,521,098	\$110,121,315	\$105,547,716	\$97,146,062
Federal Sources	984,466	941,642	913,585	900,083	984,466
Total Revenues	\$99,345,553	\$103,462,740	\$111,034,900	\$106,447,799	\$98,130,528
Expenditures by Function Debt Service	95,289,153	96,271,508	101,260,692	105,615,701	109,033,174
Total Expenditures	\$95,289,153	\$96,271,508	\$101,260,692	\$105,615,701	\$109,033,174
Excess (Deficiency) of Revenues over Expenditures	4,056,400	7,191,232	9,774,208	832,098	-10,902,646
Other Financing Sources (Uses)	0	116,492,130	169,017,860	0	40,886,129
Other Resources					
Other Uses	0	-115,841,952	168,393,049	0	0
Total Other Financing Sources (Uses)	0	650,178	624,811	0	0
Net Change in Fund Balances	4,056,400	7,841,410	10,399,019	832,098	-10,902,646
Fund Balances - Sept. 1 (Beginning)	21,399,083	25,455,483	33,296,893	43,695,912	46,698,592
Fund Balances - Aug 31 (Ending)	\$25,455,483	\$33,296,893	\$43,695,912	\$44,528,010	\$35,795,946



Resource Development and Partnership Support

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

- 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,
- Provide donor services to our philanthropic partners,
- 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

Financial support provided by corporate and philanthropic partners helps the district sustain the innovative initiatives that improve student academic achievement. 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 \$50 million dollars in funding.

Partnership Support

Through partnerships, schools leverage the strengths of

service providers and businesses to better address the whole child needs during and outside of the school day. Partners add indispensable value to our students by augmenting the services AISD can offer to students and families.

Currently, over 90 partners provide services to AISD students across the district’s 129 campuses. 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.

Strategic Investment

In determining how to secure and invest resources, choosing the right strategy is critical. Certain key elements must first be identified:

- What are the desired outcomes?
- What resources already exist?
- How can those resources be leveraged and optimized?
- What gaps cannot currently be met with those existing resources?

With this knowledge, a thoughtful development and investment plan can be created in order to achieve mutually beneficial outcomes with funding partners. OID leverages technologies such as the Youth Services Mapping (YSM), GIS mapping, Standard Aggregate Reporting (SAR) and Integrated Case Management (ICM) systems to better understand the relationship between needs, assets, gaps and outcomes.

Highlights Social and Emotional Learning Campaign

OID continues to raise funds for the districtwide Social and Emotional Learning (SEL) Initiative and provide stewardship to funding partners who are fulfilling multi-year commitments supporting the expansion of SEL to all



Andy Roddick Foundation Support of Afterschool Programming

OID worked in partnership with the Andy Roddick Foundation to facilitate a \$160,000 investment in afterschool programming at Pecan Springs Elementary School. Grant funds will be used to support costs associated with the afterschool program including staffing, program vendors and various supplies.

Austin Public Education Foundation

Since its creation in 1993, the Austin Public Education Foundation (APEF) has served a critical role in supporting AISD by serving as a fiscal agent for district initiatives. With OID leadership and support, the past year marked a pivotal turning point for APEF as it took tangible steps toward becoming a more proactive fundraising organization aligned with AISD's strategic plan and fiscal needs. The development of clear objectives, hiring a new staff position to lead its efforts and the recruitment of five new board members uniquely positions APEF to step into a new role of philanthropic leadership in support of AISD. Additionally, during 2014 APEF served as the primary fiscal agent for over \$900,000 in support of AISD programs.

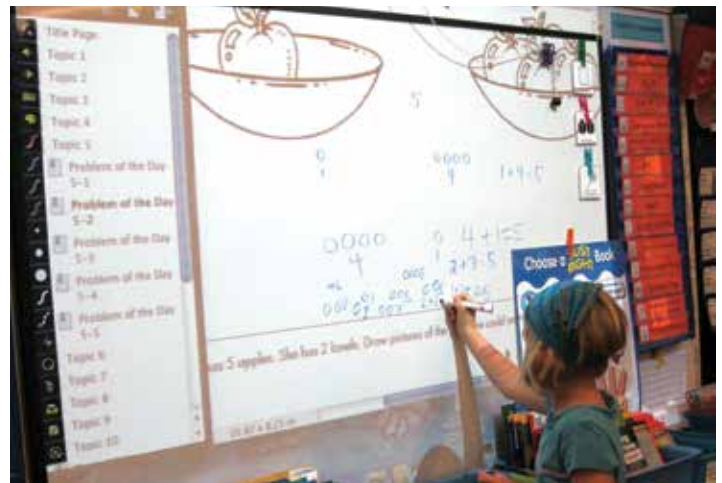
campuses by 2015-16. This year, the OID team worked with the SEL Department to secure \$250,000 from the NoVo Foundation to continue AISD's role as a participating district in the Collaborating Districts Initiative.

Creative Learning Initiative

OID collaborated with AISD's Fine Arts Department to secure approximately \$1 million from the U.S. Department of Education to support the district's Creative Learning Initiative over the next three years. Funding will allow the Fine Arts Department to hire additional arts-integration specialists, along with Kodály consultants to train, support and enhance job-embedded fine arts coaching to general classroom teachers and music specialists in Title I PK-12 schools. (Kodály, pronounced "Koh-diy", is a Hungarian-based collection of best practices designed for teaching general music in school settings.)

W.K. Kellogg Foundation Community Engagement Planning Grant

The OID team led the efforts to submit a \$330,000 planning grant to the W.K. Kellogg Foundation used to develop and initiate a community engagement process, enabling staff to identify the unique needs of a cohort of AISD elementary schools. Through this process, the district will better understand the barriers, gaps in services and untapped assets within a neighborhood while also cultivating trusting relationships with families. The district will partner with Austin Interfaith to train and deploy school staff and parents in best-practice community engagement strategies.





School Business Partnership Fair

The 2014 School Business Partnership Fair connected 93 community organizations and businesses with 334 campus leaders and was organized by OID, Austin Partners in Education and MINDPOP.

How OID Responds to Requests for Campus Support

OID helps campus staff find and secure the funding necessary to meet campus needs and goals. Our online grant database allows staff to search for current campus and non-profit grant opportunities.

(<http://www.austinisd.org/oid/grant-database>). OID also assists staff to develop and submit proposals, brainstorm workable ideas and project development, navigate possible collaborations with other grantees, and follow up with acknowledgements for the funding partner.

Outreach to Potential AISD Partners

Service providers, community organizations or businesses interested in partnering with AISD or needing partnership logistics can access a menu of contact points and information on the OID www.austinisd.org/oid/partners. The department also hosts widely publicized semi-annual partner meetings in order to gain face-to-face feedback on partner needs and perceptions.

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

The Board approved legislative priorities for the 84th legislative session on June 16, 2014. These priorities are being used to educate lawmakers and the public about issues of importance to our district during the 84th legislative session, which began January 13, 2015 and ends June 1, 2015. New legislation is not likely to affect the FY2015 budget, but securing sufficient state funding will be critical for future years.

School Finance Lawsuit

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 Texas Attorney General appealed the ruling to the Texas Supreme Court. The Texas Supreme Court announced it would hear the state's appeal, however, it is not expected to be heard until after the end of this year's legislative session.

Legislative Issues at Austin ISD

Accountability and Assessment

- Ensure adequate resources to support full implementation of HB 5, including the costs incurred in advising students, professional development and course development.

School Finance

1. Update the Transportation Allotment to allow Chapter 41 districts to apply the amount it would receive in transportation funding as a credit against the total amount of recapture.

- AISD would receive a credit of approximately \$6,082,759 in FY 2016 and FY 2017.
- Chapter 42 districts receive a transportation allotment.

2. Charge the Legislative Budget Board with updating the Cost of Education Index no later than a date certain. If the LBB does not update, the CEI will be automatically adjusted to the Consumer Price Index or some similar adjustment.

- The CEI has not been updated since 1991.
- The CEI attempts to adjust for varying economic conditions across the state, based mainly on the size of the district, the teacher salaries of neighboring districts, and the percentage of economically disadvantaged students in the district for the 1989–90 school year.



- The percentage of economically disadvantaged students in AISD has grown from 48.8 percent in 1994 to 61.2 percent in 2014.
- If CEI in Austin (currently 1.10) were the same as Houston (1.17), it would result in an increase to AISD of \$13 million in FY 2016 and \$13.2 million in 2017.

3. Improve funding for students who are at-risk and English language learners.

- These funding weights have not been adjusted since 1984, while the percentage of economically disadvantaged students in AISD has grown from 48.8 percent in 1994 to 61.2 percent in 2014, and the ELL population in AISD has nearly tripled in that same time period.
- Increase the current funding weight of 0.2 (TEC §42.152) to 0.3 or 0.4 to provide adequate funding to students at risk of dropping out of school. If the weight were increased to 0.3, AISD would receive an additional \$28,817,009 in FY 2016 and \$29,284,527 in FY 2017.
- If the bilingual weight were increased to 0.2, AISD would receive an additional \$11,017,676 in FY 2016 and \$11,248,492 in FY 2017.

4. Maintain funding to local districts to offset the increased cost of the newly required TRS contribution and contributions to social security.

- Last session, SB1458 mandated that beginning in FY 2015, school districts that do not contribute to Social Security for their employees would make monthly TRS contributions equal to 1.5 percent of members' compensation.

- AISD contributes \$33 million to the Social Security system for its employees.
- 48 other school districts participate in the social security system for some or all employees. These districts are at a competitive disadvantage in salaries when it comes to attracting and retaining teachers and other employees.
- If AISD were subject to the 1.5 percent TRS employer contribution, the estimate for the FY2015 contribution is \$6,814,972.

5. Enact legislation to exclude contributions made by school districts to the federal social security system from the amount subject to recapture by the state under Ch. 41, TEC.

- Social Security is a mandatory federal requirement that the district must pay.

6. Adopt flexible funding methodology that provides reimbursement to districts at a rate comparable to the regular Foundation School Program for districts implementing flexible school schedules.

- Under the regular FSP funding structure, local education agency (LEA) reimbursements are based on the total number of days students are present and eligible for funding.
- “Eligible days present” is subject to very rigid parameters, requiring students to attend school 5 days per week (Monday through Friday) and receive at least 4 hours of instruction per day and also requiring campuses to provide at least a seven-hour school day.
- A flexible funding methodology should be implemented that provides reimbursement at a rate comparable to the regular FSP

in order to accommodate students who cannot attend school five days a week due to personal circumstances and attend “twilight school” and for those who wish to participate in internship and CTE opportunities under HB 5.

7. Adequately fund the Instructional Materials Allotment to ensure districts are able to meet increasing costs and adequately fund required materials adoptions.

- Texas significantly modified its method of allocating resources for instructional materials in 2011 through passage of SB 6. SB 6’s removal of publishers’ maximum-cost limits has led to rapidly increasing costs for hard copy textbooks.
- The median cost of textbooks under Proclamation 2012 was \$50, and under Proclamation 2014, the median price was \$85—a 70 percent increase. (There was no Proclamation 2013.) A number of publishers are also charging the same price for hard copy textbooks as for digital textbooks.
- Restore fully funded technology resources to provide for continued innovation, including online testing and curriculum development.
- The Technology Allotment was replaced by the IMA, which basically eliminated funding for direct technology costs. The IMA that can be used for technology-related purchases is insufficient to adequately fund the state-adopted instructional materials, much less to fund technology hardware or software.
- The current funding levels leaves the burden to districts to fund continued innovation, including online testing and curriculum delivery technology initiatives.





(L to R) Ann Teich, District 3; Amber Elenz, Vice President, District 5; Julie Cowan, District 4; Paul Cruz, Ph.D., Superintendent; Dr. Ted Gordon, District 1; Kendall Pace, At Large 9; Robert Schneider, District 7; Gina Hinojosa, President, At Large 8; Paul Saldaña, District 6; Dr. Jayme Mathias, Secretary, District 2;

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 six 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 FY2016 Budget Process

September 2014

- Board Adopts FY2016 Budget Parameters and Budget Development Calendar

November 2014

- Board Reviews Assumptions, Staffing Formulas, Enrollment Projections, Staffing Guidelines and Fund Balance Condition

January 2015

- Revised Financial Forecast for FY2015-2019
- Budget Office Compiles Budget

April / May 2015

- Superintendent presents the Preliminary FY2016 Budget to the Board, Public and Media
- Community Meetings on the Preliminary FY2016 Budget
- Travis Central Appraisal District provides Preliminary Appraisal Values

June 2015

- Superintendent presents the Revised FY2016 Budget to the Board, Public and Media

July 2015

- Travis Central Appraisal District (TCAD) Certifies Appraisal Values

August 2015

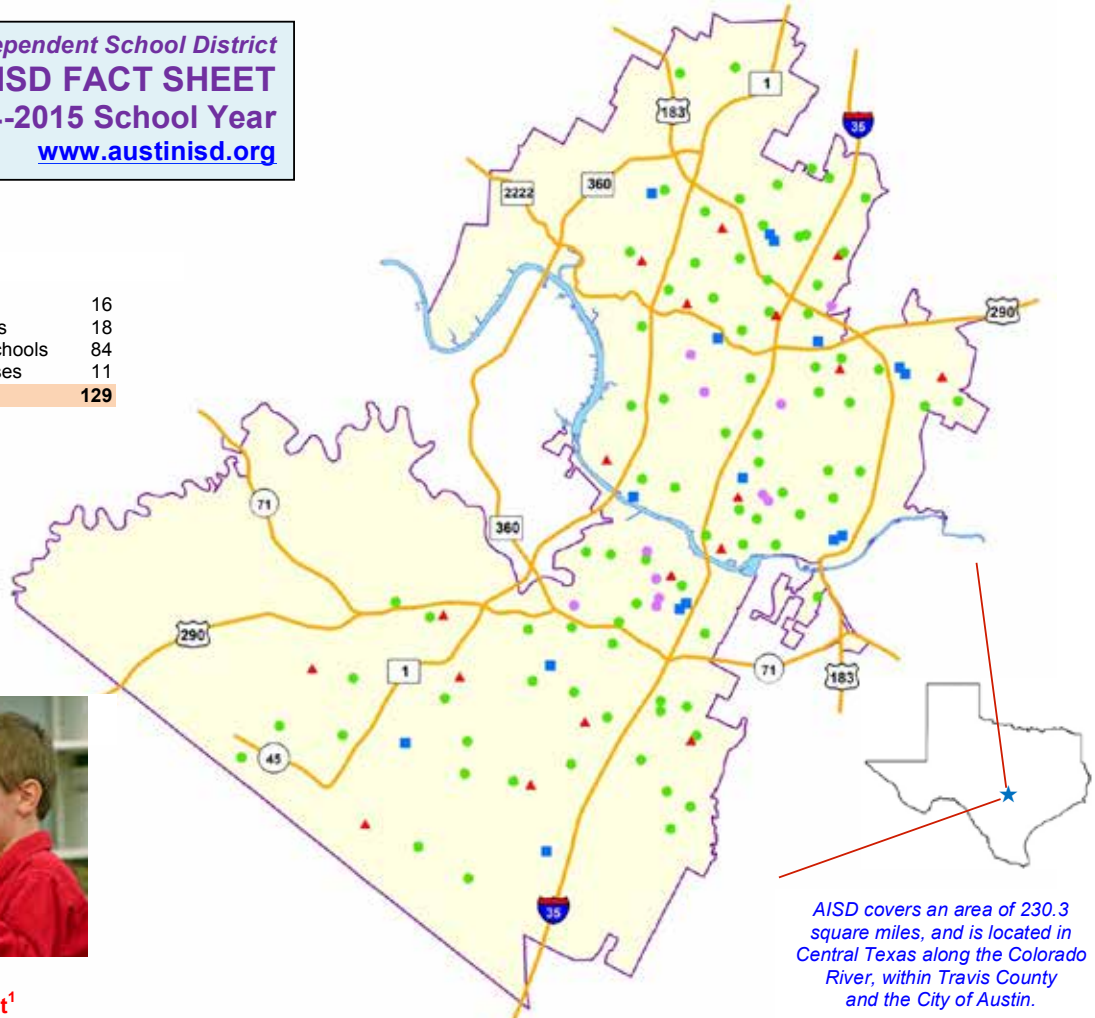
- Superintendent presents the Recommended FY2016 Budget to the Board, Public and Media
- Board Conducts Public Hearing on Proposed Budget and Tax Rate
- Board Adopts the FY2016 Budget and Tax Rate





Campuses

■ High Schools	16
▲ Middle Schools	18
● Elementary Schools	84
● Other Campuses	11
Total	129



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

Student Enrollment¹

Hispanic	50,353	(59.5%)
African American	6,762	(8.0%)
White	21,892	(25.9%)
Other	5,584	(6.6%)
Total	84,591	
Limited English Proficiency (LEP)	23,337	(27.6%)
Economically Disadvantaged (EcD)	50,487	(59.7%)
Special Education (SpEd)	8,549	(10.1%)

AISD Points of Pride

- ★ The Texas Education Agency awarded 205 distinction designations for outstanding performance to 70 AISD schools.
- ★ AISD has 261 National Board Certified Teachers – more than any school district in Texas.
- ★ AISD has 53 National Merit Semifinalists, 131 National Merit Commended Students, 20 Scholars for the National Hispanic Recognition Program, and 3 National Achievement Scholars.
- ★ AISD is the largest school district in the nation to earn the Anti-Defamation League's "No Place for Hate" designation.
- ★ U.S. News and World Report ranks 5 AISD high schools among the best in the nation.
- ★ Newsweek ranks AISD's Liberal Arts and Science Academy the #1 high school in Texas, and #8 in the nation.
- ★ AISD has the highest bond and State Financial Accountability ratings that school districts can earn in Texas. These ratings reflect AISD's stable financial management and operations, healthy reserves, and manageable debt profile, and save Austin taxpayers.

¹PEIMS Snapshot, November 2014

²American Community Survey, 2013

Employees

Teachers	6,369	(52.9%)
Other Professionals	3,162	(26.2%)
Auxiliary	2,522	(20.9%)
Total	12,053	

Budget

Operations	\$906,666,345	(86.1%)
Food Service	\$40,891,553	(3.9%)
Debt Service	\$105,615,701	(10.0%)
Total	\$1,053,173,599	
State Recapture	\$175,539,902	
Net Operations	\$877,633,697	
Total Tax Rate	\$1.242/\$100 valuation	
Bond Ratings	Aaa (Moody's), AA+ (S&P), AAA/AA+ (Fitch)	

Population within AISD Boundaries²

Total Population	= 687,792
Average Household Size	= 2.43
Home Language Not English	= 32.0%
Foreign Born	= 17.9%
Median Household Income	= \$55,226
Below Poverty Level	= 18.9%
Median Home Value	= \$243,000
Median Monthly Rent	= \$992
Renter Occupied Housing	= 55.7%
Different Residence 1 Year Ago	= 23.8%

Glossary of School Budget & Finance Terms

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

AMENDED BUDGET

Adopted budget plus/minus budget revisions.

ASSIGNED FUND BALANCE Amounts constrained by the 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 non-spendable, restricted, committed or assigned.

WADA (Weighted Average Daily Attendance)

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



AUSTIN
Independent School District



AUSTIN Independent School District

Read and download a copy of the FY2016 Preliminary Budget at
www.austinisd.org/publications

