

FY2017

AUSTIN Independent School District

PRELIMINARY BUDGET



A Message from the Superintendent

Austin ISD Community,

The Austin ISD budget reflects our values as a school community. Thank you to the AISD partners, staff and community members for their involvement and engagement through the budget process. The product is the result of their hard and thoughtful work.

By providing details of budget challenges, planning and analysis, this publication offers insight into our district's goals and priorities.

As we prepare students for college, career and life, our strategic investments are paying off.

AISD's graduation rate is at an all-time high of 86.3 percent. Our students' SAT scores exceed state and national averages. The vast majority of AISD schools met and exceeded the standards of the state's accountability system, with 73 of our schools earning a total of 220 academic distinction designations. And our students continue to outperform their peers on the Nation's Report Card, ranking among the top in math and reading.

A continued investment in Pre-K is laying the foundation for educational success for our youngest students. The district is prioritizing funding for full-day Pre-K for 4-year-olds and actively seeking funding partners for expansion of Pre-K for 3-year-olds.

We are furthering our commitment to excellence and innovation through the implementation of Professional Pathways for Teachers, the district's new appraisal and compensation system. PPFT is designed to reward teachers for outstanding performance and leadership, with the overarching goals of promoting professional development for teachers and increasing student achievement.

As AISD reinvents the urban school experience, our direction forward must have a strong, steady focus. Through careful budget planning, AISD is committed to supporting all students in achieving their potential.

Paul Cruz, Ph.D.
Austin ISD Superintendent





Change That Counts

This Preliminary Budget guide provides essential information on projected revenues and expenditures for FY2017 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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The AISD Strategic Plan Guides the District's Budget, Plans, Programs, and Initiatives

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

Strategic planning is a recognized best practice in accelerating an organization and keeping it on an upward trajectory. The strategic plan will provide us with focus and direction and position us to make continued progress into the future. This will be critical given our decreasing resources in the face of increasing academic standards.

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

Strategic Plan Development

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

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

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



The Superintendent led the process to combine the work of the Board and the input of district stakeholders to form a cohesive strategic plan. Under each of the Commitments in the Board's Strategic Plan Framework, the 5-Year Implementation Plan provides Strategies and Key Action Steps that will serve as the detailed work of the Superintendent and administration. As part of mutual commitments and expectations, the 5-Year Implementation Plan identifies offices of the district responsible for accomplishing each Key Action Step and providing annual status reports.

Strategic Plan Implementation

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

<http://www.austinisd.org/strategicplan>.

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

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

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

Annual Campus Improvement Plans (CIPs) are developed by each campus and will include alignments to the strategic plan. The CIPs provide campus-level commitments to implementing the strategic plan. The content and role of the strategic plan will be included in training provided to campus administrators and Campus Advisory Council (CAC) members.

The 5-Year Implementation Plan provides administrative commitments to implementing the strategic plan at the district level. Periodically, offices assigned responsibility for each Key Action step in the strategic plan will provide status reports.

In the autumn of each year, the Superintendent will lead a review of the strategic plan, to ensure that it remains current and strongly focused on the needs of the district. The Board will either reaffirm the Strategic Plan Framework and Scorecard or make revisions as needed, and the Superintendent and Senior Cabinet will do likewise with the 5-Year Implementation Plan. Also in the autumn of each year, the Superintendent will present a Strategic Plan Scorecard results report. This report will inform the annual State of the District address and the recommendations of the District Advisory Council (DAC) on strategic plan review and budget priorities.

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

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



Opening the Windows on the Budget Process: Transparency and Engagement

Recognizing the importance of providing sufficient time during the budget process for community members to discuss and debate challenging issues, 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 preliminary budget provides a first glance of the investment plan for the 2016-2017 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 June 2016. 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.

AISD's Continued Commitment to Students and Taxpayers

The overall design of the Texas accountability system is a performance index framework that addresses the state's statutory and policy goal that Texas will be among the top ten states in postsecondary readiness by 2020.

Campuses and districts are evaluated on performance indicators that are grouped into four indexes:

1. **Index 1: Student Achievement** is a snapshot of performance across subjects at the satisfactory performance standard.
2. **Index 2: Student Progress** provides an opportunity for diverse campuses to show the improvements they are making independent of overall achievement levels. The index score is based on the

number of students who meet or exceed the expected annual growth from one year to the next.

3. **Index 3: Closing Performance Gaps** emphasizes advanced academic achievement of the economically disadvantaged student group and the lowest performing race/ethnicity student groups at each campus and district.
4. **Index 4: Postsecondary Readiness** includes measures of high school completion, college readiness indicators, and STAAR performance at the postsecondary readiness standard. This index emphasizes the importance of attaining a high school diploma that prepares students with the foundation necessary for success in college, the workforce, job training programs, or the military.

To receive a Met Standard or Met Alternative Standard rating in 2015, a campus or district must meet the target on each index for which it has performance data as shown below:

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

Index targets will be adjusted annually as the performance index system is fully implemented and the final performance standards are phased in.

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

- Met Standard,
- Met Alternative Standard, or
- Improvement Required

2015 End-of-Course Results First-time Tested Students Percentage Meeting Level II (Phase-in 1) Satisfactory Standard

	Austin	Corpus Christi	Dallas	El Paso	Fort Worth	Houston	San Antonio	Ysleta	State
Algebra I	88	90	80	85	79	79	72	90	85
English I	70	60	58	66	60	58	52	70	71
English II	76	63	60	68	62	61	57	76	73
Biology	96	89	92	92	90	87	90	95	94
US History	94	91	92	88	88	88	87	94	92

STAAR assessments only

Source: TEA Reports, Spring 2015 EOC- First Time Teachers

The Texas Education Agency announced the final 2015 campus and district ratings on November 5, 2015. The Austin Independent School District received a rating of Met Standard, 111 campuses received ratings of Met Standard or Met Alternative Standard, seven campuses were rated Improvement Required, and nine campuses were not rated under the 2015 state accountability system.

STAAR® End-of-Course (EOC) Assessments

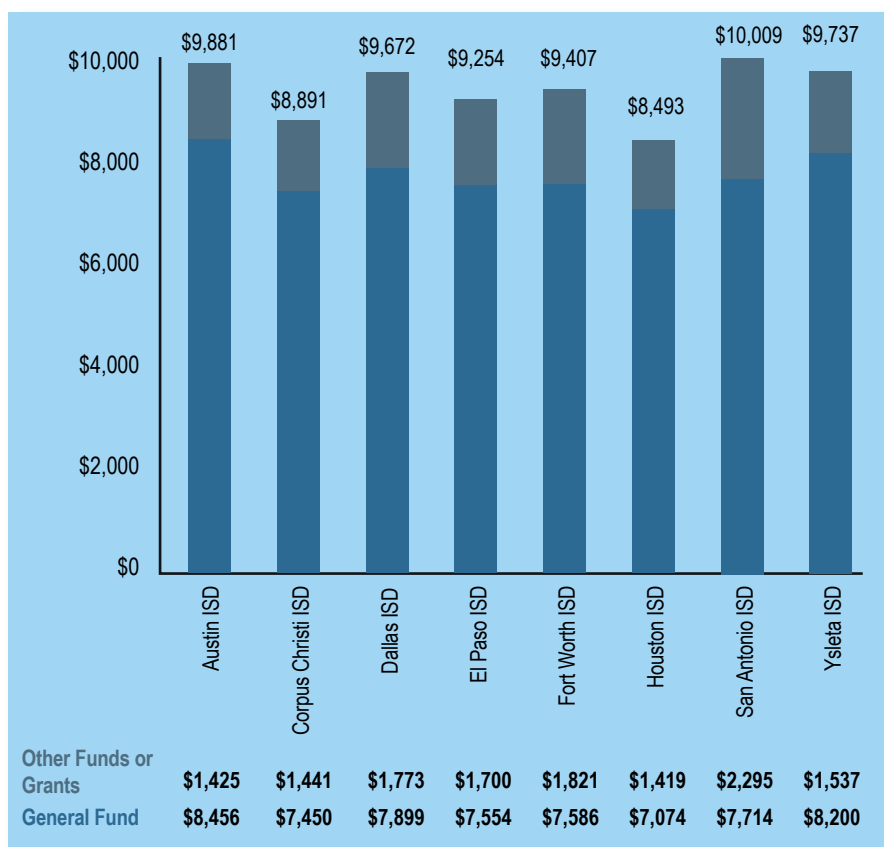
With the introduction of STAAR, students who entered high school in school year 2011-12 and beyond are required to meet graduation requirements on EOC assessments. The five EOC exams required for graduation are: English I, English II, Algebra I, Biology, and U.S. History. Passing standards for STAAR EOC are being phased in over a number of years, with final standards implemented in 2022 at the earliest.

AISD passing rates on STAAR EOC assessments exceeded the state passing rates on Algebra I, English II, Biology, and US History, and ranked first among comparable urban districts in English I (tie), English II (tie), Biology, and US History (tie).

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

- Top 25% Student Progress
- Top 25% Closing Performance Gaps
- Postsecondary Readiness
- Academic Achievement in Reading/English Language Arts
- Academic Achievement in Mathematics
- Academic Achievement in Science
- Academic Achievement in Social Studies
- In 2015, 73 AISD schools earned a total of 220 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 federal graduation rate of the Class of 2014 was 86.3 percent, an increase of 12 percentage points since 2008 and the highest AISD graduation rate ever recorded.

FY2015 Per Pupil Operating Expenditures



Source: TEA PEIMS Financial Standard Reports

- In 2015, 111 AISD schools earned the state's highest rating of Met Standard or Met Alternative Standard.
- In 2015, AISD led comparable districts for End of Course passing rates in English I (tie), English II (tie), Biology, and US History (tie).
- In 2015, AISD first-time testers exceeded the state passing average in four of the five End-of-Course assessments.
- The percentage of AISD schools that met 2015 accountability standards (86.7%) was second among comparable districts. The percentage of AISD schools rated "Improvement Required" is 5.4 percent and is a decrease from 2015. The rate is lower than the state (7.0) and second lowest among comparable urban districts.

Our Student Investment When Compared to Our Texas Urban Peers

In FY2015, the most recent year for which comparable data is available, Austin ISD spent \$9,881 per pupil, which ranks the second highest among urban school districts in Texas. San Antonio ISD had higher spending at \$10,009 per pupil. As illustrated in the graph, six out of eight urban districts spent more than \$9,000 per pupil in FY2015 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 \$33.3 million annually or \$395 per pupil in FY2015.

NAEP

Since 2005, AISD has participated in NAEP's Trial Urban District Assessment (TUDA) 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 2015 assessment of fourth and eighth grade students in reading and mathematics. The study provides an opportunity to benchmark progress over time as well as performance against students in other participating urban districts, large U.S. cities and the nation. 2015, AISD students continued to outperform their peers in large urban school districts on the Nation's Report Card, ranking among the top in both math and reading. As in previous years, AISD students significantly outperformed their peers in US large cities and most other TUDA districts.

Results were particularly strong for math, where AISD 4th and 8th grade students ranked second among the 21 urban districts participating in the TUDA. AISD students also significantly outperformed students in national public schools on the 4th grade math assessment. AISD also ranked second among the TUDA districts on the 8th grade reading assessment and fifth among the TUDA districts on the 4th grade reading assessment.

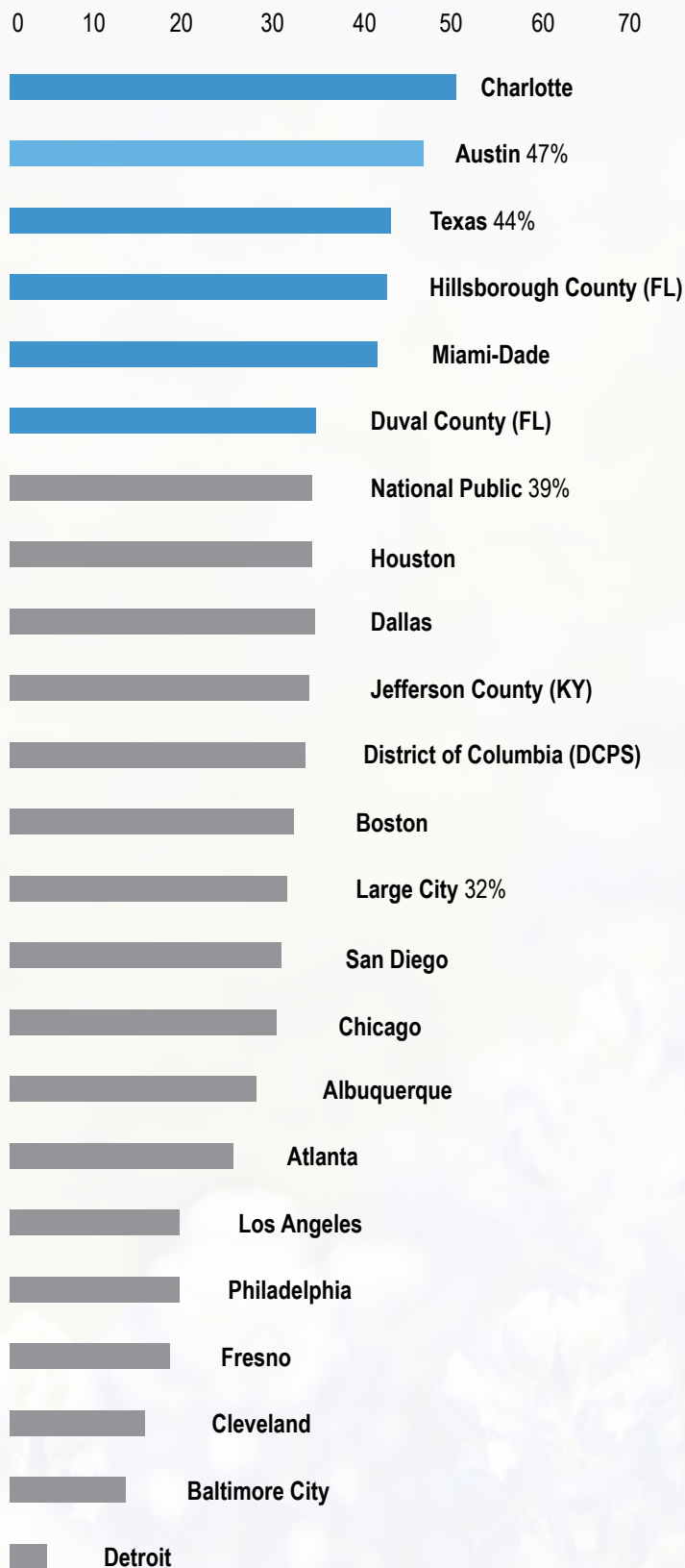
AISD's 4th grade students have consistently performed at or above students in Texas and in national public schools, and also have improved significantly over time. AISD's 8th grade students have performed similarly to students in Texas and in national public schools, but performed especially well in 2015, defying state and national declines from 2013 to 2015. However, AISD proficiency rates in 8th grade math declined significantly compared with proficiency in 2009.

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



NAEP Mathematics Grade 4 - Percentage of Students Proficient or Advanced

Austin's Students ranked second among 21 urban districts in fourth grade math, significantly outscoring students in national public schools.



Note. Austin's students significantly outscored students in districts/jurisdictions shown in gray; districts/jurisdictions shown in blue were not statistically different from Austin.

*For additional results, see the 2015 NAEP report at www.austinisd.org/dre

Sound Budgets and Strong Fiscal Management

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

- The lowest overall property tax rates in the Austin area for school districts in FY2016.
- 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.
- 2015 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement, for the 13th consecutive year.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for 12 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 for the sixth 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

It is projected AISD will serve more than 82,000 students in FY2017. After many years of enrollment growth, in FY2013 the district began to experience a decline in student enrollment. Overall, the student population in the district is expected to decrease over the next ten years. The decline has been driven by lower birth rates in the area, affordability, movement of student populations within and out of the district and a shift in demographics which indicate fewer families with school aged children living in the City of Austin. The district projects enrollment to decline by approximately 1,331 students from the Adopted FY2016 Budget to the FY2017 Preliminary Budget.

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

- Nearly 6 out of 10 children in AISD are from economically disadvantaged homes.
- For almost one in three (27.7%), English is not the first language.
- There are 94+ languages are spoken throughout the district.
- One in 10 children is classified as having a learning (or other) disability.

Higher Accountability Standards-Less Resources

School districts face an ongoing challenge

of implementing funding reductions while meeting rising academic expectations. Under 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 beginning in FY2015. The new requirements are expected to put financial pressure on the district's resources over the next several years.

AISD Received Nominal Increases to State Funding in FY2015



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 may decline 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.

Facilities and Bond Planning Advisory Committee (FABPAC)

Austin ISD is planning for the modernization of its school

The 84th legislative session ended on June 1, 2015. The legislature increased the basic allotment from \$5,040 to \$5,140 for both 2016 and FY2017.

As a result, the vast majority of increased funding available to the district in recent years has been driven primarily by local value growth. Texas voters also ratified an increase in the homestead exemption from \$15,000 to \$25,000 in November 2015. This measure provided some property tax relief for taxpayers across the state of Texas. Fortunately, the state funding formula also provided districts a hold harmless provision, so that the districts would not lose funding from the increase in the higher homestead exemption.

It is anticipated that school finance will again emerge as a critical issue when the 85th legislative convenes on January 10, 2017. This 85th legislative session will impact funding for FY2018 and FY2019.

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.



facilities, which may include future bond elections. The district, in conjunction with the community-based Facilities and Bond Planning Advisory Committee (FABPAC), is committed to conducting an inclusive and broad engagement process that includes a series of community meetings, and online and phone-based participation opportunities. As a result, Austin ISD and their facility planning consultant, Brailsford & Dunlavey (B&D), has released a survey to determine the best methods to engage Austinites in the facility and bond planning processes.

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

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

- Facility Equity – A global assessment of the equity of facilities among district campuses.
- Student population projections – Annual projections by the district's demographer of the number of students living in each school's

attendance area.

- Impact to maintenance and operations costs – How changes in current instructional programming or facilities would impact the local maintenance and operations budget.
- Strategic priorities – Priorities that are articulated in the district's Strategic Plan.
- Student transportation – A needs assessment of the district's transportation fleet that considers the age and condition of the fleet.
- Technology – Technology for instructional and administrative uses is funded through bond programs. The Technology Officer for Learning and Systems will be responsible for developing recommendations for the committee's consideration.
- Academic and Facility Recommendations – Academic and Facilities Recommendations (AFRs) support the District's long term goals, including the AISD Strategic Plan, as well as annual Board Priorities. The district engages the community through activities such as campus-based meetings and surveys to develop academic and policy recommendations to address many of the issues discussed in the Facility Master Plan, such as overcrowding and under-enrollment.
- The district's real estate portfolio – A description of the property and land owned by the district. A real estate assets plan is in development and feedback by the committee will be part of its work.
- Educational Adequacy Assessment – An assessment of a facility to evaluate how well the campus is physically equipped to deliver the instructional program.
- Facility Condition Index (FCI) – An indicator of a facility's condition obtained by dividing the repair costs by the replacement cost of the same building.
- Facility Condition Assessment – An evaluation of a school facility that identifies current site and building system deficiencies.
- Individual Campus Plans – A campus-based planning process through which the FABPAC engages all Campus Advisory Councils (CACs) to identify facility needs for the individual school programming and signature vertical team programming for consideration by the FABPAC for possible inclusion in a future bond program.
- Educational Specifications – A document that describes the current standards for program areas, equipment needs, technology needs, square footage, and other considerations for a new school. Used to compare existing school facilities and identify areas that vary from current standards to identify potential future projects.
- Functional Equity Assessment – An analysis of existing core facilities, including cafeterias, libraries, gymnasiums, and administrative space, as they relate to the desired program needs of the current curriculum, Educational Specifications and enrollment.

For more information on the Facilities and Bond Planning

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 \$33.3 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 12.2% of the total \$1.49 billion collected by the state in 2015. Under the state's "recapture" law, the district will be required to send a projected \$406.1 million to the state in FY2017. Even though

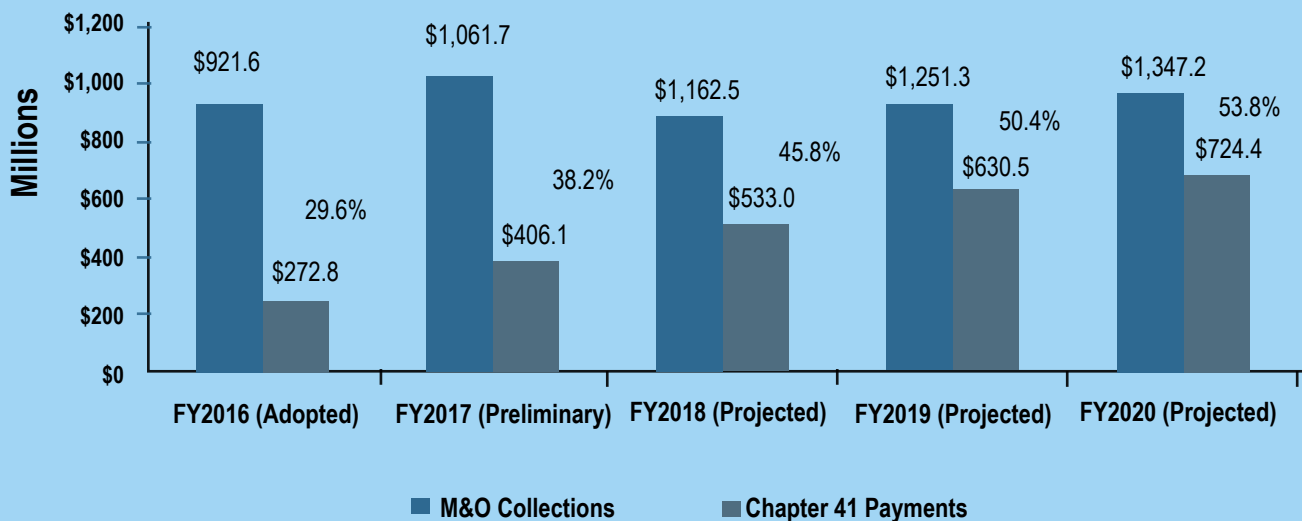
AISD is considered "property wealthy" under recapture, AISD serves a more diverse student population with costlier educational needs than the typical Chapter 41 district. Approximately 60% of the students that AISD serves, meet the federal definition of poverty and are considered economically disadvantaged and 27.7% have limited English proficiency.

From FY2002 through FY2016, AISD will have paid the state over \$2.1 billion in recapture payments, all of which comes from tax dollars generated in Austin. Recapture is projected to become a larger percentage of overall tax collections in future years. In FY2017, the district projects that approximately 38.2% of all local tax revenue collected will be sent to the state under recapture. By FY2019, more than a half of every tax dollar collected will go to the state. Therefore, it is important to realize increases to taxpayers' annual property tax bills do not necessarily translate into more revenue for the district. 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.

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

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





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. An adjustment to

the CEI index could provide additional revenue to AISD of anywhere from \$2 to 14 million if it were increased to the level of these other districts.

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

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

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 in FY2015 million and we anticipate costs will escalate over the next few years.

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 taking several steps to address declining enrollment. This includes a new out-of-district transfer policy, a targeted marketing plan and a revamped customer service effort. The district is responding to student needs with offerings like meals at after-school programs.

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

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

Rank	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1	Leander	Lake Travis	Lake Travis	Round Rock	Lake Travis
2	Lake Travis	Leander	Eanes	Lake Travis	Eanes
3	Eanes	Eanes	Leander	Eanes	Round Rock
4	Manor	Round Rock	Round Rock	Leander	Leander
5	Round Rock	Manor	Dripping Springs	Pflugerville	Manor
6	Pflugerville	Dripping Springs	Manor	San Marcos	Pflugerville
7	Austin	Del Valle	Del Valle	Del Valle	Hays
8	Del Valle	Austin	Austin	Manor	Austin
9	Georgetown	Hays	San Marcos	Hays	San Marcos
10	Hays	San Marcos	Hays	Austin	Del Valle

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 8 out of 10 among our neighboring districts in teacher pay, and 9 out of 9 among the top urban district in Texas.

Professional Pathways for Teachers (PPfT)

PPfT is a collaboration between Austin Independent School District, Education Austin, and American Federation of Teachers to design a Human Capital System that blends appraisal, compensation and professional development. This work focuses resources on building the capacity of our teachers through a comprehensive system of supports and rewards with the ultimate goal of impacting student achievement.

The district has convened a working group of teachers, principals, administrators, and Education Austin to develop a system that includes the following:

- A teacher appraisal that includes multiple measures
- A compensation system that includes years of service, performance, leadership, and professional development through a system of professional pathways
- Professional Development that ties back to the appraisal to meet individual needs and also provides for leadership growth

Initiated in response to new state requirements, the PPfT

Appraisal is a refined appraisal system based on the lessons learned from REACH and the AISD pilot appraisal as well as best practices in evaluation from across the nation. This work focuses on professional growth for teachers through a system of feedback and reflection.

Compensation for teachers is a high priority for Austin ISD. Austin ISD has created a framework that gives teachers ownership of their careers and salary. PPfT looks to create a new system in which teachers can choose a pathway that best suits their needs and aspirations while valuing high-quality teaching and professional development.

The AISD compensation system is about teacher ownership, teacher choice, and teacher development. Teachers will be able to engage in personalized and collaborative professional development and receive points for their high quality teaching. For more information on PPfT, please visit: <https://www.austinisd.org/ppft>



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

Rank	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1	Fort Worth	Fort Bend	Cypress Fairbanks	Cypress Fairbanks	Cypress Fairbanks
2	Dallas	Fort Worth	Northside (SA)	Fort Worth	Fort Worth
3	Houston	Houston	Houston	Fort Bend	Houston
4	Fort Bend	Dallas	Dallas	Dallas	Fort Bend
5	Northside (SA)	Northside (SA)	Fort Bend	Northside (SA)	Northside (SA)
6	Cypress Fairbanks	Cypress Fairbanks	Fort Worth	Houston	Dallas
7	El Paso	El Paso	El Paso	El Paso	San Antonio
8	San Antonio	San Antonio	San Antonio	San Antonio	El Paso
9	Austin	Austin	Austin	Austin	Austin

Budget Planning

A Multiyear Fiscal Strategy for FY2017 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 FY2017 budget cycle, and the other, longer-term budget pressure is how each item plays out during the five-year period from FY2016 to FY2020.

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 after FY2017.

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.

Leveraging Resources

Austin ISD has been in discussions with the City of Austin about the possibility of a tax swap in future years to enable greater tax payer efficiency. Under the tax swap proposal, some social services programs would be assumed by the City of Austin, as they serve a municipal purpose. Accordingly, Austin ISD would lower its tax rate due to no longer providing the services, and the city would raise its tax rate just enough to cover those services.

The goal of a tax swap is to maximize the use of local property tax dollars in Austin. While Austin ISD is subject to recapture under Chapter 41 of the Texas Education Code, the City of Austin is not subject to the state recapturing a portion of its local property taxes. Further analysis will be done in spring 2016 by both Austin ISD and the City of Austin on the feasibility and advisability of pursuing a tax swap.



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

Stabilizing the Budget in 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. 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 utilized fund balance reserves to offset budget shortfalls for three years from FY2013 through FY2015. 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. The district was able to balance the budget in FY2016 and FY2017, but is facing budget deficits beginning in FY2018.

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:

- Restructuring custodial services including evening schedules net of night differential pay

- Allowing out-of-district students 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
- Health plan redesign savings

Salary Increases

Amidst a tough fiscal climate, in the past four 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 recognized the need to make these compensation increases permanent in FY2015, 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 towards closing teacher pay gaps. In FY2016, the Board adopted a 3 percent salary increase for all employees which cost the district \$14.7 million. The FY2017 Preliminary Budget includes a 3% salary increase across the board. The preliminary budget also includes an increase to the minimum hourly wage to \$13.00. The Board and the administration will be discussing employee compensation throughout the budget process.



Expenditure Budget Increases and Decreases

From the FY2016 Adopted Budget to the FY2017 Preliminary Budget

A summary of changes from the FY2016 Adopted Budget to the FY2017 Preliminary Budget is shown below, providing an overview of budget changes from the current year to the next year:

Baseline Increases

Salary Adjustment	\$15,030,000	
Increase minimum hourly rate to \$13.00	\$1,382,947	
Audit Fee/ERP Increase & Election Fees	\$20,495	
Insurance and Bonding Costs	\$24,304	
Property Appraisal & Collection Fees	\$734,280	
Shared Service- Blind/Deaf Payment to State	\$404,274	
Utilities including water, gas and electricity	\$623,043	
Establish fund for CALT program to train teachers on the "Academic Language Therapists Program". This program was previously funded by Title I/State	\$140,000	
TRS Matching Contribution	\$759,002	\$19,118,345

Expanding Existing Programs

Expand the GPS Software for Viewing Bus Arrivals	\$75,000	
UIL Mandated Rate Increase	\$75,000	
Expand campus based technology team from 5 FTEs to 25 FTEs	\$1,145,676	
Dyslexia Evaluation to All Students Suspected of Having Dyslexia - Mandated (3.0 FTEs)	\$198,429	
Health and Physical Education	\$10,000	
Equipment to provide online and mobile ticketing for athletic contests	\$40,000	\$1,544,105

New Programs

Software Asset Management	\$325,000	\$325,000
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Increase in Chapter 41 Estimate	\$133,301,665	\$133,301,665
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Total Increases		\$154,289,115
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Budget Decreases

Reduction of payroll costs resulting from decrease in enrollment	-\$3,916,402	
FTE/CAC/Campus Non-Classroom Positions	-\$1,480,487	
Strategic Compensation Initiative	-\$1,000,000	
Savings for custodial services including evening schedules net of night differential	-\$615,840	
Health Plan Savings	-\$2,411,139	
Curriculum Writing Cadre Reduction	-\$298,046	
Total Decreases		-\$9,721,914

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.

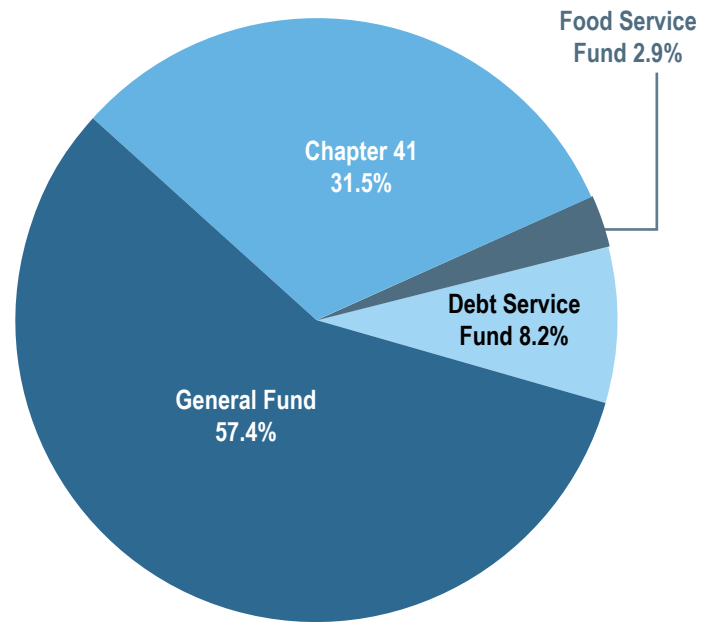
The expenditure budget on which the Board of Trustees is required to take action comprises the three primary funds, known as the Governmental Funds (general, food service and debt service funds). Special Revenue Funds and Capital Funds are not being presented, as they are approved separately, when final 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 \$1,289,591,115. The preliminary budget projects a balanced budget in FY2017.

What is Recapture?

Recapture, which represents 31.5 percent of AISD's governmental funds, is a function of Chapter 41 of the

FY2017 Preliminary Budget Expenditures: Governmental Funds



Texas Education Code, which equalizes educational spending across school districts that have varying amounts of property wealth.

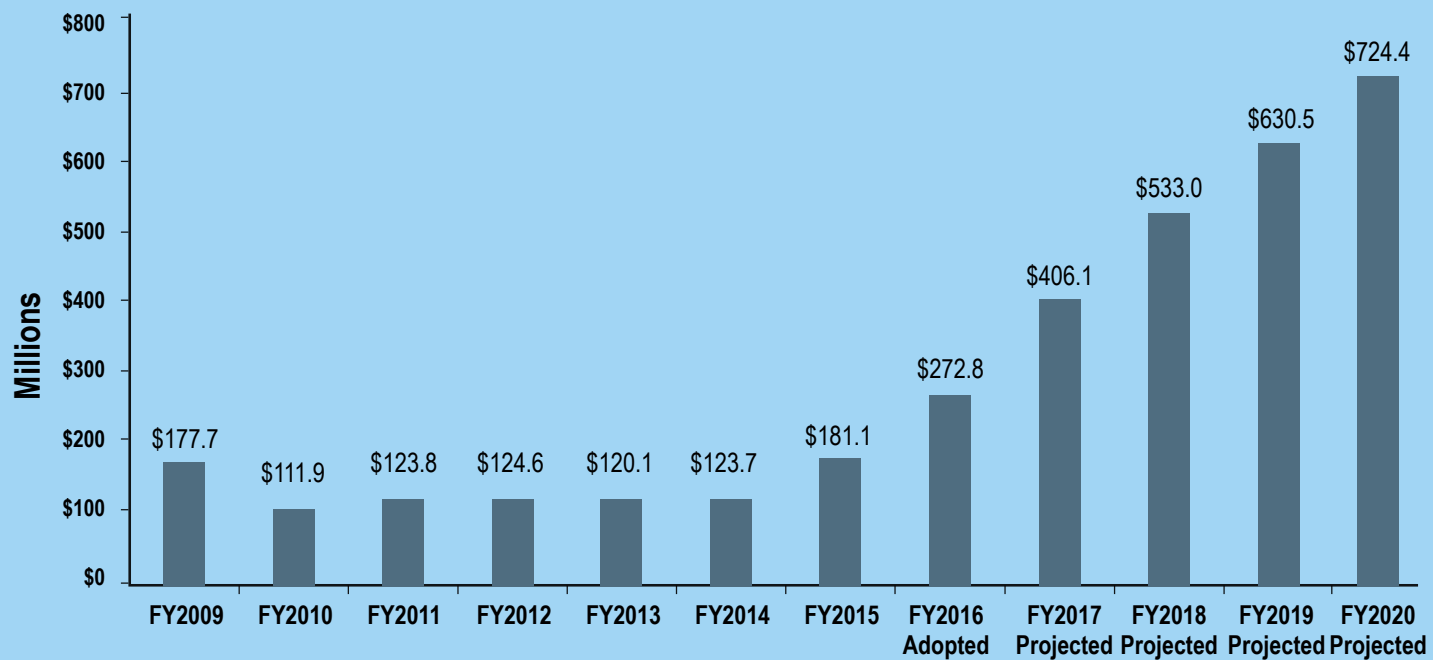
The Chapter 41 provision recaptures local tax dollars from “property-rich” districts to provide state funding for “property-poor” districts. Under this law, “golden pennies” represent the 6 cents that school districts like AISD are allowed to retain in revenue above the one-dollar tax that is assessed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

In FY2017, the district projects a \$133.3 million increase in recapture from the prior year adopted budget. Approximately 38.2 percent of all local tax revenue collected will be subject to recapture.

In FY2017, AISD anticipates the district will submit \$406.1 million to the state in recapture funds. This amount is expected to increase from the prior year as a result of projected increases in the district's taxable property value and tax collections. From FY2002 to FY2015 AISD has paid almost \$1.9 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.

Fund	Revenue	Expenditures
General Fund	1,161,029,437	1,146,325,475
Food Service	36,801,100	36,801,100
Debt Service	114,053,927	106,464,540
	\$1,311,884,464	\$1,289,591,115

Chapter 41 Payments FY2009-2020



FY2017 General Fund Revenue Sources	
Local	92.3%
State	5.7%
Federal	2.0%

General Fund: Where the Money Comes From

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

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

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

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

Local Revenue

The vast majority of AISD's funds come from local sources, mainly local property tax collections. Local revenue is expected to increase 15.1 percent or roughly \$140.6 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 38.2 percent of revenue generated locally will go to the state for redistribution, rather than staying in the district in FY2017. The district will have \$25.5 million more operating revenue in FY2017 when compared to the FY2016 Adopted Budget.

Tax Rates

There are two types of tax rates set: Maintenance and Operation (M&O), the rate applied to the tax base to support the General Fund Budget, and the Interest & Sinking (I&S) tax rate, the rate applied to the tax base to cover the debt associated with the bonds approved by taxpayers. Increases to the M&O tax rate are subject to recapture while I&S tax rate increases are not. The current proposed FY2017 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 FY2016 level of \$0.123 per \$100 of taxable value to \$0.113 per \$100 of taxable value in FY2017, as a result of projected increases in certified property tax values. This will be the third year in a row the I&S tax rate will decrease. In FY2014, the I&S tax rate was \$0.163 per \$100 of taxable value.

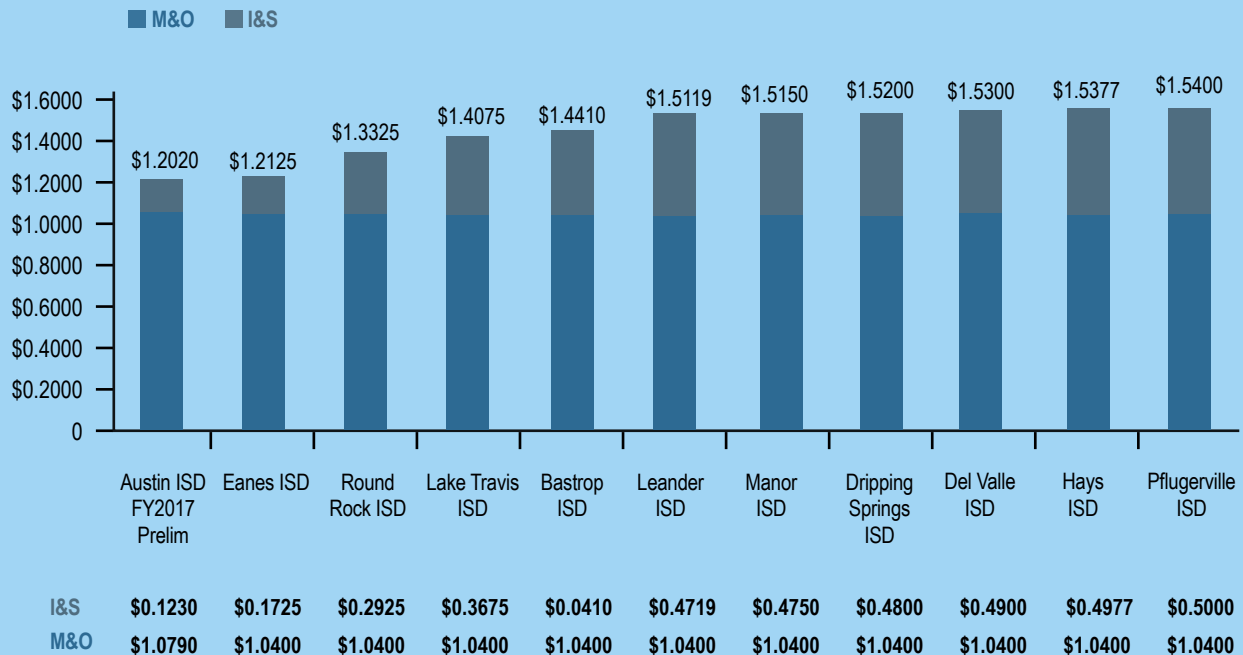
AISD has the lowest tax rate when compared to other local school districts in the metro area and it expects to maintain this position with the Preliminary FY2017 budget.

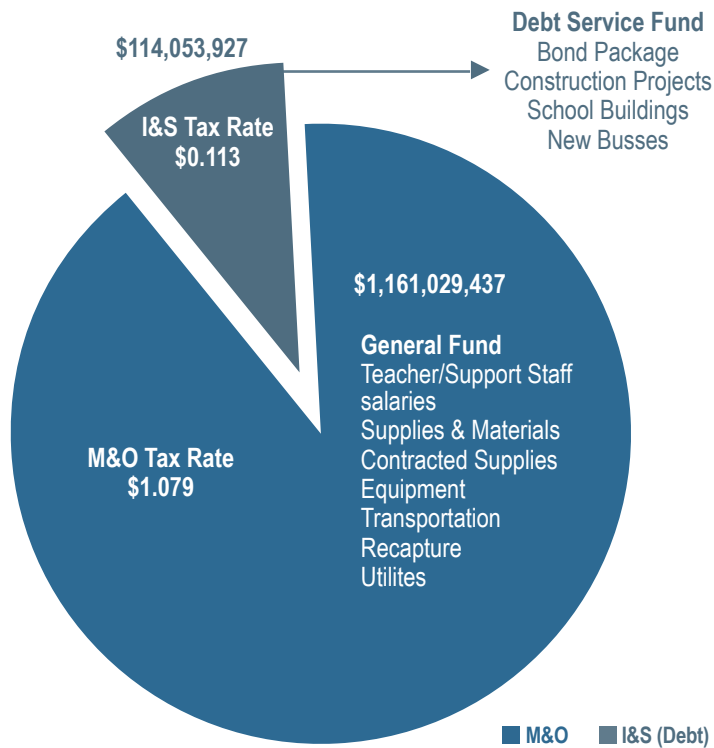
Revenue Source	FY2016 Adopted Budget	FY2017 Preliminary Budget	\$ Change	% Change
Local	930,485,500	1,071,040,297	140,554,797	15.1%
State	48,921,282	66,516,398	17,595,116	36.0%
Federal	23,273,563	23,472,742	199,179	0.9%
Total	1,002,680,345	1,161,029,437	158,349,092	15.8%
Less:				
Recapture:	-272,762,822	-406,064,487	-133,301,665	48.9%
Operating Revenue	729,917,523	754,964,950	25,047,427	3.4%



Tax Year as of Jan 1	School Year	Net Taxable Value
2007 Certified	2007-08	50,570,268,178
2008 Certified	2008-09	56,266,583,957
2009 Certified	2009-10	57,794,696,337
2010 Certified	2010-11	56,280,681,272
2011 Certified	2011-12	56,875,444,136
2012 Certified	2012-13	59,110,581,643
2013 Certified	2013-14	63,187,538,509
2014 Certified	2014-15	70,968,404,918
2015 Certified	2015-16	81,345,006,875
2016 Projected	2016-17	93,499,706,826

FY2016 Austin Area Tax Rates

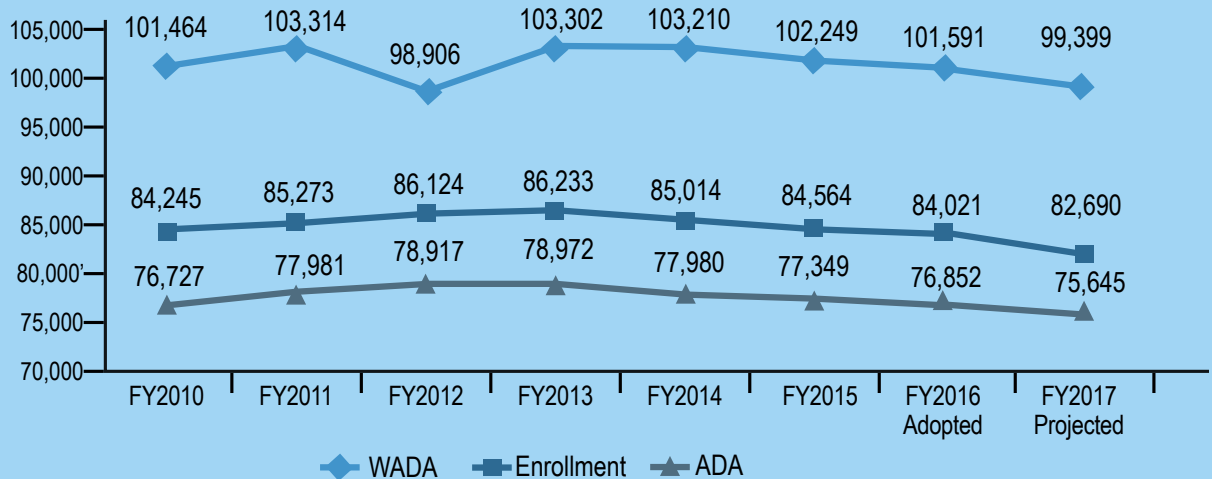




Taxable Values Affect Local Revenue

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 2016, by 14.94 percent. The actual final certified taxable values will not be available from the appraisal district until late July 2016. Since the FY2017 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 FY2017.

Historical and Estimated Enrollment, ADA, and WADA



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. Target revenue is being phased out in 2017. 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 FY2016 to FY2017. The following chart reflects historical and projected enrollment from FY2010 to FY2017 in terms of enrollment at the end of the first six-week period, annualized ADA and WADA.

Revenue, Expenditures and Fund Balance Forecast

	Actual FY2014-15	Adopted FY2015-16	Preliminary FY2016-17	Forecast FY2017-18	Forecast FY2018-19	Forecast FY2019-20
Revenue						
Local Sources	818,924,395	930,485,500	1,071,040,297	1,171,905,550	1,260,685,391	1,356,567,620
State Sources	62,523,918	48,921,282	66,516,398	56,356,020	56,110,930	55,901,026
Federal Sources	24,204,869	23,273,563	23,472,742	23,472,742	23,472,742	23,472,742
Other Resources	425,851	51,000	51,000	51,000	51,000	51,000
Total Revenue & Other Resources	\$906,079,033	\$1,002,731,345	\$1,161,080,437	\$1,251,785,312	\$1,340,320,063	\$1,435,992,388
Expenditures						
Operating Expenditures	728,197,558	728,986,455	740,260,988	742,021,379	744,487,518	748,068,962
Chapter 41	181,118,956	272,762,822	406,064,487	533,003,806	630,502,558	724,409,330
Other Uses	0	81,000	81,000	81,000	81,000	81,000
Total Expenditures and Other Uses	\$909,316,514	\$1,001,830,277	\$1,146,406,475	\$1,275,106,185	\$1,375,071,076	\$1,472,559,292
Estimated Budget Surplus (Deficit)	-\$3,237,481	901,068	14,673,962	-23,320,873	-34,751,013	-36,566,904
Estimated Savings from Fiscal Year Change to July 1 to June 30		40,000,000				
Projected Other Unspent at year end		17,456,799	8,481,135	8,057,079	7,654,225	7,271,514
Net Change to Fund Balance (Est)	-\$3,237,481	\$58,357,867	\$23,155,097	-\$15,263,794	-\$27,096,789	-\$29,295,391
Fund Balances- (Beginning)	220,960,408	217,722,927	276,080,795	299,235,892	283,972,097	256,875,309
Fund Balances- (Ending)	217,722,927	276,080,795	299,235,892	283,972,097	256,875,309	227,579,918
Categories of Ending Fund Balance:						
Assigned	18,430,045	17,690,943	17,514,033	17,338,893	17,165,504	17,165,504
Non Spendable	8,997,163	7,810,315	7,810,315	7,810,315	7,810,315	7,810,315
Committed	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unassigned	190,295,719	245,579,537	268,911,544	253,822,889	226,899,490	197,604,100
% Unassigned/Expenditures (Chapter 41 Included)	20.9%	24.5%	23.5%	19.9%	16.5%	13.4%
% Unassigned/Expenditures (Chapter 41 Excluded)	26.1%	33.7%	36.3%	34.2%	30.5%	26.4%

Where the Money Goes

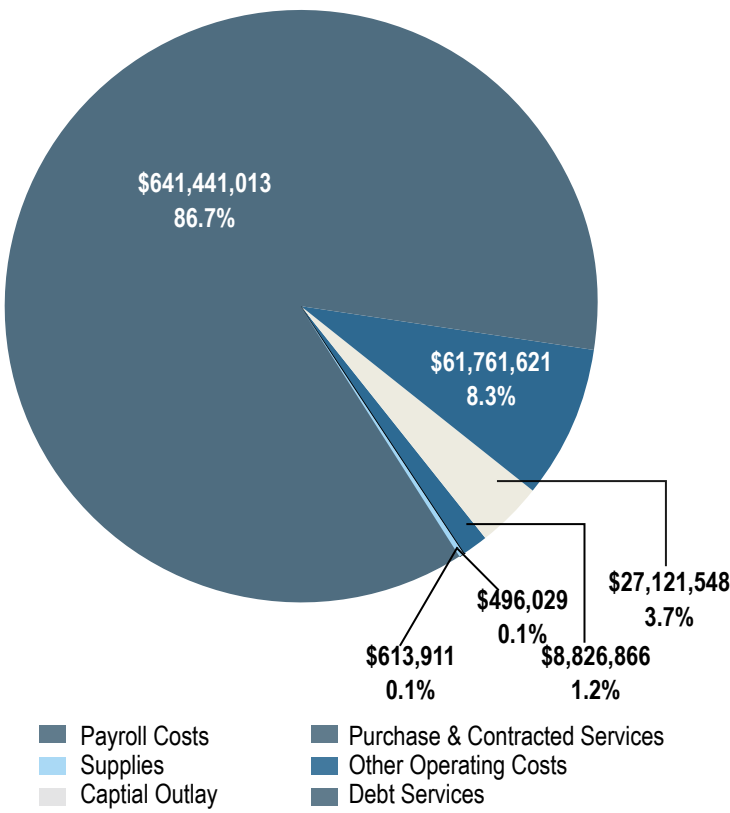
AISD continues to ensure resources are spent primarily on supports for schools and students. Nearly 60 percent of the general fund revenue is allocated directly towards instruction.

A significant portion of AISD's budget also is spent on maintenance and facilities. General administration represents just 2.6 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	434,615,014	58.8%
Instructional Resources & Media Services	10,749,320	1.5%
Curriculum & Staff Development	11,057,087	1.5%
Instructional Administration	12,832,511	1.7%
School Administration	50,804,509	6.9%
Guidance & Counseling Services	21,361,702	2.9%
Attendance & Social Work Services	5,378,403	0.7%
Health Services	6,251,114	0.8%
Pupil Transportation	28,156,374	3.8%
Co-Curricular Activities	14,510,762	2.0%
Subtotal Instruction and Student Support	595,716,796	80.6%
General Administration	19,332,602	2.6%
Community Services	4,445,549	0.6%
Subtotal Central & Community Services	23,778,151	3.2%
Plant Maintenance	77,598,415	10.5%
Security & Monitoring Services	10,516,947	1.4%
Data Processing Services	21,092,623	2.8%
Facilities Acquisition & Construction	1,665,000	0.2%
Payments-Shared Services Arrangements	3,045,497	0.4%
Debt Services	496,029	0.1%
Other Intergovernmental Charges	6,351,530	0.9%
Subtotal Operations & Infrastructure	120,766,041	16.3%
Grand Total	740,260,988	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, 86.7 percent of the budget is spent on personnel costs. Object class categories provide insight on the type of expenditures that are planned for the upcoming budget year. Payroll costs are the largest expenditure in the general fund.

General Fund by Major Object	FY2016 Adopted Budget	FY2017 Preliminary Budget	\$ Change	% Change
Payroll Costs	\$633,605,477	\$641,441,013	\$7,835,536	1.24%
Purchase & Contracted Services	60,114,439	61,761,621	1,647,182	2.74%
Supplies	26,367,776	27,121,548	753,772	2.86%
Other Operating Costs	8,073,801	8,826,866	753,065	9.33%
Capital Outlay	496,029	496,029	0	0.00%
Debt Services	328,933	613,911	284,978	86.64%
Totals	\$728,986,455	\$740,260,988	\$11,274,533	1.55%

Positions by Type

The FY2017 Preliminary Budget accounts for 11,197 full-time equivalents (FTEs), a decrease of 172 FTEs from FY2016 levels of 11,369 FTEs. AISD's workforce is comprised primarily of teachers, representing 50.7 percent of all positions. Education aids and auxiliary staff represent 7.2 percent and 28.3 percent, respectively. Central administration staff represents less than 1 percent of the workforce. Staff projections are based on maintaining a 22:1 student-teacher ratio at the K-4 elementary level.

AISD's staffing is in line with total average staffing in other Central Texas school districts and the state. In FY2015, the most recent year comparative data is available, AISD staffing for central administration was relatively low, despite public perception.

Governmental Funds:

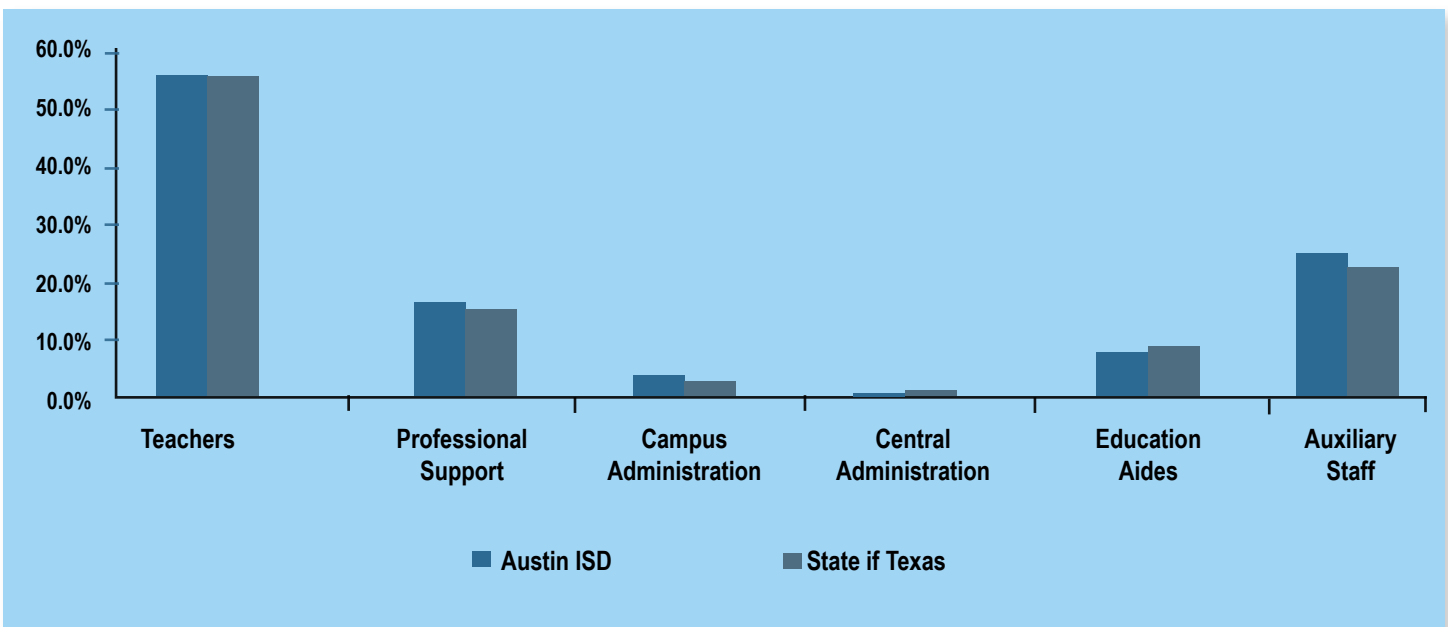
AISD's budget is organized in the following fund categories:

- The General Fund pays for salaries and benefits, classroom resources, campus cleaning and landscaping, transporting students, paying utility bills, providing clerical and administrative support—all the things schools and support centers need to operate on a daily basis.
- The Food Service Fund pays for the operation of the district's food service program.
- The Debt Service Fund pays the debt on bonds previously approved by district voters for building construction and renovation.

Positions by Type	Austin ISD	State of TX
Teachers	50.7%	50.8%
Professional Support	10.4%	9.7%
Campus Administration	2.9%	2.9%
Central Administration	0.5%	1.0%
Education Aides	7.2%	9.6%
Auxiliary Staff	28.3%	25.9%

Source: Texas Education Agency, Texas Academic Report 2014-15 District Profile

FY2015 Austin ISD and the State of Texas



FY2017 Preliminary Budget - Governmental Funds:

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

- The General Fund pays for salaries and benefits, classroom resources, campus cleaning and landscaping, transporting students, paying utility bills, providing clerical and administrative support—all the things schools and support centers need to operate on a daily basis.
- The Food Service Fund pays for the operation of the district's food service program.
- The Debt Service Fund pays the debt on bonds previously approved by district voters for building construction and renovation.

	General Fund	Food Service Fund	Debt Service Fund	Total
Revenues				
Local Sources	\$1,071,040,297	\$6,022,955	\$111,850,078	\$1,188,913,330
State Sources	\$66,516,398	\$1,174,651	\$1,303,766	\$68,994,815
Federal Sources	\$ 23,472,742	\$29,603,494	\$900,083	\$53,976,319
Combined Fund Revenue Total	\$1,161,029,437	\$36,801,100	\$114,053,927	\$1,311,884,464
Expenditures				
Instruction	\$434,615,014	0	0	\$434,615,014
Instructional Resources & Media Services	\$10,749,320	0	0	\$10,749,320
Curriculum & Staff Development	\$11,057,087	0	0	\$11,057,087
Instructional Administration	\$12,832,511	0	0	\$12,832,511
School Administration	\$50,804,509	0	0	\$50,804,509
Guidance & Counseling Services	\$21,361,702	0	0	\$21,361,702
Attendance & Social Work Services	\$5,378,403	0	0	\$5,378,403
Health Services	\$6,251,114	0	0	\$6,251,114
Pupil Transportation	\$28,156,374	0	0	\$28,156,374
Food Services		\$ 36,801,100	0	\$36,801,100
Co-Curricular Activities	\$14,510,762	0	0	\$14,510,762
General Administration	\$19,332,602	0	0	\$19,332,602
Plant Maintenance	\$77,598,415	0	0	\$77,598,415
Security & Monitoring Services	\$10,516,947	0	0	\$10,516,947
Data Processing Services	\$21,092,623	0	0	\$21,092,623
Community Services	\$4,445,549	0	0	\$4,445,549
Debt Services	\$496,029	0	\$106,464,540	\$106,960,569
Facilities Acquisition & Construction	\$1,665,000	0	0	\$1,665,000
Contracted Instructional Svcs-Public Schools	\$406,064,487	0	0	\$406,064,487
Payments-Shared Services Arrangements	\$3,045,497	0	0	\$3,045,497
Other Intergovernmental Charges	\$6,351,530	0	0	\$6,351,530
Combined Fund Expenditure Total	\$1,146,325,475	\$36,801,100	\$106,464,540	\$1,289,591,115
Excess (Deficiency) of Revenues Over Expenditures	\$14,703,962	0	\$7,589,387	\$22,293,349
Other Financing Sources (Uses)				
Other Resources	\$51,000	0	0	\$51,000
Other Uses	-81,000	0	0	-81,000
Total Other Financing Sources (Uses)	-30,000	0	0	-30,000
Net Change in Fund Balances	\$14,673,962	0	\$7,589,387	\$22,263,349
Fund Balance - September 1 (Beginning)	\$276,080,794	\$6,795,152	\$47,232,889	\$330,108,835
Fund Balance - June 30 (Ending)	\$290,754,756	\$6,795,152	\$54,822,276	\$352,372,184

General Fund

The following report reflects three years of actual prior year data, the current year adopted budget and the preliminary FY2017 budget.

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Adopted	FY2017 Preliminary
Revenues					
Local Sources	\$681,210,937	\$733,130,919	\$818,924,395	\$930,485,500	\$1,071,040,297
State Sources	101,842,960	62,544,644	62,523,918	48,921,282	66,516,398
Federal Sources	21,198,081	22,198,036	24,204,869	23,273,563	23,472,742
Total Revenues	\$804,251,978	\$817,873,599	\$905,653,182	\$1,002,680,345	\$1,161,029,437
Expenditures by Function					
Instruction	405,059,180	413,246,668	417,253,355	432,127,446	434,615,014
Instructional Resources & Media Services	10,416,323	10,627,806	10,670,892	10,924,614	10,749,320
Curriculum & Staff Development	11,621,141	12,920,457	12,683,581	12,163,348	11,057,087
Instructional Administration	11,392,639	12,934,881	13,513,543	13,224,221	12,832,511
School Administration	46,944,290	49,422,884	49,868,639	49,897,258	50,804,509
Guidance & Counseling Services	21,142,457	20,799,962	23,035,089	20,207,979	21,361,702
Attendance & Social Work Services	4,606,795	4,734,718	4,566,336	4,676,341	5,378,403
Health Services	5,899,754	5,297,262	5,694,259	6,228,661	6,251,114
Pupil Transportation	27,426,020	29,076,177	29,067,082	27,369,589	28,156,374
Co-Curricular Activities	14,446,166	15,381,387	15,751,680	13,684,024	14,510,762
General Administration	17,762,523	17,279,030	17,689,045	19,086,733	19,332,602
Plant Maintenance	81,552,581	82,425,257	85,939,696	76,156,169	77,598,415
Security & Monitoring Services	9,981,578	9,834,643	9,770,847	9,940,149	10,516,947
Data Processing Services	18,418,185	17,989,145	17,207,584	18,422,345	21,092,623
Community Services	4,747,400	4,641,614	4,973,026	4,576,472	4,445,549
Debt Services	812,565	333,608	507,084	496,029	496,029
Facilities Acquisition & Construction	-548,380	1,101,730	2,212,410	1,546,604	1,665,000
Chapter 41 Recapture	120,069,626	123,694,773	181,118,956	272,762,822	406,064,487
Payments-Shared Services Arrangements	2,028,668	2,246,712	2,526,261	2,641,223	3,045,497
Other Intergovernmental Charges	4,239,735	4,230,810	5,267,148	5,617,250	6,351,530
Total Expenditures	\$818,019,246	\$838,219,525	\$909,316,514	\$1,001,749,277	\$1,146,325,475
Excess (Deficiency) of Revenues Over Expenditures	-13,767,268	-20,345,926	-3,663,332	931,068	14,703,962
Other Financing Sources (Uses) Other Resources	1,711,925	1,075,523	425,851	51,000	51,000
Other Uses	-49,920	0	0	-81,000	-81,000
Total Other Financing Sources (Uses)	1,662,005	1,075,523	425,851	-30,000	-30,000
Estimated Savings from Fiscal Year Change to July 1 to June 30				40,000,000	
Projected unspent balances at year end	0	0	0	17,456,799	8,481,135
Net Change in Fund Balances	-12,105,263	-19,270,403	-3,237,482	58,357,867	23,155,097
Fund Balances September 1 (Beginning)	252,336,073	240,230,810	220,960,407	217,722,928	276,080,795
Fund Balances August 31 (Ending)	240,230,810	220,960,407	217,722,928	276,080,795	299,235,892
Less Assigned Fund Balance	-43,631,241	-36,639,851	-26,755,279	-30,501,257	-30,324,348
Ending Fund Balance- Unassigned	\$196,599,569	\$184,320,556	\$190,967,649	\$245,579,538	\$268,911,544

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 20,000 breakfasts, 46,000 lunches and 5,000 after school snacks and meals, over 10 million annually, at 130 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), it is projected the district will increase meal prices by \$0.10 in FY2017 to meet the USDA meal price equity requirement.



Food Service Fund

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Adopted	FY2017 Preliminary
Revenues					
Local Sources	\$7,378,990	\$6,836,753	\$6,691,611	\$7,879,777	\$6,022,955
State Sources	1,009,862	1,106,029	1,167,481	1,146,327	1,174,651
Federal Sources	29,405,602	29,480,817	29,097,171	\$31,860,025	29,603,494
Total Revenues	\$37,794,454	\$37,423,599	\$36,965,706	\$40,886,129	\$36,801,100
Expenditures by Function					
Current					
Food Services	39,626,629	38,631,706	38,186,584	40,886,129	36,801,100
Plant Maintenance	0	0	0	0	0
Total Expenditures	39,626,629	38,631,706	38,186,584	40,886,129	36,801,100
Excess (Deficiency) of Revenues Over Expenditures	-1,832,175	-1,208,107	-1,230,321	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	-1,832,175	-1,208,107	-1,230,321	0	0
Fund Balances - Sept. 1 (Beginning)	9,508,531	7,676,356	6,468,249	5,237,928	6,795,152
Fund Balances - Aug 31 (Ending)	\$7,676,356	\$6,468,249	\$6,468,249	5,237,928	6,795,152

Debt Service Fund

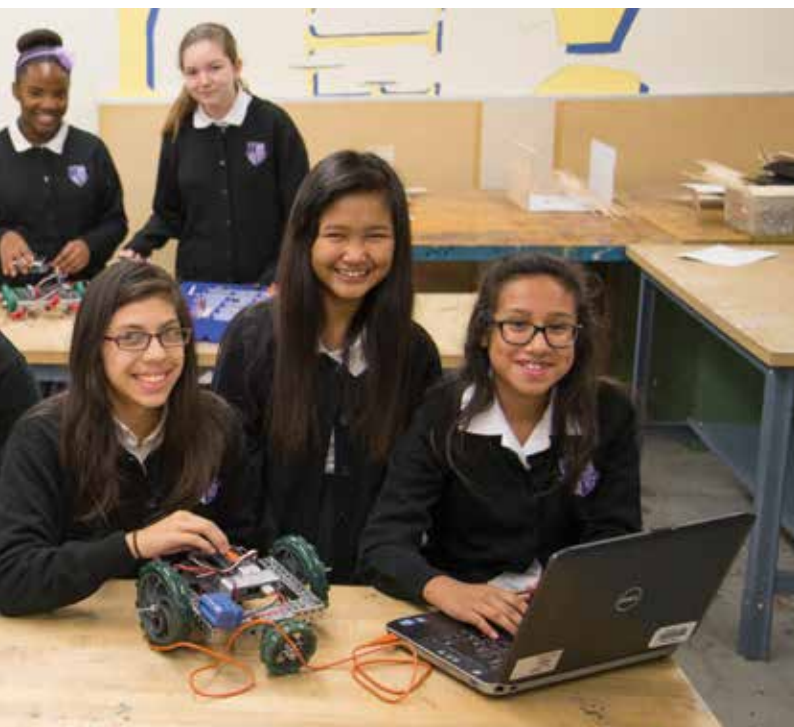
The debt service fund includes the annual payments for commercial paper and the fixed-rate debt. It is supported with revenue from the I&S tax rate, which is not subject to recapture. The debt service tax rate is projected to decrease from the FY2016 level of \$0.123 per \$100 of taxable value to \$0.113 per \$100 of taxable value in FY2017, as a result of projected increases in certified property tax values. This will be the third year in a row the I&S tax rate will decrease. In FY2014, the I&S tax rate was \$0.163 per \$100 of taxable value.

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



Debt Service Fund

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Adopted	FY2017 Preliminary
Revenues					
Local Sources	102,521,098	110,121,315	108,192,795	105,609,298	111,850,078
State Sources	0	0	0	0	1,303,766
Federal Sources	941,642	913,585	912,600	984,466	900,083
Total Revenues	\$103,462,740	\$111,034,900	\$109,105,395	\$106,593,764	\$114,053,927
Expenditures by Function Debt Service	96,271,508	101,260,692	105,377,100	109,033,174	106,464,540
Total Expenditures	\$96,271,508	\$101,260,692	\$105,377,100	\$109,033,174	\$106,464,540
Excess (Deficiency) of Revenues over Expenditures	7,191,232	9,774,208	3,728,295	-2,439,410	7,589,387
Other Financing Sources (Uses)	116,492,130	169,017,860	173,490,488	0	0
Other Resources					
Other Uses	-115,841,952	-168,393,049	-172,745,079	0	0
Total Other Financing Sources (Uses)	650,178	624,811	745,409	0	0
Net Change in Fund Balances	7,841,410	10,399,019	4,473,704	-2,439,410	7,589,387
Fund Balances - Sept. 1 (Beginning)	25,455,483	33,296,893	43,695,912	46,698,592	47,232,889
Fund Balances - Aug 31 (Ending)	\$33,296,893	\$43,695,912	\$48,169,616	\$44,259,182	\$54,822,276



Resource Development and Partnership Support

The Office of Innovation and Development (OID) helps align partner financial and volunteer resources to support Austin ISD students. OID also serves as a central hub supporting campuses and the district to develop resources and partnerships. Our services include the following: Identifying funding prospects to support district-wide initiatives such as Social and Emotional Learning, STEM, and the Creative Arts,

- Assisting campuses and district and program leaders develop proposal concepts and fundraising strategies,
- Facilitating and writing strategic funding proposals at the federal, state, and local levels,
- Providing technical assistance and support for grant writing and grants management at the campus level,
- Identifying and sharing funding opportunities to support campus and department needs,
- Identifying and securing sponsorships for AISD district-wide events and conferences,
- Sharing innovative program successes with internal and external partners,
- Fulfilling stewardship of partner investments,
- Linking community-based service providers and partners with campuses, and
- Assisting with the process and procedures necessary to provide support services on campuses.

Resource Development

Since its inception, OID has secured more than \$50 million dollars in external funding. Because of the financial support provided by corporate and philanthropic partners, AISD is able to implement and sustain innovative initiatives that improve student academic achievement and outcomes. AISD partners with investors whose vision is to expand opportunities and resources for all current and future AISD students.

Partnership Support

Through partnerships, schools leverage the strengths of service providers to expand learning opportunities and improve the health and well-being of students. From after-school programs to summer enrichment, school partners add indispensable value to our students by augmenting the services offered by AISD.

Currently, over 90 partners provide services to AISD students across the district's 130 campuses. To learn more about the specialized services and programs provided on a specific campus, visit ysm-austin.org. OID utilizes innovative technologies such as the Youth Services Mapping (YSM) and Standard Aggregate Reporting (SAR) 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 district-wide Social and Emotional Learning (SEL) Initiative and provides stewardship to funding partners who are fulfilling multi-year commitments of \$2.6 million supporting the expansion of SEL to all campuses this year. In summer 2015, the OID team worked with the SEL Department to secure \$500,000 from the NoVo Foundation to continue AISD's role as a participating district in the Collaborating Districts Initiative.

Computer Science Professional Development - Google and Rackspace

In collaboration with the Office of Teaching and Learning, OID developed the Computer Science (CS) Professional Development Pipeline to address student misconceptions of CS fields and enhance district staff capacity to effectively market and teach CS. As a recipient of Google's 2015 Austin Community Grant (\$50,000) and the Rackspace Foundation's Fanatical Support for Education (\$15,000), 12 campuses across the district have formed teams of pioneering teachers to implement an Hour of Code, attend professional development in CS curriculum and teach CS in



their classrooms. Three of the 12 campuses also received a set of Chromebooks to further expose students to CS.

Hogg Foundation

OID assisted Crockett High School to secure a \$25,000 Hogg Foundation grant to provide consultation and ongoing professional development from a licensed clinician and several doctoral students on trauma-informed counseling. The grant builds upon Crockett’s school-based mental health services and equips staff with the tools and knowledge to meet the needs of students exposed to traumatic experiences.

3M and Supply the Teachers

3M donated more than \$1.4 million in supplies for AISD teachers, distributed as part of the launch of Supply the Teachers, a new nonprofit organization that brings business partners and community members together to raise funds for classroom supplies. The organization’s volunteers create boxes of the donated 3M supplies to distribute to AISD teachers. This contribution adds to the long list of ways 3M has supported AISD students including additional in-kind donations and financial support for STEM projects and Project Lead the Way program.

Criminal Justice Division

OID helped the district’s police department to secure nearly \$40,000 in funding from the Criminal Justice Division of the



Texas Office of the Governor. Grant funds will be used to provide Crisis Intervention Training (CIT) and certification to 60 AISD police officers to ensure more effective and consistent responses to students in mental health crises. Officers will participate in a field-based, hands-on, intensive five-day training during the summer of 2016.

W.K. Kellogg Foundation Community Engagement Planning Grant

The OID team led the efforts to successfully secure a \$330,000 planning grant from the W.K. Kellogg Foundation in February 2015. Over the course of the current school year, the Department of Communications and Community Engagement has developed and initiated a community engagement process at five elementary schools in the Rundberg neighborhood: Hart, McBee, Padron, Wooldridge and Lucy Read Pre-K Center. In partnership with Austin Interfaith, school staff and parents have been trained to engage in authentic conversations that enable them to better understand the barriers, gaps in services and untapped assets of their communities, while also cultivating deeper family-school partnerships. The W.K. Kellogg Foundation, after a site visit to Austin, February 2016, invited OID to submit a three-year implementation proposal.

Austin ISD & Michael Susan Dell Foundation

In partnership with Austin ISD & Michael Susan Dell Foundation, AISD is building an interface that will give access to external service providers into the district's advanced case management system, called eCST. With this integration, AISD and service providers can better understand all of the services students are accessing, which programs or combinations of services are most effective, and where to place services in the future.

Austin Ed Fund

An independent 501(c)(3) nonprofit, Austin Ed Fund exists to support excellence and innovation in AISD. In partnership with OID, its board of business, education, and community leaders generates private revenue to support STEM, Literacy, and Whole Child initiatives and serves as community champions for the district's many accomplishments. Formerly known as Austin Public Education Foundation (APEF), Austin Ed Fund has played a critical role since 1993 in supporting AISD by serving as a fiscal agent for district initiatives. Austin Ed Fund transformed into a more proactive fundraising entity in 2015, supporting AISD's Social and Emotional Learning initiative and awarding 15 Innovation Grants to support



creative teacher-generated classroom and campus projects. Austin Ed Fund contributed nearly \$700,000 to AISD in 2015 via fundraising and its fiscal agent role. Please visit www.austinedfund.org to learn more.

School Partnership Fair

The 2015 School Partnership Fair, organized by OID, Austin Partners in Education and MINDPOP, connected 118 community organizations and businesses with over 300 campus leaders and 800 new teachers.

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. 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. OID also supports online crowdfunding for campus projects by helping staff plan, approve, set up campaigns, and receive funds or goods.

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 website <http://www.austinisd.org/oid/partners> . The department also hosts 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 will consider legislative priorities for the 85th legislative session in June 2016. These priorities will be used to educate lawmakers and the public about issues of importance to our district during the 85th legislative session, which will begin January 10, 2017, and end May 29, 2017. New legislation could affect the FY2018 budget, but securing sufficient state funding will be critical for future years. The Texas Supreme Court's decision on the school finance lawsuit will be a key factor on whether more funding will be provided to school districts.

School Finance Lawsuit

Austin ISD, along with more than 600 other Texas school districts, is currently involved in a lawsuit challenging the state's school finance system. The lawsuit is pending in the state Supreme Court, where it is likely to be decided sometime in spring 2016.





(L to R) Ann Teich, District 3; Edmund T. Gordon, District 1; Julie Cowan, SECRETARY, District 4; Amber Elenz, District 5; Gina Hinojosa, At Large 8; Jayme Mathias, District 2; Kendall Pace, PRESIDENT, At Large 9; Paul Saldaña, VICE-PRESIDENT, District 6; Yasmin Wagner, District 7

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 FY2017 Budget Process

September 2015

- Board Adopts FY2017 Budget Parameters and Budget Development Calendar

November 2015

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

January 2016

- Revised Financial Forecast for FY2017-2020
- Budget Office Compiles Budget

April / May 2016

- Superintendent presents the FY2017 Preliminary Budget to the Board, Public and Media
- Community Meetings on the FY2017 Preliminary Budget
- Travis Central Appraisal District provides Preliminary Appraisal Values

June 2016

- Superintendent presents the FY2017 Recommended Budget to the Board, Public and Media
- Board Conducts Public Hearing on Proposed Budget and Tax Rate
- Board Adopts the FY2017 Budget

July 2016

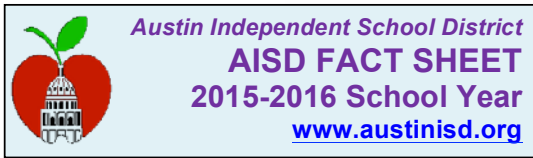
- Travis Central Appraisal District (TCAD) Certifies Appraisal Values

August 2016

- Board Adopts the FY2017 Tax Rate



Austin ISD – At A Glance



Campuses

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



Student Enrollment¹

Hispanic	49,141	(58.8%)
African American	6,555	(7.8%)
White	22,290	(26.6%)
Other	5,648	(6.8%)
Total	83,634	

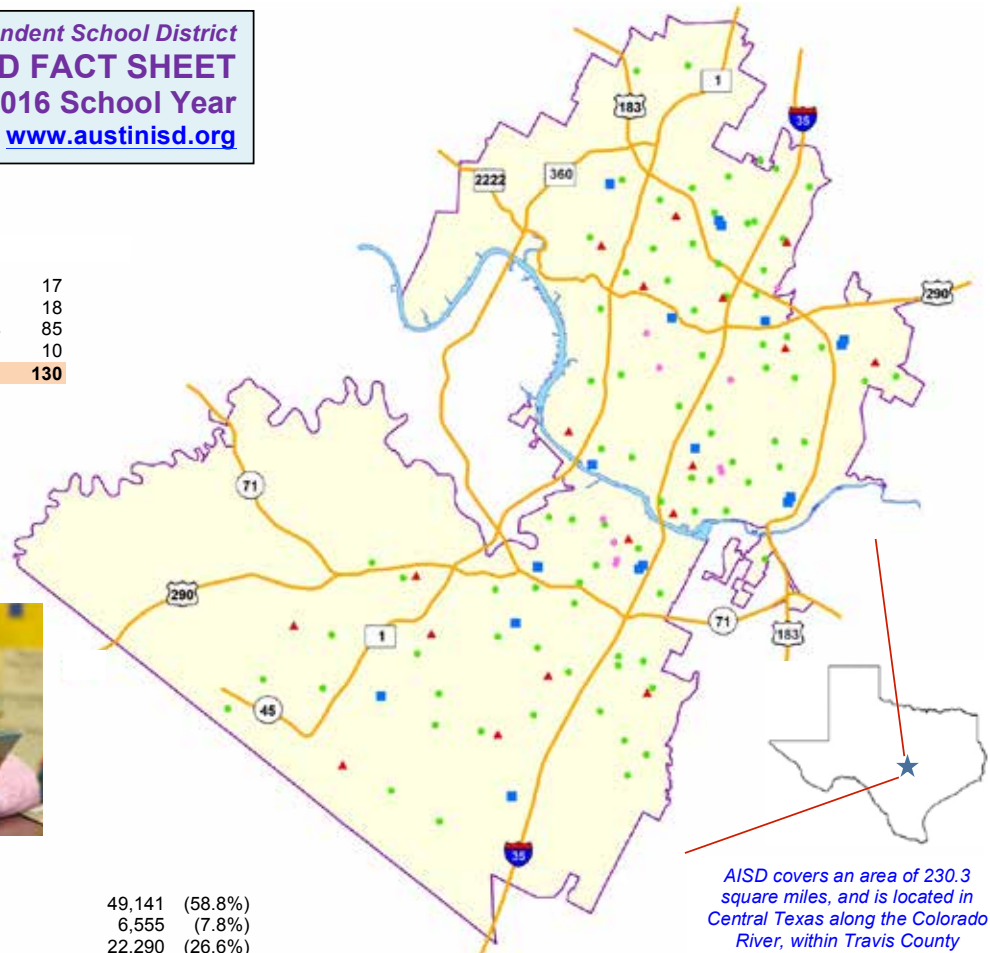
Limited English Proficiency (LEP)	23,258	(27.8%)
Economically Disadvantaged (EcD)	47,724	(57.1%)
Special Education (SpEd)	8,493	(10.2%)

AISD Points of Pride

- ★ The Texas Education Agency has awarded 220 Distinction Designations for Outstanding Performance to 73 AISD schools.
- ★ U.S. News and World Report has ranked 7 AISD high schools among the best in the nation.
- ★ The U.S. Department of Education has named AISD's Blackshear Elementary a National Blue Ribbon School.
- ★ Niche has ranked AISD's Liberal Arts and Science Academy as the best public high school in Texas, and 5 other AISD high schools are among the top 25.
- ★ AISD's graduation rate is at an all-time high of 86.3%.
- ★ AISD has 50 National Merit Finalists, 3 National Merit Semifinalists, 99 National Merit Commended Students, 27 Scholars for the National Hispanic Recognition Program, and 2 National Achievement Scholars.
- ★ AISD has 242 National Board Certified Teachers – more than any school district in Texas.
- ★ AISD is the largest school district in the nation to earn the Anti-Defamation League's "No Place for Hate" designation.
- ★ AISD has the highest bond and State Financial Accountability ratings that 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 Preliminary Snapshot, November 2015

²American Community Survey, 2014



Employees

Teachers	6,353	(51.3%)
Other Professionals	2,820	(22.7%)
Auxiliary	3,222	(26.0%)
Total	12,395	

Budget

Operations	\$1,001,749,277	(87.0%)
Food Service	\$40,886,129	(3.5%)
Debt Service	\$109,033,174	(9.5%)
Total	\$1,151,668,580	

State Recapture	\$272,762,822
Net Operations	\$728,986,455
Total Tax Rate	\$1.202/\$100 valuation
Bond Ratings	Aaa (Moody's), AA+ (S&P), AAA/AA+ (Fitch)

Population within AISD Boundaries²

Total Population	= 713,916
Average Household Size	= 2.46
Home Language Not English	= 31.9%
Foreign Born	= 17.1%
Median Household Income	= \$57,727
Below Poverty Level	= 19.6%
Median Home Value	= \$268,200
Median Monthly Rent	= \$1,089
Renter Occupied Housing	= 56.1%
Different Residence 1 Year Ago	= 23.0%
Bachelor's Degree or Higher	= 46.9%
Median Age	= 32.7

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, July 1 through June 30.

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



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

GENERAL FUND The general fund serves as the main fund for the school district. It is used to account for all financial resources except those required by the state to be accounted for in another fund.

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

MAINTENANCE & OPERATIONS (M&O) District income from local and personal property taxes that is used for the General Fund.

NONSPENDABLE FUND BALANCE 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.



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