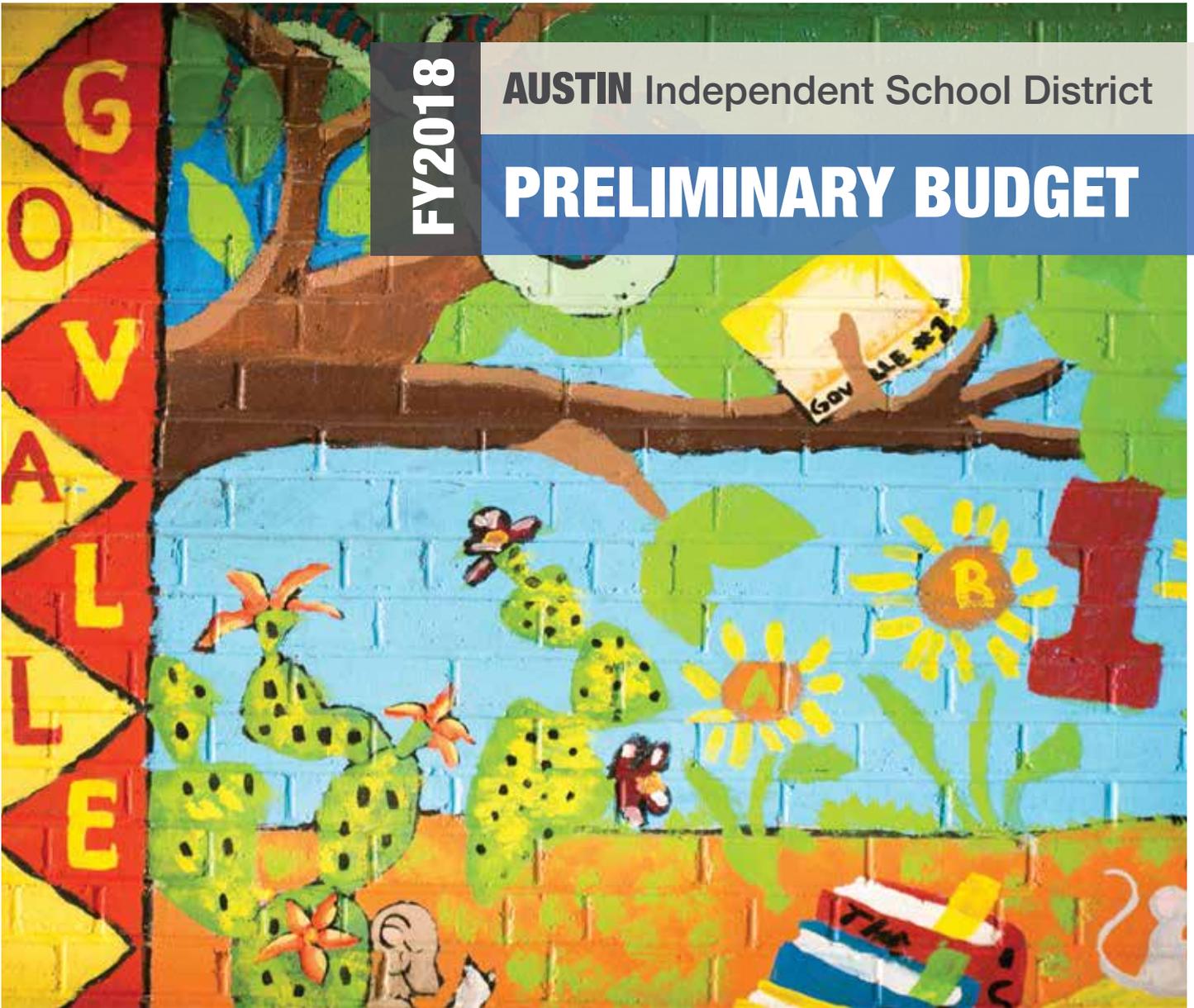


FY2018

AUSTIN Independent School District

# PRELIMINARY BUDGET



## A Message from the Superintendent

Dear AISD Community,

I am proud to present this preliminary budget for the 2017-18 school year. The budget solidifies our priorities and informs our community.

A major priority for Austin ISD is pursuing equity for all students—ensuring all students have the opportunity to succeed. We embrace a shift in thinking to identify how our actions and investments impact these outcomes.

Increasing cultural competency training for all staff members, implementing college and career programs, and identifying goals and achievement gaps help us reach the ultimate goal for our students. All students deserve the opportunity to excel—and all means all.

Equity extends beyond the classroom. We've also developed the district's first Historically Underutilized Business Program and department to ensure we as an employer recognize how our investments impact greater Austin as well.

Extraordinary accomplishments are being made throughout AISD. We have much to celebrate, and I am proud of the strong trajectory of our district.

Graduation rates are at an all-time high of 89.7 percent. AISD students' SAT and ACT scores continue to exceed state and national averages. The majority of schools met standards on the state's accountability system, with 67 schools earning one or more distinction designations in 2016 for a total of 187 distinctions by the Texas Education Agency.

For the first time, AISD was one of 433 school districts in the United States and Canada and one of 23 districts in Texas honored by the College Board with placement on the 7th Annual AP District Honor Roll. We are also the proud district of Allison Ashley, the 2017 Texas Teacher of the Year.

As we look forward to the next year, we must continue to reflect on the past to ensure our commitments are fulfilled, our priorities are reflected and we stay focused on reinventing the urban education experience.

I am proud this budget reflects these priorities.

Paul Cruz, Ph.D.  
Superintendent





## Change That Counts

This Preliminary Budget guide provides essential information on projected revenues and expenditures for FY2018 as well as comparative data on our tax rates and staffing. As part of our commitment to openness and transparency, this guide lays out the many factors under consideration in our district's budget.

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## Introduction to AISD's Budget Process: Strategic, Engaging and Transparent

The Austin Independent School District is the heart of public education in Austin, Texas—a city of ideas and innovation that tops the nation's rankings of the best communities in which to work and live.



AISD educates more than 82,000 students and embraces 130 diverse school communities in one of the fastest-growing, ever-changing metroplexes in the country.

We partner with world-class universities, innovative businesses and nonprofit organizations and engaged community leaders to reinvent the urban school experience—and prepare our students for college, career and life.

AISD is among the largest employers in the region with about 12,000 employees. The district is a \$1 billion educational enterprise with a wide range of business operations, which are focused on our bottom line: the success of our students.

### **AISD Proud Programs**

We are proud to offer a rich portfolio of academic opportunities and choices for families, including fine arts, STEM and dual-language programs. We are proud to have early college high schools, where students can graduate with a diploma in one hand and an associate degree in the other—for free. This is an exciting time for the district. AISD's graduation rates have reached an all-time high. And, we have more National Board-certified teachers than any school district in the state. AISD's most important measure of success is the performance of our students. Graduation rates have reached an all-time high. Our students' performance on the ACT and SAT exceeds the state and national averages. In order to maintain this performance, we need to make strategic budget investments. We must use every one of our limited dollars in a way that will produce the most positive outcomes for our students.

### **AISD's Budget Process: Strategic, Engaging and Transparent**

A budget is considered balanced when the reserves and other resources that are generated to finance the budget equal its estimated expenditures and other uses. Much of AISD's budget comes in the form of local property tax dollars. This revenue source is estimated at \$1.180 billion for the 2017-18 fiscal year.

Although this amount is sizeable, AISD is considered a property rich district and is required to give a big chunk of it back to the state under Chapter 41 guidelines. The remaining balance is then used for the success of AISD's Strategic Plan.

### **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.

## **Budget Challenges**

Every year, AISD faces budget challenges such as:

### **Austin Tax Payment to State**

- Although local property values are increasing, the increases in taxpayers' annual property tax bills do not necessarily translate into more revenue for the district.
- AISD is the single largest payer into the state's recapture system, also known as Robin Hood. For the 2018 fiscal year, the district projects that nearly 46 percent of the local tax revenue it collects will be sent to the state's general fund for recapture. By 2019, more than half of every tax dollar collected in Austin will go to the state.

### **Inflation Increases**

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

### **Enrollment Declines**

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

### **Lagging Teacher Salaries**

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

### **Social Security Payments**

- AISD is one of less than 20 school districts in Texas that participates in social security for nearly all employees. This costs the district \$33.3 million each year.

### **Unfunded Mandates**

- The district must find a way to finance unfunded mandates from the state.

### **No Transportation Funding**

- The state does not provide AISD with funding for transportation. It costs the district \$28 million per year to transport 22,000 students on more than 600 routes. AISD must pay tolls on roads—unlike many other public entities that are exempt from tolls.

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 comprising 30 stakeholders, including parents, students, community and business members, teachers, principals, counselors, librarians, and central administrators. During the course of three full days in early January 2015, the strategic planning team developed a preliminary draft strategic plan.

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

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

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

## Strategic Plan Implementation

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

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

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

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

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

Annually, the superintendent will lead a review of the strategic plan, to ensure that it remains current and strongly focused on the needs of the district. The board will either reaffirm the Strategic Plan Framework and Scorecard or make revisions as needed, and the superintendent and Senior Cabinet will do likewise with the five-year implementation plan. Periodic status reports on the Scorecard and the five-year implementation plan will be generated.

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

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



## Opening the Windows on the Budget Process: Transparency and Engagement

Recognizing the importance of providing sufficient time during the budget process for community members to discuss and debate challenging issues, 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 2017–2018 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 2017.

The Budget and Finance Advisory Committee was established to provide guidance and counsel on budget and finance matters. BFAC meets regularly, working with staff members and others to develop tools and methodologies on how to best improve the

district's budgeting process. The administration has been responsive to BFAC's recommendations for greater cohesion and clarity. The district's budget development has become an integrated process that aligns resource allocation with goals and priorities established through the development of a well-defined curriculum—and a well-conceived and executed strategic planning process.

## Zero Based Budgeting

Zero Based Budgeting (ZBB) is the budgeting approach wherein all the budgetary allocations for each department and program for the financial year are set to zero. This approach assumes that the organization is starting a new right from the planning stage. Expenses will be viewed at from a fresh perspective and judged as whether or not relevant.

The traditional “last year plus x percent” allocation is not used, and just because any costs or activities were present in the previous budget period, does not mean they will be reinstated automatically. The allocation of funds will be based only on the merits of their policy goals and the alignment to AISD's Strategic Plan.

A major advantage of ZBB assures an efficient allocation of funds since it is based on needs and benefits with the intent to avoid unnecessary expenses. Budget allocations require justification for the allotment as well as what elements of the AISD Strategic Plan apply to their submission. This creates meaningful and purposeful discussions. Stale, ineffective, and counterproductive activities are weeded out and improves the services and utilizes cost effective-methods.

### 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.

### 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 in dicators that are grouped into four indexes:

**Index 1: Student Achievement** is a snapshot of performance across subjects at the satisfactory performance standard.

**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.

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

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

To receive a Met Standard or Met Alternative Standard rating in 2016, 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

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

- Met Standard
- Met Alternative Standard or
- Improvement Required

The Texas Education Agency announced the final 2016 campus and district ratings on November 17, 2016. The Austin Independent School District received a rating of Met Standard, 114 campuses

## 2016 End-of-Course Results First-time Tested Students Percentage Meeting Level II Satisfactory Standard

	Austin	Corpus Christi	Dallas	El Paso	Fort Worth	Houston	San Antonio	Ysleta	State
Algebra I	87	87	77	77	74	72	66	92	81
English I	66	53	53	55	51	52	48	64	63
English II	70	60	54	57	57	55	50	68	66
Biology	95	86	88	85	86	83	84	94	91
US History	97	93	95	89	92	90	90	96	94

STAAR assessments only  
Source: TEA Reports, Spring 2016 EOC- First Time Teachers

received ratings of Met Standard or Met Alternative Standard, seven campuses were rated Improvement Required, and nine campuses were not rated under the 2016 state accountability system.

### STAAR® End-of-Course (EOC) Assessments

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.

AISD passing rates on STAAR EOC assessments exceeded the state passing rates on all five tests and ranked first among comparable urban districts in English I, English II, Biology, and US History.

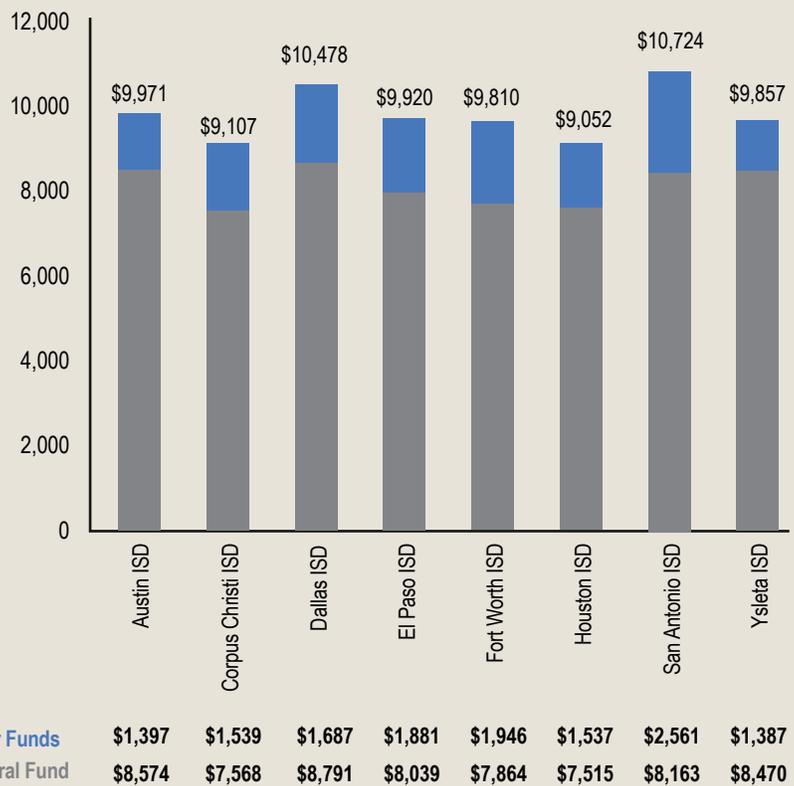
Campuses that earn a rating of Met Standard are eligible to receive distinction designations in the following areas:

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

In 2016, 67 Austin ISD campuses earned a total of 187 distinction designations.

- The federal graduation rate of the Class of 2015 was 89.7 percent, an increase of 15.4 percentage points since 2008 and the highest AISD graduation rate ever recorded.
- In 2016, 114 AISD schools earned the state's highest rating of Met Standard or Met Alternative Standard.
- In 2016, 67 AISD schools earned 187 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.
- In 2016, AISD led comparable districts for End of Course passing rates in English I, English II, Biology, and US History.
- In 2016, AISD first-time testers met or exceeded the state passing

## FY2016 Per Pupil Operating Expenditures



Source: TEA PEIMS Financial Standard Reports

average all five End-of-Course assessments.

- AISD's fourth and eighth grade students continued to outperform their peers in large urban school districts on the 2015 National Assessment of Educational Progress (NAEP), also known as the "Nation's Report Card," ranking among the top of participating urban districts in math and reading.

### Our Student Investment Compared to Our Texas Urban Peers

In FY2016, the most recent year for which comparable data is available, Austin ISD spent \$9,971 per pupil, which ranks the third highest among urban school districts in Texas. San Antonio ISD had the highest spending at \$10,724 per pupil, followed by Dallas ISD with \$10,478 per pupil. As illustrated in the graph, six out of eight urban districts spent more than \$9,500 per pupil in FY2016 and all of the urban peers spent more than \$9,000 per pupil. Although AISD's operating expenditures per pupil are higher than most of its urban peers, the per-pupil spending level reflects the district's commitment to ensuring that its diverse student population and graduates are prepared to meet the competitive demands of a global economy. Also, AISD is one of the few school districts that contribute to Social Security at a cost of \$33.6 million annually or \$401 per pupil in FY2016.

## 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.

In 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 fourth and eighth 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 fourth 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.

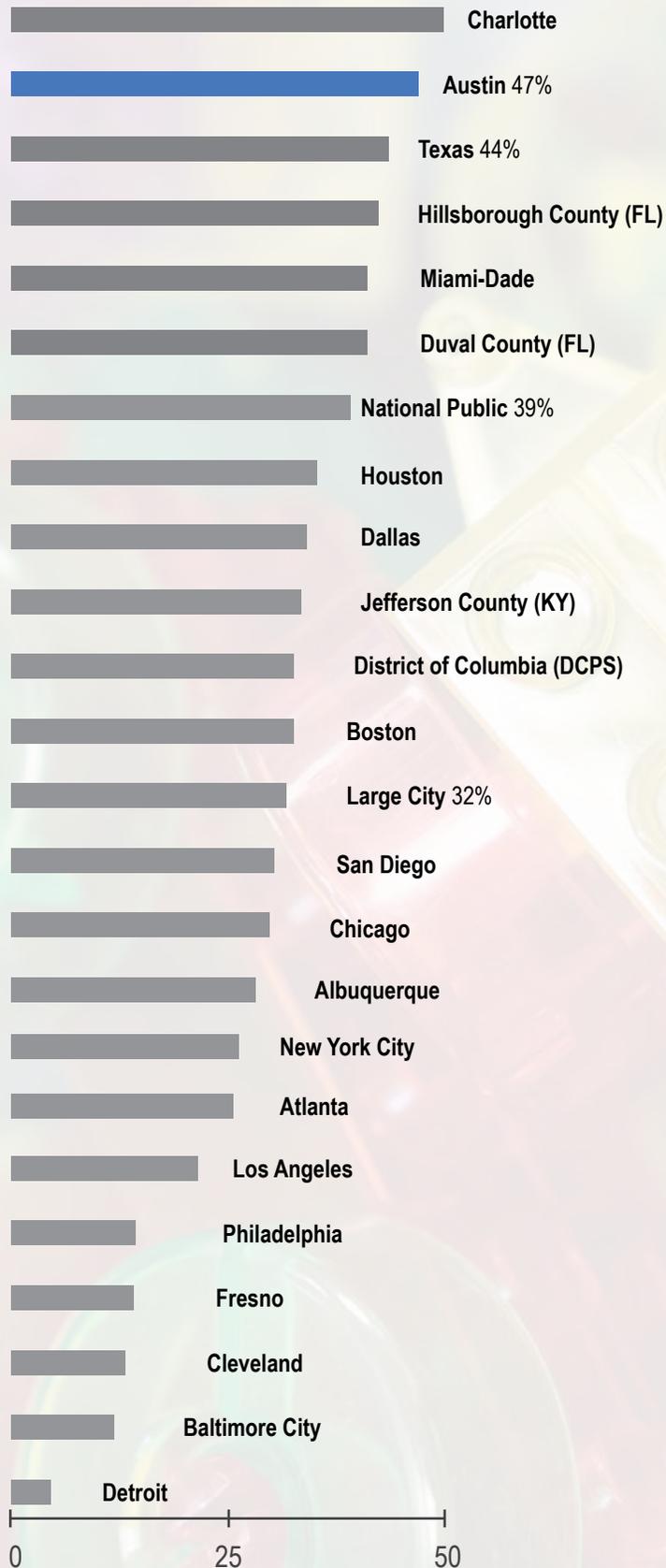
AISD's fourth grade students have consistently performed at or above students in Texas and in national public schools and have improved significantly over time. AISD's eighth grade students have performed similarly to students in Texas and in national public schools, but performed especially well in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

The Annual Report is available at [www.austinisd.org/publications](http://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.austinsd.org/dre](http://www.austinsd.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 FY2017
- Aaa debt rating from Moody's Investors Service, 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.
- 2016 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement, for the 14th consecutive year.
- The Texas Comptroller of Public Accounts awarded AISD with a Transparency in Traditional Finances. Recipients provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data and other relevant information.
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for 12 years in a row (pending 13th year certification) and the GFOA Certificate of Achievement for Excellence in Financial Reporting for six 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 seventh year in a row.
- The ASBO Certificate of Excellence in Financial Reporting for the fifth year in a row (pending 6th year certification).
- First ranked school district in the nation for total amount of renewable energy purchased for thesecond year in a row.

### Budget Challenges

#### Limited Resource Capacity to Support a Diverse Student Population

It is projected AISD will serve more than 82,500 students in FY2018. 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 170 students from the Adopted FY2017 Budget to the FY2018 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 (28.0%), English is not the first language.
- There are 94+ languages spoken throughout the district.
- One in 10 children is classified as having a learning (or other) disability.

### Higher Accountability Standards-Less Resources

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

### Facilities Needs

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

The Facility Master Plan provides a path forward for addressing AISD's facility needs, and ensures that decisions regarding facilities are aligned with district priorities and reflect an efficient and effective application of resources. The Facility Master Plan is a result of the analysis and synthesizing of: data, such as existing facility conditions and population projections; community views on how the district should address facility issues; external and internal drivers such as



the state's school funding, changing high school graduation requirements and emerging academic programming needs; Board Priorities and AISD Strategic Plan; and policies such as CT (LOCAL) Facilities Planning.

With AISD's schools averaging over 40 years in age, the district has developed a facility condition index that quantifies and tracks the status of each facility, and helps guide the repair, restoration, or replacement of buildings. The district used independently developed population projections, which generally show that despite Austin's continued growth, overall student enrollment 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](http://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.

AISD's Board of Trustees took action June 16, 2014, approving a Facility Master Plan (FMP). The FMP established a 24-month cycle for the Academic and Facilities Recommendations (AFRs). The AFRs process establishes a means for adjustment to the district's short- and long-term facilities plans. These recommendations generally have both a capital and operational impact, and must be included in the district's overall budget planning. The process has been incorporated into the work of the Facilities and Bond Planning Advisory Committee (FABPAC). The Facility Master Plan (FMP) will be updated in March 2017.

The FY2018 Preliminary Budget accounts for increases and decreases in projected operating expenditures, statutorily required needs and costs associated with Academic Reinvention Projects when compared to the FY2017 Adopted Budget.



## Facilities and Bond Planning Advisory Committee

Austin ISD is planning for the modernization of its school 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:

- Impact to maintenance and operations costs – How changes in current instructional programming or facilities would impact the local

maintenance and operations budget.

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

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

The Annual Report is available at [www.austinisd.org/publications](http://www.austinisd.org/publications).

## 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 \$33.6 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 16.8% of the total \$1.58 billion collected by the state in 2016. 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

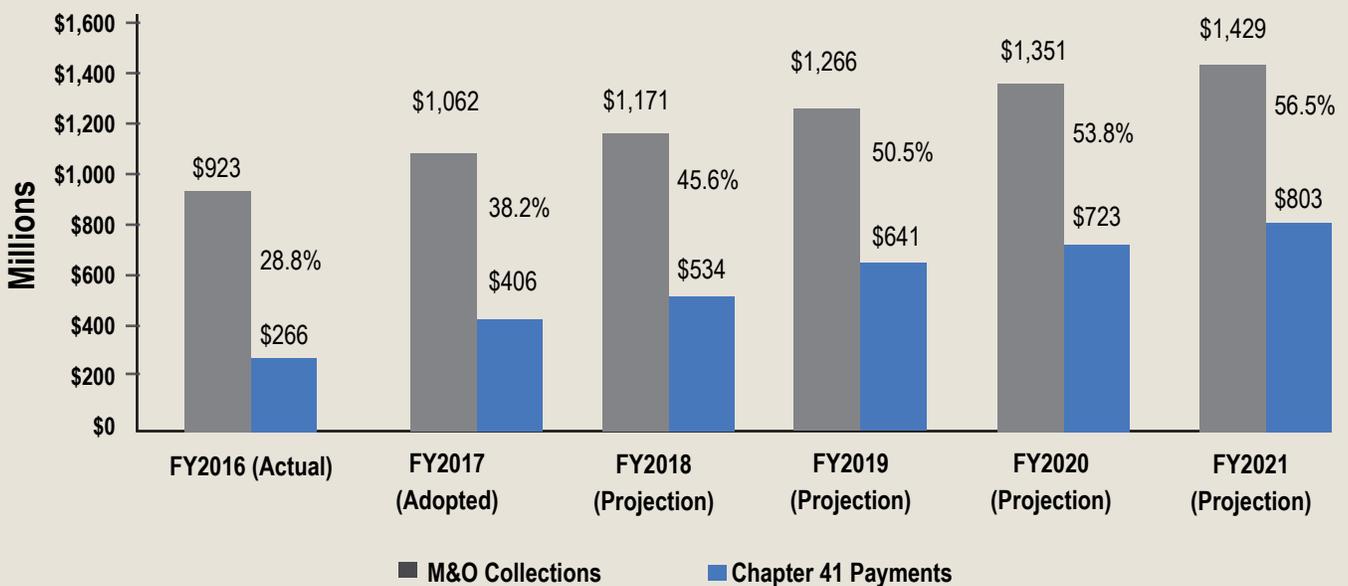
and are considered economically disadvantaged and 28.0% have limited English proficiency.

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 FY2018, the district projects that approximately 45.6 percent 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](http://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 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

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





## Unfunded Mandates

Austin ISD is working hard to serve all of our students amid declining resources and increasing state standards. Implementing funding reductions simultaneously with increased academic expectations has been particularly challenging. Additional resources for increased instructional time, improved staff development and targeted interventions for struggling students are needed if the district is to be able to make the gains required to ensure Texas students are ready for the challenges they will face after graduating from high school to compete in the global economy. The district was forced to implement HB 5 with no

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 have not been updated since the early 1990s with the exception of Bilingual Ed which has not been updated since 1985. The costs of providing important student services since these weights were updated, 25-30 years ago, have increased. For example, the funding formula contains a Cost of Education (CEI) index that is to account for regional costs differences. The current CEI for Austin is lower than that of: Northside ISD, North East ISD, Round Rock ISD, Fort Worth ISD, El Paso ISD, Fort Bend ISD, Dallas ISD, Cypress-Fairbanks ISD and Houston ISD. The Austin Metropolitan Area has among the highest costs of living in the state. The median price for a single-family home and median apartment rent in Austin are both higher than any other area of the state. An adjustment to the CEI index could provide additional revenue to AISD of anywhere from \$2 to 14 million if it were increased to the level of these other districts.

The Annual Report is available at [www.austinisd.org/publications](http://www.austinisd.org/publications).

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	1.12
North East ISD	1.11
<b>Austin ISD</b>	<b>1.10</b>
Killeen ISD	1.10

additional funding for implementing the new standards. With the implementation of HB 5, students will have one diploma plan with one of five endorsements. Phase one of implementation of HB 5 cost the district \$1.7 million in FY2015, 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 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 7 out of 10 among our neighboring districts in teacher pay, and 9 out of 9 among the top urban district in Texas.

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

Rank	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1	Leander	Leander	Lake Travis	Lake Travis	Round Rock	Leander
2	Lake Travis	Lake Travis	Leander	Eanes	Lake Travis	Eanes
3	Eanes	Eanes	Eanes	Leander	Eanes	Round Rock
4	Round Rock	Manor	Round Rock	Round Rock	Leander	Lake Travis
5	Manor	Round Rock	Manor	Dripping Springs	Pflugerville	San Marcos
6	Georgetown	Pflugerville	Dripping Springs	Manor	San Marcos	Pflugerville
7	Pflugerville	Austin	Del Valle	Del Valle	Del Valle	Austin
8	Del Valle	Del Valle	Austin	Austin	Manor	Hays
9	Austin	Georgetown	Hays	San Marcos	Hays	Manor
10	Hays	Hays	San Marcos	Hays	Austin	Del Valle

## 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>

## 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 FY2018 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



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

Rank	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1	Fort Worth	Fort Worth	Fort Bend	Cypress Fairbanks	Cypress Fairbanks	Cypress Fairbanks
2	Dallas	Dallas	Fort Worth	Northside (SA)	Fort Worth	Fort Worth
3	Houston	Houston	Houston	Houston	Fort Bend	Fort Bend
4	Fort Bend	Fort Bend	Dallas	Dallas	Dallas	Northside (SA)
5	Northside (SA)	Northside (SA)	Northside (SA)	Fort Bend	Northside (SA)	Houston
6	Cypress Fairbanks	Cypress Fairbanks	Cypress Fairbanks	Fort Worth	Houston	San Antonio
7	El Paso	Dallas				
8	San Antonio	El Paso				
9	Austin	Austin	Austin	Austin	Austin	Austin

solution to the estimated budget shortfalls that the district is facing for FY2018.

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 2017 by both Austin ISD and the City of Austin on the feasibility and advisability of pursuing a tax swap.

## Technology Initiative

As AISD educates students for jobs that have not yet been created, the district is intentional in ensuring that technology is integral to teaching, learning, and district operations. Technology can give access to students and families in new and fast ways, allowing for connection, collaboration, communication, critical thinking, creativity, and cultural proficiency. These are power skills of today—and tomorrow.

This approach requires planning and support for teachers and staff to design flexible, technology-infused learning environments which engage students and allow them to research, ideate, create, iterate, and demonstrate mastery. We are in the second year of implementation of the Transformative Technology Use Professional Learning Plan.

Key initiatives underway include:

Delivered more than 33,000 computers to our campuses, ensuring a ratio of 3 students per computer, or better in 2016.

- Cohort I coaching and training for trailblazer teachers completed.
- Cohort II coaching and training commences Summer 2017.
- Cohort III coaching and training commences Summer 2018.
- Presentation systems installation and refresh scheduled for 2017-2020.
- Expansion of computer distribution to reach 1:1 for all of our high



school students in 2017-18.

- Learning Positioning System (BLEND) pilot underway with full access at all campuses Summer 2017.
- Software Asset Management implementation underway.
- Principal Dashboards were created to inform campus leaders of key student indicators, such as attendance trends.
- Relocation of technology staff from the leased Skyline property to Gus Garcia YMLA and Covington Middle School to enhance learning opportunities and reduce operating expenses.
- A digital shift is underway to move away from printed materials with the intent of making great use of digital materials while having the healthy side effect of lowering our annual print rate from 250,000,000 pages per year.

Technology is often a driver, a catalyst, or an enhancer of innovation. Because of this, we are constantly looking to future trends, signals, and opportunities to best support the district's effort to reinvent the urban education experience. Horizon technologies, such as virtual reality, augmented reality, and makerspace tools such as 3D printers are being demonstrated, tested, and integrated as appropriate.

We continue to seek and obtain community partnerships and grant opportunities, while closely monitoring policy and direction



changes to key programs, such as E-Rate.

## Budget Overview

Although the Austin Independent School District is surrounded by a positive moving economy, it comes at a price. Revenue, the district's lifeblood, is projected to increase in 2018, but comes at an actual cost. These costs come in the form of significant Chapter 41 contributions and affordability.

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

Currently, AISD is tracking over 900 bills proposed in the 85th Legislature. Although there is hope that the district will receive additional state funding, the amount will not come close to what the district contributes to the state. Basically, recapture growth offsets any increase in local property tax growth. A new term being thrown around in this session is Taxparency. This idea gives taxpayers more information about how much of their local

property tax dollars are put to use in their local school district, and how much is sent to the state through recapture. There are a couple bills proposed that revolve around this idea in helping educate taxpayers.

Alongside decreased revenue, expenses are increasing, forcing the use of fund balance dollars. In order to not drop below fund balance requirements, the district will continue to evaluate cost saving initiatives and outyear solutions.

More recently, the district placed 10 district properties out for bid. One reason for this is to remove unneeded space and potential consolidation. One immediate effect was nonrenewing the Skyline Building lease, a savings of \$645,488 a year.

## 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 \$1,447,985,696. The fund balance will be used to make up for shortfalls in revenue on the General Fund.

## What is Recapture?

Recapture, represents 37 percent of AISD's governmental funds, is a function of Chapter 41 of the Texas Education Code, which equalizes educational spending across school districts that have

## Expenditure Budget Increases and Decreases

### From the FY2017 Adopted Budget to the FY2018 Preliminary Budget

A summary of changes from the FY2017 Adopted Budget to the FY2018 Preliminary Budget is shown below, providing an overview of budget changes from the current year to the next year:

#### Budget Increases (Forecast)

Insurance & Bonding Costs	\$593,000	
Property Appraisal and Collection Fees	\$397,000	
Shared Service: Blind/Deaf Payment to State	\$414,679	
Health Insurance Costs	\$4,192,326	
Special Education/Dyslexia Reorganization	\$379,402	
Election Costs	\$200,000	
Increase Campus BTO Non-Staffing Allocation by 5%	\$257,424	
Audit Fee	\$15,000	
Increase in Custodial Maintenance Supplies	\$625,955	
Software	\$2,170,865	
Increase in Chapter 41 Payments	\$127,810,243	
<b>Total Increase</b>		<b>\$137,055,894</b>

#### Budget Decreases

Decrease in Career Ladder	-\$478,710	
Gasoline	-\$385,000	
Telephone, Telecom, Cell Phone	-\$218,439	
End of Lease at Skyline Building	-\$645,488	
<b>Total Decrease</b>		<b>-\$1,727,637</b>
<b>Overall Budget Increase/Decrease</b>		<b>\$135,328,257</b>

#### New Expenditures (Preliminary Budget)

	\$1,500,000	
Overtime for Student Transportation ( <i>historical costs</i> )	\$244,000	
Legal Settlements	\$200,000	
Montessori school	\$400,000	
Early College High School Expansion	\$125,000	
Dyslexia school	\$2,400,000	
Seton Contract (School Nurses)	\$150,000	
Job Evaluation and Reclassification Approx. Cost ( <i>routine adjustments</i> )	\$48,606	
AISD Police- Data Processing Assistant	\$90,068	
AISD Police- Lieutenant	\$123,914	
Director of Leadership Development	\$65,040	
Audit Team 1 FTE	\$60,712	
Position Management 1 FTE	\$49,812	
Admin. Purchasing 1 FTE for Instructional support	\$203,776	
3 Finance FTEs to respond to Audits	\$600,000	
ERP Stabilization- Compliance Training required by Dept. of Labor (one time)	\$4,138,798	
Special Education Services transfer from reduced IDEA grant to local	\$100,000	
Accountability 1 FTE from grant to local		
<b>Total New Expenditure Increases</b>		<b>\$10,499,726</b>

#### Total Budget Increase Amount

**\$145,827,983**

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 FY2018, the district projects a \$127.8 million increase in recapture from the prior year adopted budget. Approximately 45.6 percent of all local tax revenue collected will be subject to recapture. This increase exceeds the increase in tax revenue by \$19 million. This adds additional pressure on AISD’s budget.

In FY2018, AISD anticipates the district will submit \$533.9 million to the state in recapture funds. This amount is expected to increase from the prior year as a result of projected increases in the district’s taxable property value and tax collections. Over the past 12 years, AISD has paid \$2.0 billion in recapture payments. AISD is the single largest tax payer into the recapture system. Forecasts indicate that recapture will continue to increase every year in the foreseeable future and will create an even larger deficit between revenue and expenditures.

### General Fund: Where the Money Comes From

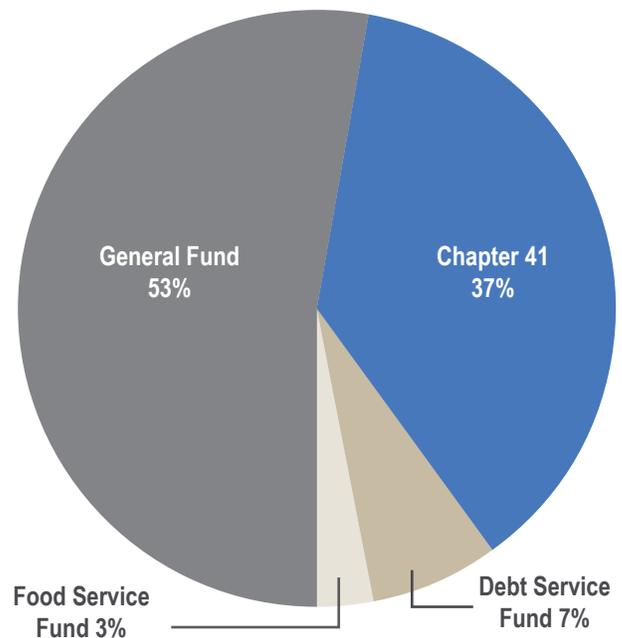
Of the funds that AISD manages, the largest is the General Fund. AISD’s General Fund is used to support the operation of the school system and is comprised of three major sources: local, state, and federal.

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

Fund	Revenue	Expenditures
General Fund	\$1,260,132,496	\$1,302,763,505
Food Service	\$40,077,114	\$39,927,142
Debt Service	\$124,598,412	\$105,295,049
	<b>\$1,424,808,022</b>	<b>\$1,447,985,696</b>

### FY2018 Preliminary Budget Expenditures: Government Funds



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.

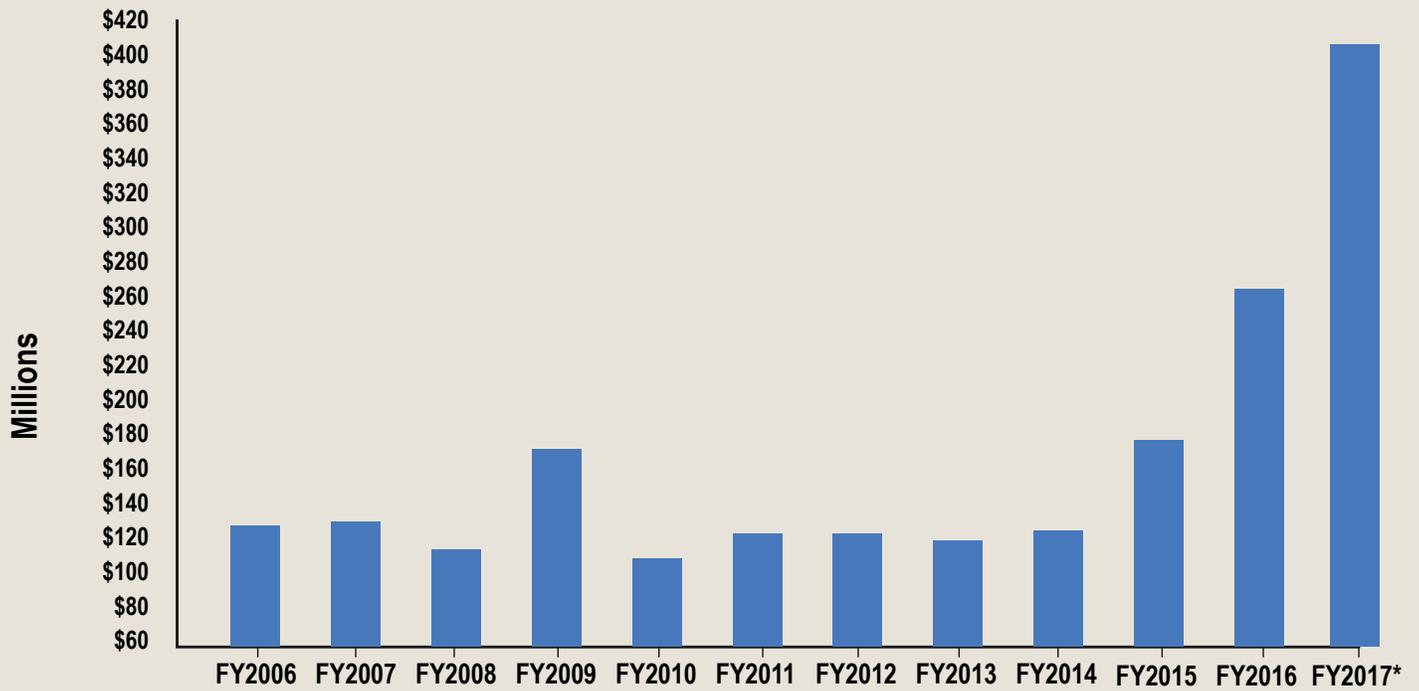
### Local Revenue

The vast majority of AISD’s funds come from local sources, mainly local property tax collections. Local revenue is expected to increase slightly over 10 percent or roughly \$109.8 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 45.6 percent of revenue generated locally will go to the state for redistribution, rather than staying in the district in FY2018.

Therefore, because of declining enrollment and rising property values, the district will have \$28.7 million less operating revenue in FY2018 when compared to the FY2017 Adopted Budget.

The Annual Report is available at [www.austinisd.org/publications](http://www.austinisd.org/publications).

## Chapter 41 Payments FY2006-2017



\*FY2017 data is based on the Adopted value. All other years are actual.



FY2018 General Fund Revenue Sources	
Local	93.7%
State	4.3%
Federal	2.0%

that any variances between the present estimate 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 2017.

### How Attendance Affects State Revenue

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

The state budget lowered WADA for FY2012 in comparison to FY2013. The legislature achieved this reduction in WADA through a new funding weight called the regular program adjustment factor (RPAF). The factor was set at 0.9239 for FY2012, 0.98 in FY2013 and later restored to 1.0 in FY2014. For ASATR (additional state aid for tax reduction or "hold harmless") districts, there was an additional reduction in state aid achieved by another new funding weight called the target revenue adjustment factor (TRAF). This factor was set at 0.9235 in FY2013 and increased to 0.9263 in FY2014. The district is projecting slight changes in WADA, enrollment and ADA from FY2017 to FY2018. The following chart reflects historical and projected enrollment from FY2010 to FY2018 in terms of enrollment at the end of the first six-week period, annualized ADA and WADA.

### Tax Rates

There are two types of tax rates set: Maintenance and Operation (M&O), the rate applied to the tax base to support the General Fund Budget, and the Interest & Sinking (I&S) tax rate, the rate applied to the tax base to cover the debt associated with the bonds approved by taxpayers. Increases to the M&O tax rate are subject to recapture while I&S tax rate increases are not. The current proposed FY2018 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 remain flat from the FY2017 level of \$0.113 per \$100 of taxable in FY2018, as a result of projected increases in certified property tax values. 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 FY2018 budget.

### Taxable Values Affect Local Revenue

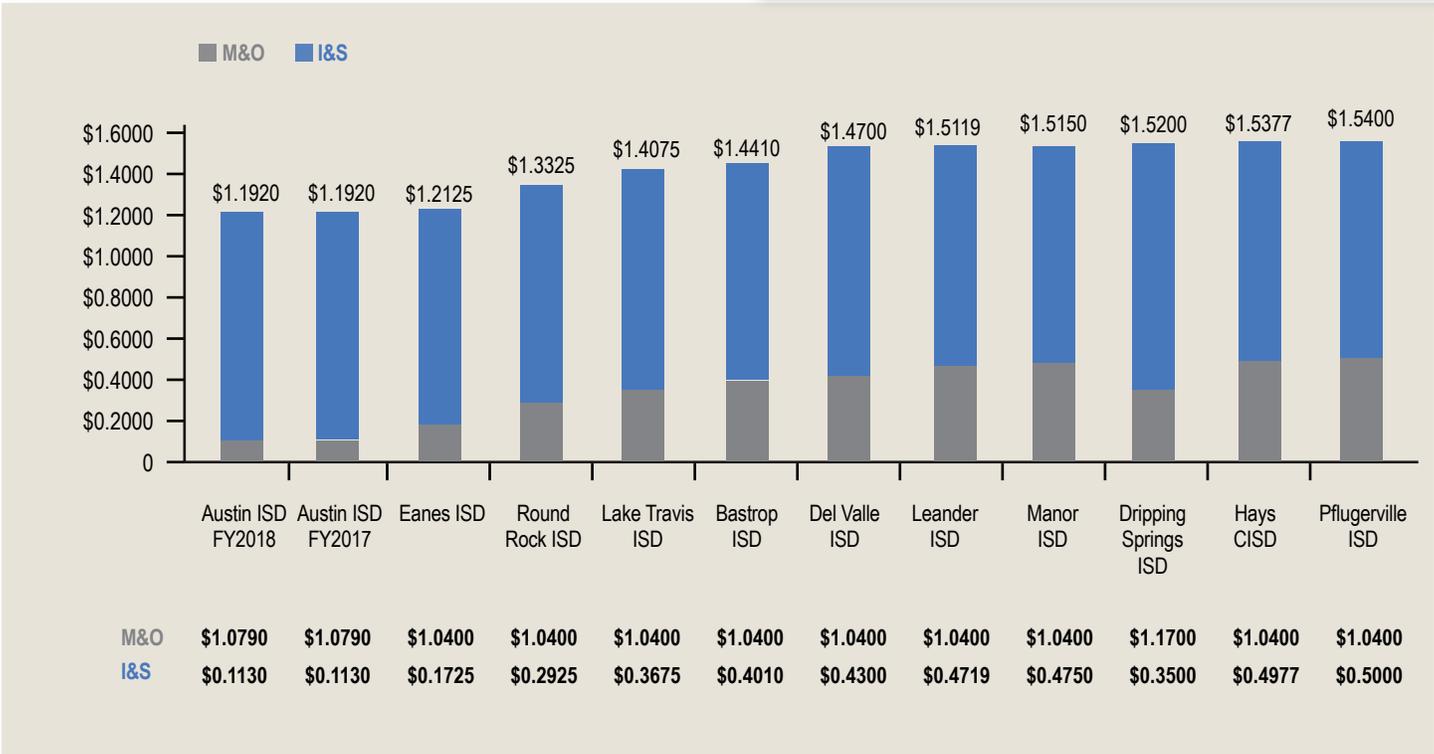
A key component of revenue estimation is taxable values. Taxable value is projected to increase in 2017, by 10.06 percent. Preliminary taxable values were released in April, and the final certified taxable values will not be available from the appraisal district until late July 2017. Since the FY2018 preliminary budget is being prepared in advance of the certified values, it is expected

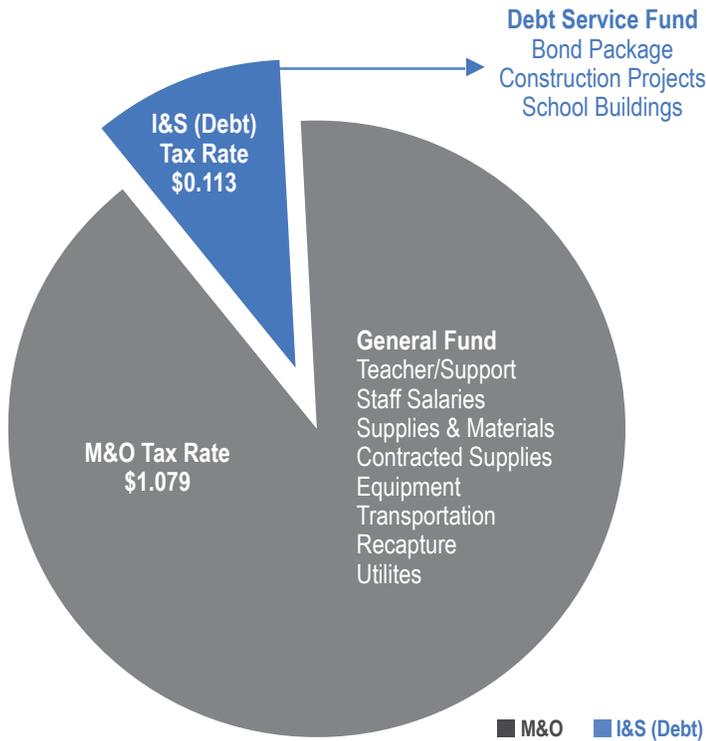
Revenue Source	FY2017 Adopted Budget	FY2018 Preliminary Budget	\$ Change	% Change
Local	1,071,040,297	1,180,817,342	109,777,045	10.2%
State	66,516,398	53,864,264	-12,652,134	-19.0%
Federal	23,472,742	25,450,890	1,978,148	8.4%
<b>Total</b>	<b>1,161,029,437</b>	<b>1,260,132,496</b>	<b>99,103,059</b>	<b>8.5%</b>
<b>Less:</b>				
Recapture	-406,064,487	-533,874,730	-127,810,243	31.5%
<b>Operating Revenue</b>	<b>754,964,950</b>	<b>726,257,766</b>	<b>-28,707,184</b>	<b>-3.8%</b>



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	63,187,538,609
2014 Certified	2014-15	70,968,404,916
2015 Certified	2015-16	81,345,006,875
2016 Certified	2016-17	93,778,284,778
2017 Projected	2017-18	102,909,050,500

## FY2017 Austin Area Tax Rates





## A Business of People

A school system is an enterprise that is highly dependent on human capital. In AISD, when recapture is excluded, 85.9 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.

## Positions by Type

The FY2018 Preliminary Budget accounts for 11,628 full-time equivalents (FTEs), an increase of 136.61 FTEs from FY2017 levels of 11,491 FTEs. AISD's workforce is comprised primarily of teachers, representing 49.8 percent of all positions. Education aids and auxiliary staff represent 8.3 percent and 28.5 percent, respectively. Central administration staff represents less than 1 percent of the workforce. Staff projections are based on maintaining a 22:1 student-teacher ratio at the K-4 elementary level.

AISD's staffing is in line with total average staffing in other Central Texas school districts and the state. In FY2016, 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:

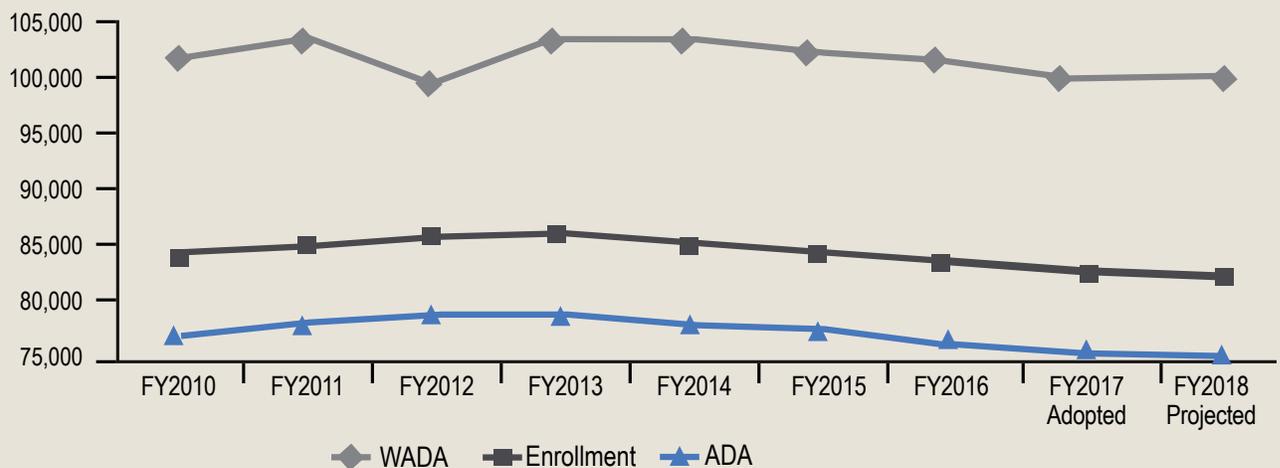
- The General Fund pays for salaries and benefits, classroom resources, campus cleaning and landscaping, transporting students, paying utility bills, providing clerical and administrative support—all the things schools and support centers need to operate on a daily basis.
- The Food Service Fund pays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

## 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 little over 10 percent of AISD's budget is spent on maintenance for the District. General administration represents just 2.8 percent of the general fund budget.

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

## Historical and Estimated Enrollment, ADA, and WADA



- The Debt Service Fund pays the debt on bonds previously approved by district voters for building construction and renovation.

## General Fund

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

## 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 23,000 breakfasts, 42,000 lunches and 5,000 after school snacks and meals, over 13 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 FY2018 to meet the USDA meal price equity requirement.

## Debt Service Fund

The debt service fund includes the annual payments for commercial paper and the fixed-rate debt. It is supported with revenue from the I&S tax rate, which is not subject to recapture. The debt service tax rate is projected to remain flat from the FY2017 level of \$0.113 per \$100 of taxable value in FY2018. In FY2014, the I&S tax rate was \$0.163 per \$100 of taxable value.

General Fund Functional Area	FY2018 Preliminary Budget	% of Budget
Instruction	\$438,397,405	57.0%
Instructional Resources & Media Services	\$10,599,399	1.4%
Curriculum & Staff Development	\$12,845,552	1.7%
Instructional Administration	\$17,565,708	2.3%
School Administration	\$52,666,772	6.8%
Guidance & Counseling Services	\$22,078,005	2.9%
Attendance & Social Work Services	\$5,623,959	0.7%
Health Services	\$8,892,916	1.2%
Pupil Transportation	\$30,332,461	3.9%
Co-Curricular Activities	\$16,159,575	2.1%
<b>Subtotal Instruction and Student Support</b>	<b>\$615,161,752</b>	<b>80.0%</b>
General Administration	\$21,806,530	2.8%
Community Services	\$6,552,849	0.9%
<b>Subtotal Central &amp; Community Services</b>	<b>\$28,359,379</b>	<b>3.7%</b>
Plant Maintenance	\$79,853,858	10.4%
Security & Monitoring Services	\$11,208,539	1.5%
Data Processing Services	\$22,485,512	2.9%
Debt Services	\$496,029	0.1%
Facilities Aquisition & Construction	\$1,115,000	0.1%
Payments-Shared Services Arrangements	\$3,460,176	0.5%
Other Intergovernmental Charges	\$6,748,530	0.9%
<b>Subtotal Operations &amp; Infastructure</b>	<b>\$125,367,644</b>	<b>16.3%</b>
<b>Grand Total</b>	<b>\$768,888,775</b>	<b>100.0%</b>

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.

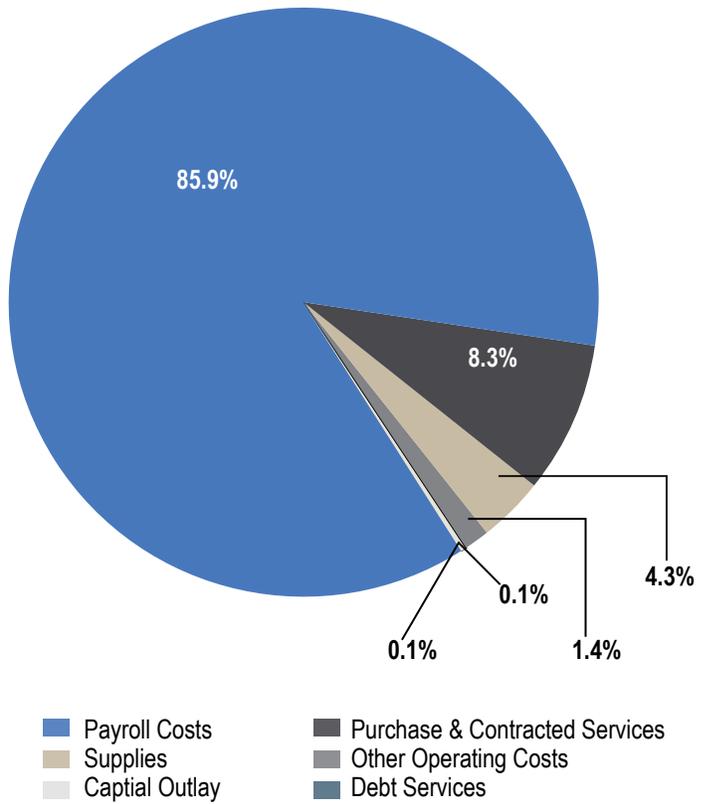
The following table depicts the debt service rate at status quo; any change in the debt service change rate would also change the below information.

### Resource Development and Partnership Support

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

- Identifying and disseminating funding opportunities to support district priorities and campus needs;
- Facilitating the development of innovative concepts, strategic proposals, and resource development strategies;
- Developing and sharing innovative programs with external partners;





General Fund by Major Object	FY2017 Adopted Budget	FY2018 Preliminary Budget	\$ Change	% Change
Payroll Costs	\$651,875,927	\$660,854,054	\$8,978,127	1.4%
Purchase & Contracted Services	61,761,621	63,717,942	1,956,321	3.2%
Supplies	27,538,181	32,733,933	5,195,752	18.9%
Other Operating Costs	8,829,366	10,445,817	1,616,451	18.3%
Capital Outlay	496,029	496,029	-	0.0%
Debt Services	613,911	641,000	27,089	4.4%
<b>Totals</b>	<b>\$751,115,035</b>	<b>\$768,888,775</b>	<b>\$17,773,740</b>	<b>2.4%</b>

- Facilitating, developing and writing strategic funding proposals;
- Building relationships with valued community and philanthropic partners;
- Leading donor relations and stewardship services;
- Providing technical assistance and support for grant writing and grants management;
- Linking community-based service providers and partners with campuses; and
- Assisting with the process and procedures necessary to provide support services to students.

## Resource Development

Financial support from generous individuals, businesses and philanthropic partners, is critical to innovation and excellence in our public schools. Austin ISD appreciates our partners who have invested with a long-term view and welcomes others to join the Austin ISD team to create an exceptional educational experience for the over 83,000 students we serve.

In FY16 (September 1, 2015 – June 30, 2016), OID was responsible for leading and supporting the generation of \$6.2M in philanthropic and competitive support. Contributions and grants from private sources are not subject to recapture.

## Partnership Support

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

Positions by Type	Austin ISD	State of TX
Teachers	50.3%	50.5%
Professional Support	9.7%	9.8%
Campus Administration	2.9%	2.9%
Central Administration	0.5%	1.1%
Education Aides	7.5%	9.6%
Auxiliary Staff	29.1%	26.1%

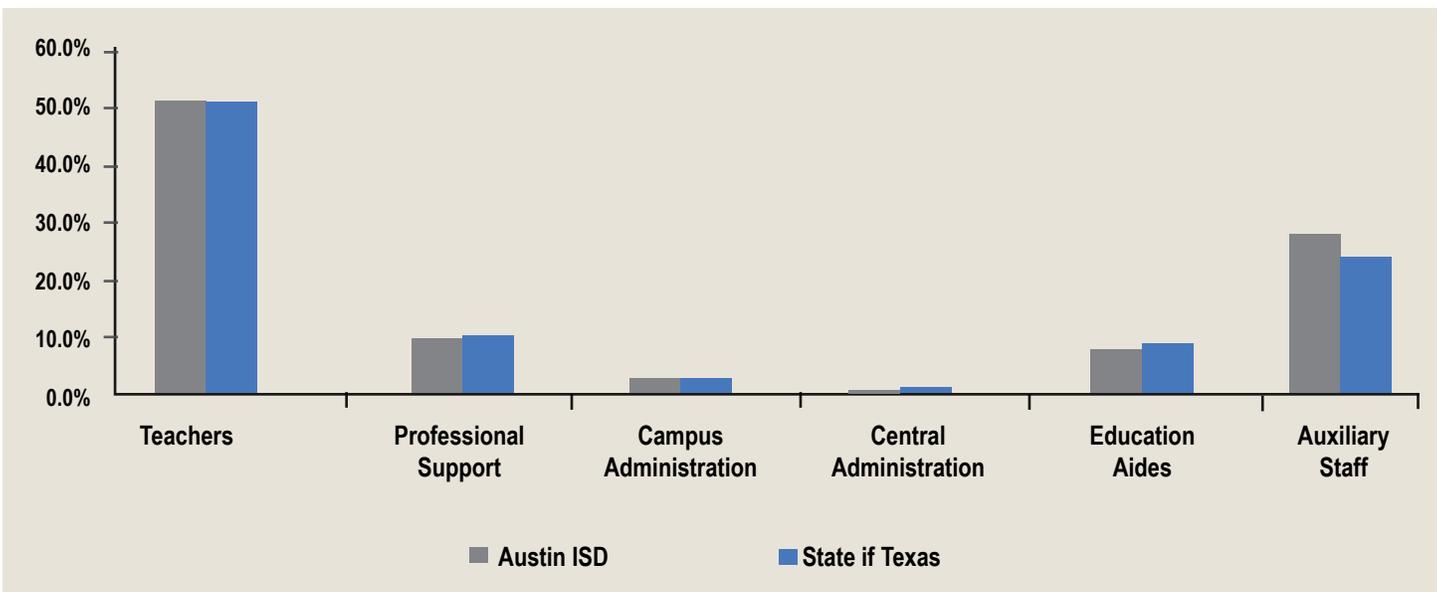
Source: Texas Education Agency, Texas Academic Report 2014-15 District Profile

Currently, over 130 partners provide over \$20 million in services to Austin ISD students across the district’s 130 campuses. Services range from mental health supports to after school enrichment. Campus leaders and community organizations can learn more about services available on campuses at [ysm-austin.org](http://ysm-austin.org).

## Campus Support

OID helps campus staff find and secure the funding necessary

## FY2015 Austin ISD and the State of Texas



Source: Texas Education Agency, Texas Academic Report 2015-16 District Profile

## FY2017–18 Governmental Funds (General Fund, Food Service Fund & Debt Service Fund)

### 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
<b>Revenues</b>				
5700 Local Sources	\$1,180,817,342	\$7,239,264	\$123,613,946	\$1,311,670,552
5800 State Sources	\$53,864,264	\$1,163,398		\$55,027,662
5900 Federal Sources	\$25,450,890	\$31,674,452	\$984,466	\$58,109,808
<b>Combined Fund Revenue Total</b>	<b>\$1,260,132,496</b>	<b>\$40,077,114</b>	<b>\$124,598,412</b>	<b>\$1,424,808,022</b>
<b>Expenditures</b>				
11 Instruction	\$438,397,405	0	0	\$438,397,405
12 Instructional Resources & Media Services	\$10,599,399	0	0	\$10,599,399
13 Curriculum & Staff Development	\$12,845,552	0	0	\$12,845,552
21 Instructional Administration	\$17,565,708	0	0	\$17,565,708
23 School Administration	\$52,666,772	0	0	\$52,666,772
31 Guidance & Counseling Services	\$22,078,005	0	0	\$22,078,005
32 Attendance & Social Work Services	\$5,623,959	0	0	\$5,623,959
33 Health Services	\$8,892,916	0	0	\$8,892,916
34 Pupil Transportation	\$30,332,461	0	0	\$30,332,461
35 Food Services		\$39,927,142	0	\$39,927,142
36 Co-Curricular Activities	\$16,159,575	0	0	\$16,159,575
41 General Administration	\$21,806,530	0	0	\$21,806,530
51 Plant Maintenance	\$79,853,858	0	0	\$79,853,858
52 Security & Monitoring Services	\$11,208,539	0	0	\$11,208,539
53 Data Processing Services	\$22,485,512	0	0	\$22,485,512
61 Community Services	\$6,552,849	0	0	\$6,552,849
71 Debt Services	\$496,029	0	\$105,295,049	\$105,791,078
81 Facilities Acquisition & Construction	\$1,115,000	0	0	\$1,115,000
91 Contracted Instructional Svcs-Public Schools	\$533,874,730	0	0	\$533,874,730
93 Payments-Shared Services Arrangements	\$3,460,176	0	0	\$3,460,176
99 Other Intergovernmental Charges	\$6,748,530	0	0	\$6,748,530
<b>Combined Fund Expenditure Total</b>	<b>\$1,302,763,505</b>	<b>\$39,927,142</b>	<b>\$105,295,049</b>	<b>\$1,447,985,696</b>
Excess (Deficiency) of Revenues Over Expenditures	(42,631,009)	\$149,972	\$19,303,363	(23,177,674)
<b>Other Financing Sources (Uses)</b>				
7900 Other Resources	\$51,000	0	0	\$51,000
8900 Other Uses	(325,000)	0	0	(325,000)
Total Other Financing Sources (Uses)	(274,000)	0	0	(274,000)
Projected Hiring Lag and Unspent at year end	\$8,000,000			8,000,000
Net Change in Fund Balances	(34,905,009)	\$149,972	\$19,303,363	(15,451,674)
3600 Fund Balance - July 1 (Beginning)	\$261,280,380	\$6,795,152	\$145,260,327	\$413,335,859
3600 Fund Balance - June 30 (Ending)	\$226,375,371	\$6,945,124	\$164,563,690	\$397,884,185
Categories of Ending Fund Balance:				
Assigned	\$17,338,893			\$17,338,893
Non Spendable	\$7,810,315			\$7,810,315
Committed	\$5,000,000			\$5,000,000
Unassigned	196,226,163	\$6,945,124	\$164,563,690	\$367,734,977

## General Fund

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

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Adopted	FY2018 Preliminary
<b>Revenues</b>					
5700 Local Sources	\$733,130,919	\$818,924,395	\$935,923,424	\$1,071,040,297	\$1,180,817,342
5800 State Sources	62,544,644	62,523,918	50,329,570	66,516,398	53,864,264
5900 Federal Sources	22,198,036	24,204,869	26,554,292	23,472,742	25,450,890
<b>Total Revenues</b>	<b>\$817,873,599</b>	<b>\$905,653,182</b>	<b>\$1,012,807,286</b>	<b>\$1,161,029,437</b>	<b>\$1,260,132,496</b>
<b>Expenditures by Function</b>					
6100 Payroll Costs	611,148,449	621,313,517	565,518,228	651,875,927	660,854,054
6200 Professional & Contracted Svcs.	186,681,126	246,611,554	323,147,640	467,826,108	597,592,672
6300 Supplies & Materials	30,397,233	30,369,343	27,254,263	27,538,181	32,733,933
6400 Other Operating Expenses	8,376,471	9,279,066	9,420,893	8,829,366	10,445,817
6500 Debt Service	333,608	507,087	372,022	496,029	496,029
6600 Capital Outlay	1,228,882	1,235,947	2,570,734	613,911	641,000
<b>Total Expenditures</b>	<b>\$838,165,769</b>	<b>\$909,316,514</b>	<b>\$928,283,780</b>	<b>\$1,157,179,522</b>	<b>\$1,302,763,505</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-20,292,170</b>	<b>-3,663,332</b>	<b>84,523,506</b>	<b>3,849,915</b>	<b>-42,631,009</b>
<b>Other Financing Sources (Uses)</b>					
7900 Other Resources	1,075,523	425,851	20,584	51,000	51,000
8900 Other Uses	-53,755		-10,000,000	-81,000	-325,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$1,021,768</b>	<b>\$425,851</b>	<b>-\$9,979,416</b>	<b>-\$30,000</b>	<b>-\$274,000</b>
<b>Net Change in Fund Balances</b>	<b>-19,270,402</b>	<b>-3,237,481</b>	<b>74,544,090</b>	<b>3,819,915</b>	<b>-42,905,009</b>
<b>Projected Hiring Lag &amp; Unspent at year end</b>					<b>8,000,000</b>
<b>Adjustment from Adopted to Amended</b>				<b>-34,806,553</b>	
<b>Fund Balances- September 1 (Beginning)</b>	<b>240,230,810</b>	<b>220,960,408</b>	<b>217,722,929</b>	<b>292,267,018</b>	<b>261,280,380</b>
<b>Fund Balances- August 31 (Ending)</b>	<b>220,960,408</b>	<b>217,722,927</b>	<b>292,267,018</b>	<b>261,280,380</b>	<b>226,375,371</b>
<b>Less Assigned Fund Balance</b>	<b>-36,639,851</b>	<b>-27,427,208</b>	<b>-26,024,649</b>	<b>-29,669,628</b>	<b>-30,149,208</b>
<b>Ending Fund Balance- Unreserved</b>	<b>\$184,320,557</b>	<b>\$190,295,719</b>	<b>\$266,242,369</b>	<b>\$231,610,752</b>	<b>\$196,226,163</b>
<b>Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures</b>	<b>22.0%</b>	<b>20.9%</b>	<b>28.7%</b>	<b>20.0%</b>	<b>15.1%</b>



## Food Service Fund

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Adopted	FY2018 Preliminary
<b>Revenues</b>					
5700 Local Sources	\$6,824,332	\$6,697,990	\$6,993,350	\$6,022,955	\$7,239,264
5800 State Sources	1,106,029	1,167,481	1,122,883	1,174,651	1,163,398
5900 Federal Sources	29,062,919	29,430,572	27,878,496	29,603,494	31,674,452
<b>Total Revenues</b>	<b>\$36,993,280</b>	<b>\$37,296,043</b>	<b>\$35,994,729</b>	<b>\$36,801,100</b>	<b>\$40,077,114</b>
<b>Expenditures by Object</b>					
6100 Payroll Costs	21,803,206	21,834,295	19,537,963	21,036,764	21,770,698
6200 Professional & Contracted Svcs.	738,041	591,148	578,784	468,722	558,757
6300 Supplies & Materials	15,162,516	15,873,436	15,082,881	15,195,766	17,304,965
6400 Other Operating Expenses	31,412	32,787	15,021	11,293	24,505
6600 Capital Outlay	466,212	194,698	135,418	88,555	268,217
<b>Total Expenditures</b>	<b>\$38,201,387</b>	<b>\$38,526,364</b>	<b>\$35,350,067</b>	<b>\$36,801,100</b>	<b>\$39,927,142</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>-1,208,107</b>	<b>-1,230,321</b>	<b>644,663</b>	<b>0</b>	<b>149,972</b>
<b>Other Financing Sources (Uses)</b>					
<b>7900 Other Resources</b>					
<b>8900 Other Uses</b>					
<b>Total Other Financing Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>-1,208,107</b>	<b>-1,230,321</b>	<b>644,663</b>	<b>0</b>	<b>149,972</b>
<b>Estimated outstanding purchase orders and unspent balances at year end</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances - September 1 (Beginning)</b>	<b>7,676,356</b>	<b>6,468,249</b>	<b>5,237,928</b>	<b>5,882,591</b>	<b>6,795,152</b>
<b>Fund Balances - Aug 31 (Ending)</b>	<b>6,468,249</b>	<b>5,237,928</b>	<b>5,882,591</b>	<b>5,882,591</b>	<b>6,945,152</b>
<b>Less Assigned Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Fund Balance - Unreserved</b>	<b>\$6,468,249</b>	<b>\$5,237,928</b>	<b>\$5,882,591</b>	<b>\$5,882,591</b>	<b>\$6,945,152</b>

## Debt Service Fund

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Adopted	FY2018 Preliminary
<b>Revenues</b>					
5700 Local Sources	\$110,121,315	\$ 108,192,795	\$106,248,492	\$111,850,078	\$123,613,946
5800 Other Rev from T.E.A.	0	0	1,502,682	1,303,766	0
5900 Federal Sources	913,585	912,600	458,761	900,083	984,466
<b>Total Revenues</b>	<b>\$111,034,900</b>	<b>\$109,105,395</b>	<b>\$108,209,935</b>	<b>\$114,053,927</b>	<b>\$124,598,412</b>
<b>Expenditures by Object</b>					
6511 Bond Principal	50,154,063	67,177,633	152,633	69,384,343	67,611,632
6521 Bond Interest	49,754,242	36,485,920	17,954,056	35,361,397	36,554,681
6599 Other Debt Serv Fees	1,352,387	1,713,547	601,922	1,718,800	1,128,736
<b>Total Expenditures</b>	<b>\$101,260,692</b>	<b>\$105,377,100</b>	<b>\$18,708,611</b>	<b>\$106,464,540</b>	<b>\$105,295,049</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>9,774,208</b>	<b>3,728,295</b>	<b>89,501,324</b>	<b>7,589,387</b>	<b>19,303,363</b>
<b>Other Financing Sources (Uses)</b>					
7900 Other Resources	169,017,860	173,490,488	24,078,000	0	0
8900 Other Uses	-168,393,049	-172,745,080	-24,078,000	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>624,811</b>	<b>745,409</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>10,399,019</b>	<b>4,473,703</b>	<b>89,501,324</b>	<b>7,589,387</b>	<b>19,303,363</b>
<b>Fund Balances - Sept. 1 (Beginning)</b>	<b>33,296,893</b>	<b>43,695,912</b>	<b>48,169,616</b>	<b>137,670,940</b>	<b>145,260,327</b>
<b>Fund Balances - Aug 31 (Ending)</b>	<b>\$43,695,912</b>	<b>\$48,169,616</b>	<b>\$137,670,940</b>	<b>\$145,260,327</b>	<b>\$164,563,690</b>
<b>Less Assigned Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Fund Balance - Unreserved</b>	<b>\$43,695,912</b>	<b>\$48,169,616</b>	<b>\$137,670,940</b>	<b>\$145,260,327</b>	<b>\$164,563,690</b>
<b>Ending Unreserved Fund Balance as a Percent of Total Budgeted Expenditures</b>	<b>43%</b>	<b>46%</b>	<b>736%*</b>	<b>136%</b>	<b>156%</b>

\*FY2016 was a 10 month year

to meet campus needs and goals. Our online grants database allows staff to search for current campus and non-profit grant opportunities. (<http://www.austinisd.org/oid/grant-database>). OID also assists staff to develop and submit proposals, brainstorm workable ideas and project development, navigate possible collaborations with other grantees, and follow up with acknowledgements for the funding partner. For assistance, please call 512.414.4850.

## Donor and Foundation Support

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

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

## Partner Information and Connection

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

## Make a Gift

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

## RECENT HIGHLIGHTS

The following descriptions highlight some of the investments and projects led and supported by the Office of Innovation and Development to generate revenue in support of Austin ISD students.

### Austin Ed Fund

The Austin Ed Fund continues to fulfill its mission to generate resources in support of Austin ISD, including the Social and Emotional Learning Initiative. During its 2016 fiscal year (January- December), the fund successfully facilitated over \$1.4 million in revenue to support Austin ISD.

- **Inspire the Future Luncheon Encourages Community to Invest in Austin ISD**

The second Austin Ed Fund Inspire the Future luncheon



on November 16th featured the superintendent's State of the District address and student participation from over 20 campuses. H-E-B served as the Presenting Sponsor for the event, which raised nearly \$190,000 from 56 sponsors and 225 guests.

- **Innovation Grants Support and Celebrate Creative Austin ISD Teachers**

Austin Ed Fund awarded \$75,000 to teachers and campus teams during the Spring 2016 Innovation Grants cycle. Open exclusively to Austin ISD teachers, these grants are designed to encourage, facilitate, recognize, and reward innovative and creative instructional approaches to the accomplishment of learning objectives. Teacher award recipients were also treated to a reception at the Google Fiber Space, complementary SXSWedu registration, and recognition in the Austin American-Statesman. The 2017 application cycle will open in late February.

- **Student Opportunity Fund Enhances Student Learning**

Austin Ed Fund formally launched its Student Opportunity Fund in Fall 2016, focused on educational enhancement for economically disadvantaged students. A total of \$50,000 was awarded to six projects, including the Maverick STEM Academy at Mendez Middle School, an original school musical at Widen Elementary, and tutoring for our district's refugee student population.

## Edbacker Campus-Based Crowdfunding Platform Launches

OID launched Edbacker, a district-wide platform for online giving and crowdfunding. All Austin ISD schools can now receive tax-deductible charitable contributions online. Campuses and PTAs can also use the platform to create unique crowdfunding campaigns for specific projects. District campaigns are also available to receive contributions. Make a gift today, visit <https://edbacker.com/p/austinisd>.

### Partnership with Michael and Susan Dell Foundation (MSDF) gaining national attention

Since 2015, MSDF has funded \$392,000 in continued staff support for implementation of a data interoperability pilot to build a partner interface in the district’s eCST advanced case management system to streamline data exchange with partners and link information about coordinated, holistic systems of services and the student outcomes they help to achieve. Austin ISD’s work on eCST has gained recognition by groups like Dallas Commit!, Houston Endowment, Forum for Youth Investment and the STRIVE network, and has been featured in a national case study by the Stanford Graduate School of Business Alumni Consulting Team. OID is helping to spearhead this project which will allow Austin ISD and our partners to better understand the relationship between needs, assets, gaps and outcomes – positioning Austin ISD as a national pioneer among school districts in the area of data sharing.

### St. David’s Foundation Awards \$3.1 Million for Social and Emotional Learning

The St. David’s Foundation awarded \$3.1 million to support the district’s Social and Emotional Learning (SEL) Initiative in December 2016. The grant will deepen the implementation of SEL through 2020 by supporting coaching, adult learning and professional development, best practice dissemination and model schools, evaluation, and enhanced integration throughout a student’s day.

### Buena Vista, Tapestry, and Klein Family Foundations Pledge \$2 Million for Social and Emotional Learning

The Buena Vista Foundation, Tapestry Foundation, and the Klein Family Foundation made a \$2 million matching pledge to support the district’s SEL Initiative over the next three years. Funds will be used to enhance evaluation efforts and increase access to real-time, meaningful data for school and district leaders; support best practice dissemination, and provide opportunities for adult learning, including through an inaugural fellowship program for district leaders.

### TEA Awards Pre-K Partnership Planning Grant to Austin ISD

The Texas Education Agency has awarded \$220,000 to Austin ISD for the 2016-18 Pre-K Partnership Planning Grant program. The funds will be used to support a staff position in the early childhood education department, professional development, and supplies. The district’s partners include Austin Community College, Bright Beginnings, Kids Campus, Little Dudes, Mainspring Schools, Open Door Preschools, and Wonder Years Preschool.

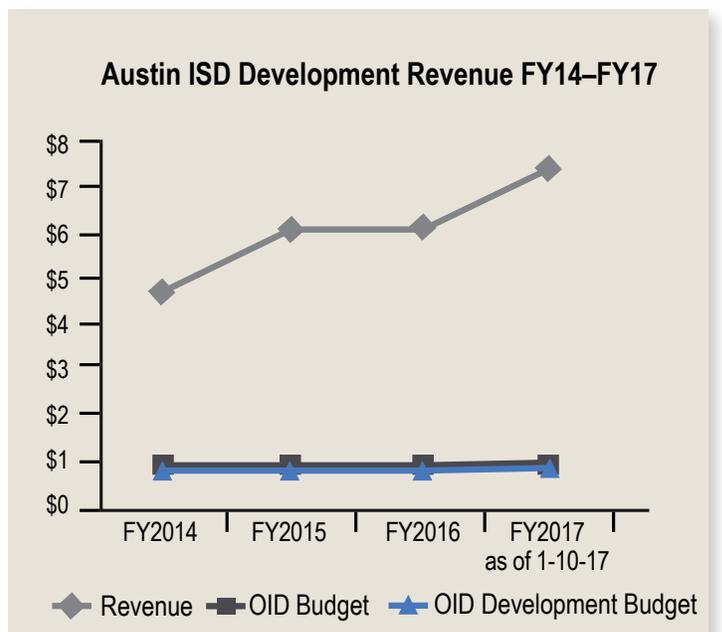
### Austin ISD Awarded Two Texas Education Agency Industry Academy Grants

The Texas Education Agency has awarded \$798,370 in two grants to support the launch of academies at Reagan and LBJ Early College High Schools in the fall of 2017. The first grant was submitted in partnership with Austin Community College (ACC) and Dell Technologies and will support the implementation of a Computer and Information Technology Academy at Reagan ECHS. The second grant will establish a Health Sciences Academy at LBJ ECHS and was submitted in partnership with ACC and Seton Family of Hospitals.

### Travis HS and Reagan HS Win CTE Makeover Challenge

Travis and Reagan High Schools were two of 10 schools in the country selected as winners of the Department of Education’s CTE Makeover Challenge in 2016. Each school received \$20,000 and a share of in-kind prizes to build a makerspace that will strengthen next-generation career and technical skills.

### Austin ISD Celebrates Opening of Whole Kids Foundation Salad Bar Program



On October 12, 2016, Austin ISD and Whole Kids Foundation celebrated “Take Your Parents to Lunch Day” at Sanchez Elementary School with the launch of a new, made-to-order salad bar. The event highlighted Austin ISD’s district-wide initiative to expand healthy eating options for elementary school students. With the support of a \$100,000 grant from Whole Kids Foundation, Nutrition and Food Services plans to add made-to-order salad bars at each of the 84 elementary schools by the spring of 2017.

### **Life Time Foundation Commits \$608,000 to Support Austin ISD Nutrition and Food Services**

Life Time Foundation awarded \$608,000 to expand the following Nutrition and Food Services programs over the next three years: 1) breakfast in the classroom, 2) salad bars, 3) a food truck, and 4) scratch-made meals. Expanding these programs will generate additional revenue for the district through increased participation in district meals, while broadening students’ exposure to a variety of foods, improving staff and student nutrition education, and encouraging lifelong healthy eating habits.

### **Andy Roddick Foundation Expands Afterschool Programming Grant to Harris Elementary School**

The Andy Roddick Foundation awarded \$90,980 to expand their support for afterschool programming to a second site, Harris Early College Prep Elementary. The grant will be implemented during the 2016-17 school year, and includes one full-time position to support programming efforts and additional support for a variety of afterschool activities. In May 2016, the Andy Roddick Foundation announced its continued support for afterschool programming at Pecan Springs Early College Prep Elementary with a \$157,500 grant award for the 2016-17 school year.

### **Rodriguez Elementary Partnership with Trinity School**

Horizons Austin Trinity, sponsored by Trinity Episcopal School, hosted 30 rising 2nd and 3rd-grade students identified by their teachers at Rodriguez Elementary School for an enriched summer program designed to build skills in literacy and numeracy, offer experiences in the arts and technology, and build individual confidence through swimming lessons. Taught by a skilled faculty of both public and private school lead teachers, associate teachers, and a reading specialist and supported by over 60 middle and high school student volunteers, rising 2nd-grade students increased their Estimated Oral Reading Fluency score on the STAAR Early Literacy Test by an average of 21 percentile points and rising 3rd graders by an average of 18 percentile points over the six-week program. Students will be invited to return each summer during their elementary years.

### **Country Music Association Foundation Awards \$100,000 to support Music Education**

The Country Music Association awarded \$100,000 to expand and deepen music education throughout the Lanier Vertical Team. Funds will be used to provide barred instruments for elementary music programs, band and orchestra instruments for middle school programs, and small group instruction with local community artists for middle school band, choir, and orchestra. A teacher cohort will also be formed to develop a longer-term strategic plan for music education in the district.

### **Austin ISD Police Department Crisis Intervention Training**

With support from the Criminal Justice Division of the Texas Office of the Governor, the Austin ISD Police Department provided Crisis Intervention Training (CIT) and certification to 60 Austin ISD police officers in summer 2016 to ensure more effective and consistent responses to students in mental health crises. In partnership with local authorities and experts in best-practices CIT, the five-day, 40-hour training was unique in its use of field-based and experiential sessions, including presentations and role-playing on de-escalating mental health crises, mental health symptoms and experiences, and conversations with mental health consumers.

### **IBM Social Strategies Accelerator Impact Grant Workshop**

On July 27, 2016, IBM hosted a Social Strategies Accelerator workshop to enhance and better coordinate Austin ISD’s social media strategies and improve the skills and knowledge of communication coordinators throughout the district. Representatives from the Department of Communications and Community Engagement (DCCE) and the Austin Ed Fund attended the workshop. IBM will compile the learning materials into an action plan that can be used by DCCE and Austin Ed Fund to guide their social media strategy moving forward.

### **Alice Kleberg Reynolds Foundation Supports Translation Services for Refugee Families**

In October 2016, the Alice Kleberg Reynolds Foundation awarded a \$5,000 grant to the Austin Ed Fund to support translation and interpretation services for Austin ISD’s refugee and asylee families. Austin ISD has experienced a rapidly increasing population of refugee families, who are enrolled at nearly 90 schools throughout the district and speak 16 languages. Grant funds will support translation and interpretation services for campus and district-level activities, including semi-annual parent-teacher conferences, cultural orientations to provide information about the American school system, and PTA meetings.





## Going Forward

### State Funding

The Board approved legislative priorities for the 85th legislative session on June 20, 2016. These priorities are being used to educate lawmakers and the public about issues of importance to our district during the 85th legislative session, which began January 10, 2017 and ends May 29, 2017.

### Legislative Issues at Austin ISD

#### School Finance

1. Update the Transportation Allotment to allow Chapter 41 districts to apply the amount it would receive in transportation funding as a credit against the total amount of recapture.
  - AISD would receive a credit or approximately \$5,437,501 in FY 2017 and FY 2018.
2. Update the Cost of Education Index (CEI)
  - The CEI has not been updated since 1991.
  - The CEI attempts to adjust for varying economic conditions across the state, based mainly on the size of the district, the teacher salaries of neighboring districts, and the percentage of economically disadvantaged students in the district for the 1989-90 school year.
  - The cost of living in Austin has sky-rocketed, making it unaffordable to attract and retain excellent teachers.
3. Recognize 100 percent of CEI in WADA calculation compared to 50 percent under current law.
  - The average home cost in the Austin-Round Rock area in 1991 was \$83,142, and has increased to \$325,663 in March 2016.
  - Currently, 100 percent of the effect of the CEI is allowed to increase the Basic Allotment for each district. This adjustment increases Tier I allotments as well as Tier I State Aid.
  - However, only 50 percent of the effect of CEI is allowed to flow through the formulas into the calculation of WADA, which is used in Tier II and in Chapter 41 recapture calculations.
  - Because Austin ISD is a Chapter 41 district and does not receive Tier I or Tier II funds from the State, the district effectively receives only 50 percent of the intended benefit from the CEI (in the calculation of recapture).
  - Correcting the formulas to allow 100 percent of the CEI to flow into the rest of the equalized system would increase the number of WADA and provide increased Tier II funds for Chapter 42 districts as well as reduced recapture for Chapter 41 districts. This would assure a consistent and equitable treatment of the CEI adjustment to all districts, regardless of size, demographics or wealth.
4. Improve funding for students who are identified as at-risk and



#### English language learners (ELLs).

- These funding weights have not been adjusted since 1984, while the percentage of economically disadvantaged students in AISD has grown from 48.8 percent in 1994 to 58 percent in 2016, and the ELL population in AISD has nearly tripled in the same time period from 11.3 percent in 1994 to 27.8 percent in 2015-16.
  - Increase the current funding weight of .20 to .25 to provide adequate funding to students at risk of dropping out of school. Increased funding would allow school districts to provide more resources to students and their families to address the obstacles that cause many to drop out. An increase of this weight to 0.25 would provide an additional \$14,757,443 to Austin ISD.
  - Increase the current funding weight of .10 to .20 for bilingual students. Additional funding would assist the district in meeting the needs of an increasingly large student population coming to Austin ISD from all over the world speaking languages other than English and Spanish. Over 94 languages are spoken in Austin ISD, and additional support and resources are necessary to provide an education to many of our unschooled refugee and asylee students. An increase in this weight would result in an additional \$11,968,462 for Austin ISD.
5. Enact legislation to exclude contributions made by school district to the federal social security system from the amount subject to recapture by the state under Ch. 41, TEC.
  6. Increase CTE weight from 1.35 to 1.5.

#### Mental & Behavioral Health

1. Provide state funding to support campus-based mental and behavioral health services for students.
2. Amend Insurance Code to require that campus-based mental and behavioral health practitioners be admitted as in-network providers.
- 3.

The Annual Report is available at [www.austinisd.org/publications](http://www.austinisd.org/publications).



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

## Organizational Structure

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

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

## Milestones of the FY2017 Budget Process

### October 2016

- Board Adopts FY2018 Budget Development Calendar

### January 2016

- FY2018-FY2020 Forecast

### April / May 2017

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

### June 2017

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

### July 2017

- Travis Central Appraisal District (TCAD) Certifies Appraisal Values

### August 2017

- Board Adopts the FY2018 Tax Rate
- 





## FACT SHEET 2016-2017 School Year

### Campuses

■ High Schools	17
▲ Middle Schools	18
● Elementary Schools	85
● Other Campuses	10
<b>Total</b>	<b>130</b>



### Student Enrollment<sup>1</sup>

Hispanic	48,199	(58.0%)
African American	6,259	(7.5%)
White	22,732	(27.4%)
Other	5,870	(7.1%)
<b>Total</b>	<b>83,060</b>	
Limited English Proficiency (LEP)	23,360	(28.1%)
Economically Disadvantaged (EcD)	43,065	(51.9%)
Special Education (SpEd)	8,798	(10.6%)

### AISD Points of Pride

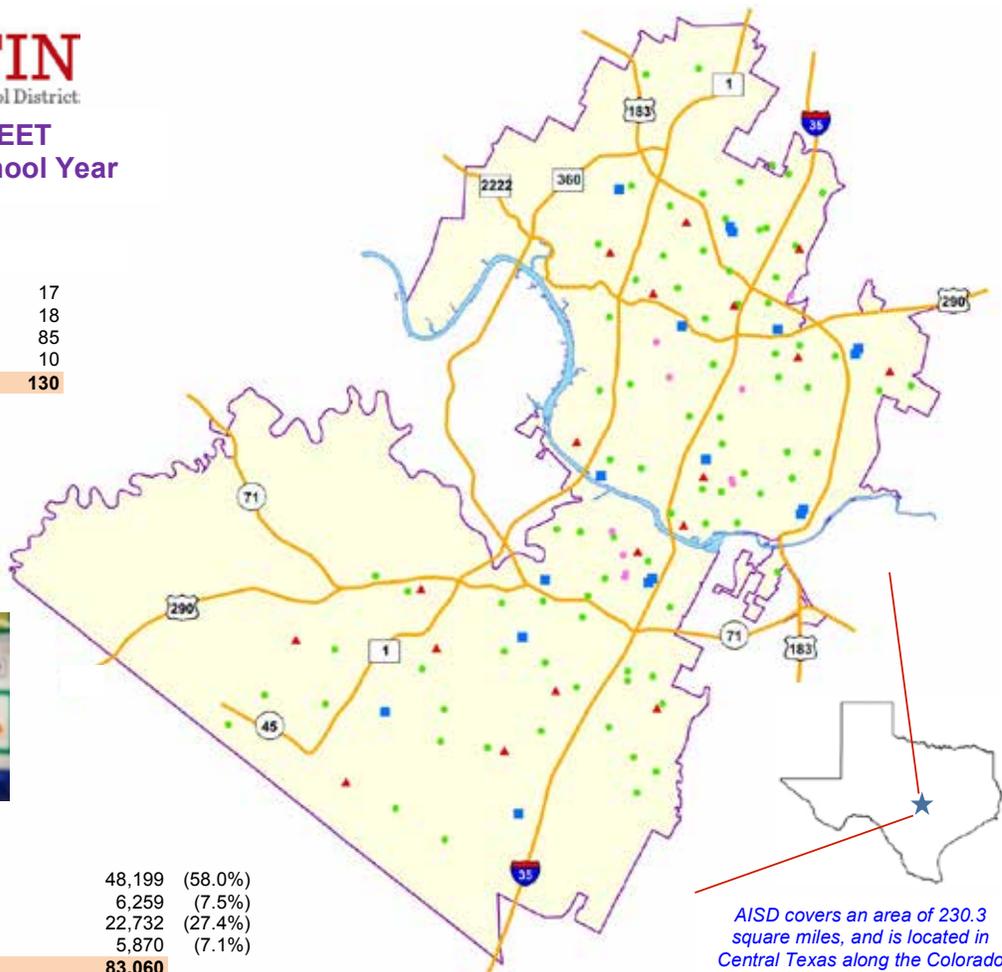
- ★ The Texas Education Agency has awarded 187 Distinction Designations for Outstanding Performance to 67 AISD schools.
- ★ AISD has exceeded state and national averages on both the SAT and ACT since 2013.
- ★ Based on National Student Clearinghouse data, AISD graduates continue attending college beyond their freshman year more than the national average.
- ★ *Newsweek* and *U.S. News and World Report* have ranked AISD's Anderson High School among the best high schools in the nation for 2016.
- ★ AISD's graduation rate is at an all-time high of 89.7%.
- ★ AISD has 42 National Merit Finalists, 3 National Merit Semifinalists, 107 National Merit Commended Students, 38 Scholars for the National Hispanic Recognition Program, and 7 Presidential Scholar Candidates.
- ★ AISD has 229 National Board Certified Teachers – more than any school district in Texas.
- ★ AISD is the largest school district in the nation to earn the Anti-Defamation League's "No Place for Hate" designation.
- ★ AISD has the highest bond and State Financial Accountability ratings that districts can earn in Texas. This reflects AISD's stable financial management and operations, healthy reserves, and manageable debt profile, and saves Austin taxpayers.

<sup>1</sup>PEIMS Preliminary Snapshot, November 2016

<sup>2</sup>AISD Human Resources Department, November 2016

<sup>3</sup>AISD Adopted Budget, FY 2017

<sup>4</sup>American Community Survey, 2015



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

### Employees<sup>2</sup>

Teachers	6,244	(51.1%)
Other Professionals	2,841	(23.2%)
Auxiliary	3,142	(25.7%)
<b>Total</b>	<b>12,227</b>	

### Budget<sup>3</sup>

Operations	\$1,157,179,522	(89.0%)
Food Service	\$36,801,100	(2.8%)
Debt Service	\$106,464,450	(8.2%)
<b>Total</b>	<b>\$1,300,445,162</b>	
State Recapture	\$406,064,487	
Net Operations	\$751,115,035	
Total Tax Rate	\$1.192/\$100 valuation	

### Population within AISD Boundaries<sup>4</sup>

Total Population =	727,040
Average Household Size =	2.48
Home Language Not English =	31.7%
Foreign Born =	17.9%
Median Household Income =	\$61,219
Below Poverty Level =	15.6%
Median Home Value =	\$290,900
Median Monthly Rent =	\$1,134
Renter Occupied Housing =	55.4%
Different Residence 1 Year Ago =	20.7%
Bachelor's Degree or Higher =	47.3%
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.



**AUSTIN**  
Independent School District



## AUSTIN Independent School District

Read and download a copy of the FY2018 Preliminary Budget at [www.austinisd.org/publications](http://www.austinisd.org/publications)

