



SMARTER SCHOOL SPENDING

FOR STUDENT SUCCESS

2019-2020 Budget Workshop

March 26, 2019

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Fort Worth
INDEPENDENT SCHOOL DISTRICT



2019-2020 Budget Development



Agenda

2019-2020:

- ❖ Compensation Considerations
- ❖ Revenue Planning Estimates
- ❖ Preliminary Budget Estimates
- ❖ Staffing Considerations
- ❖ Compensation Plan Options
- ❖ Expenditure Considerations
- ❖ Resource Allocation Strategies
- ❖ Cost Savings Strategies and Considerations
- ❖ Next Steps



2019-2020 Budget Development



Compensation Highlights

- Consideration of 2% Raise for All Employees
- Increase in Teacher Starting Pay to \$54,000
- Increase in Bilingual Stipend to \$4,000
- Increase in Teacher Pay Schedule for Steps 5 – 15
- Market Increase in Pay Grades for:
 - Grade 600 – Campus Support
 - Grade 700 – Technology
 - Grade 900 – Instructional Programs



2019-2020 Budget Development - Revenue

2019-2020 Revenue Planning Estimates

Assumptions:

- ❖ Local Revenue (Subject to Change based on TAD Estimated Values)
 - ❑ Local Tax Revenue – 7.5% Increase in Taxable Property Values
- ❖ State Revenue (Subject to Change in 86th Legislative session & enrollment)
 - ❑ Enrollment – 82,198 Students
 - ❑ Average Daily Attendance – 74,580 (Loss of 2,000 from 2018-2019)
 - ❑ SB 1882 Partnership Revenue - \$4.8M
- ❖ Federal Revenue
 - ❑ MAC/SHARS - (Percentage Change – Unknown)
 - ❑ Unrestricted Indirect Cost Rate – (Percentage Change Unknown)

2019-2020 Budget Development – Revenue (cont'd)

2019-2020 Revenue Planning Estimates

Fund 199 General Operating Fund	2017-2018 Audited	2018-2019 Projection	2019-2020 Projection	Change \$	Change %
Local Sources	\$359,392,839	\$385,268,508	\$410,747,133	\$25,478,625	6.61%
State Sources	\$360,950,100	\$321,661,569	\$282,748,026	(\$38,913,543)	-12.10%
Federal Sources	\$14,788,874	\$15,250,000	\$15,000,000	(\$250,000)	-1.64%
Other Sources	\$7,795,220	\$0	\$0	\$0	0
Total Revenue Estimates	\$742,927,033	\$722,180,077	\$708,495,159	-\$13,684,918	-1.89%

Fund 198 TRE Fund	2017-2018	2018-2019	2019-2020	Change \$	Increase/ Decrease
Local Sources	\$6,826,804	\$7,007,337	\$7,701,678	\$694,341	9.91%
State Sources	\$17,133,045	\$16,664,622	\$16,318,078	(\$346,544)	-2.08%
Federal Sources	\$0	\$0	\$0	\$0	\$0
Total Revenue Estimates	\$23,959,849	\$23,671,959	\$24,019,756	\$347,797	1.47%

Total Revenue Estimates	2017-2018 Final Audited	2018-2019 Projection	2019-2020 Projection	Change \$	Increase/ Decrease
Local Sources	\$366,219,643	\$392,275,845	\$418,448,811	\$26,172,966	6.67%
State Sources	\$378,083,145	\$338,326,191	\$299,066,104	(\$39,260,087)	-11.60%
Federal Sources	\$14,788,874	\$15,250,000	\$15,000,000	(\$250,000)	-1.64%
Other Sources		\$0	\$0	\$0	0.00%
Total Revenue Estimates	\$759,091,662	\$745,852,036	\$732,514,915	-\$13,337,121	-1.79%

2019-2020 Preliminary Projection

	Audited 2017-2018	Projected 2018-2019	Preliminary** 2019-2020
Total Revenue	759,091,662	745,852,036	732,514,914
6100 - Payroll Costs	(642,928,204)	(651,525,628)	(665,014,378)
6200 - Contracted Services	(51,947,144)	(54,138,811) *	(53,056,035)
6300 - Supplies & Materials	(30,258,556)	(36,207,158) *	(35,483,014)
6400 - Other Operating Expenses	(8,797,323)	(10,099,047) *	(9,897,066)
6600 - Capital Outlay	(2,439,798)	(834,538) *	(817,847)
Purchase Order Rollovers	-	-	(6,000,000)
Fund 198 Tax Ratification Election Funds	(6,694,610)	(16,627,881)	(24,019,756)
Total Expenses	(743,065,634)	(769,433,062)	(794,288,096)
Excess/(Deficiency) of Revenue over expenses	16,026,028	(23,581,026)	(61,773,182)
Net Transfer in	7,295,242	-	-
Increase/(Decrease) in Fund Balance	23,321,270	(23,581,026)	(61,773,182)
Ending Audited Fund Balance 6/30/2018	213,282,187	* Spend @ 92% of 18-19 budget 1% = \$1.1M	Budget @ 98% of 18-19 estimate 6200 - 6600

** 2019-2020 Based on current year funding formula with a reduction of approximately 2,000 students, 7.5% increase in tax base, and preliminary values certified by the state on January 31, 2019.

A woman with long dark hair, wearing safety glasses and a dark jacket, is working on a large engine in a workshop. She is using a tool to adjust something on the engine. The background shows various workshop equipment and tools.

2019-2020 Budget Development Staffing Considerations

- Approximately 86% of the General Fund budget is payroll.
- A comprehensive analysis has been performed by Educational Resource Strategies (ERS) focused on staffing efficiency and secondary scheduling. Final report to BOE in April.
- Standardization of class size and teacher loads similar to other large urban districts.
- Staffing allocations evaluated in coordination with student scheduling currently in process.
- Evaluation of low-enrollment programs/classes.
- Consideration of implementation for the 2019-2020 Budget.



2019-2020 Compensation Plan Options



- Percentage “Across the Board” raise on salary – historically used:
 - Each employee receives the same percentage raise.
 - Rewards employees at the top of the pay grade by a higher dollar raise.
- “Mid-Point” of pay range – same dollar amount to all individuals in the same pay grades.
 - Each employee in a grade receives the same dollar raise.
 - Keeps the integrity of the salary structure.
 - All employees within their pay grade to grow at an equal pace.
 - Increases ensure that employees who are below the minimum receive a marginally higher amount which cause employees to move up within the pay range.




2019-2020 Compensation Plan Options (cont'd)

	Percentage Raise Approach - including Fringe	
	<u>2% Raise</u>	<u>3% Raise</u>
Base Salaries	10,350,000	15,525,000
Pay Grade Adjustments*	4,500,000	
Teacher Salary Scale Steps 5 - 15	1,687,500	
Beginning Teacher Salaries	562,500	562,500
Bilingual/ESL Stipend Increase	731,250	731,250
Subtotal	<u>17,831,250</u>	<u>16,818,750</u>

* Pay Grades 600 – Campus Professional Support; 700 – Technology; 900 – Instructional Programs

CAVEAT – Legislation increasing teachers salaries by \$5,000 would require an entirely new analysis of the District's Compensation Manual.



2019-2020 Compensation Plan Options

Example of Raise Calculations

Percentage Increase vs. Mid-Point

- Mid-Point Increases are calculated by taking the approved percentage amount and multiplying that by the midpoint of the paygrade.

Example:

Employee A makes \$56,000 annually

The mid-point of the salary is \$68,492

A 2% is approved:

- Employee A receives 2% of current salary raise = \$1,120
- Employee A receives 2% of mid-point raise = \$1,370

2019-2020 Compensation Plan Options

Example of Raise Calculations (cont'd)

	<u>Minimum</u>	<u>Mid-point</u>	<u>Maximum</u>
187 Days	\$ 53,000	\$ 68,492	\$ 82,480
Percentage of Raise		2.00%	
Calculated Raise		<u>\$ 1,370</u>	
Employees Salary:	<u>Employee A</u>		<u>Employee B</u>
Annual Salary	\$ 56,000		\$ 75,000
Mid-Point Raise	\$ 1,370		\$ 1,370
Actual percentage	<u>2.45%</u>		<u>1.83%</u>



2019-2020 Compensation Plan Options (cont'd)

	Mid-Point Raise Approach - including Fringe	
	<u>2% Raise</u>	<u>3% Raise</u>
Base Salaries	11,610,000	17,415,000
Pay Grade Adjustments*	4,500,000	
Teacher Salary Scale Steps 5 - 15	585,000	
Beginning Teacher Salaries	562,500	562,500
Bilingual/ESL Stipend Increase	731,250	731,250
Subtotal	<u>17,988,750</u>	<u>18,708,750</u>

* Pay Grades 600 – Campus Professional Support; 700 – Technology; 900 – Instructional Programs

CAVEAT – Legislation increasing teachers salaries by \$5,000 would require an entirely new analysis of the District's Compensation Manual.

2019-2020 Compensation Plan Options (cont'd)

Teacher Scale

Position	Total count	29+ Years		Benefit from Mid Increase	
Teachers	5,630	292	5%	5,338	95%
Librarians Counselors and Nurses	488	39	8%	449	92%
Total EE's on salary schedule	6,118	331	5%	5,787	95%

All Other Pay Grades

Position	Total Count	Above Mid		Below Mid	
All groups	5,500	1,758	32%	3,742	68%
Total	11,618	2,089	18%	9,529	82%



2019-2020 Compensation Plan Options (cont'd)

Bilingual/ESL/other language positions difficult to fill.

FWISD currently pays a stipend for teachers serving bilingual/ESL students of \$3,150/annually. Consider change to \$4,000.

Area districts pay Bilingual Stipends:

- Arlington ISD - \$3,000
- Burleson ISD - \$3,750
- Crowley ISD - \$4,000
- Dallas ISD - \$3,000
- Mansfield ISD - \$3,680

These stipends are for teachers that are certified and are required to have these certifications for their respective content area taught, as well as be the teacher of record for eligible student populations.



2019-2020 Budget Development - Expenditures

2019-2020 Expenditure Planning Estimates

- Program Growth
 - Schools of Choice Expansion
 - WLI - Adding 12th Grade
 - I.M. Terrell Academy STEM/VPA – Adding 10th Grade
- Division of Equity and Excellence
- Turnaround Campus - Poly
- Special Programs
 - Bilingual/ESL
 - Special Education
- SB 1882 Partnership with TWU



2019-2020 Budget Development – Expenditures (cont'd)

2019-2020 Resource Allocation Strategies

- ❖ Equitable Resource Allocation for Campuses - \$7,253,343
 - ❑ Student Based Budgeting-(Basic Allotment)(Est. ADA)
 - ❑ Allocates Resources Based on Student Population (Weighted)
 - Career & Technology
 - Bilingual
 - Compensatory Education/At Risk
 - Gifted & Talented
 - Special Education
 - ❑ Campus' CNA & CEIP Incorporates all Financial Resources



2019-2020 Budget Development – Expenditures (cont'd)

2019-2020 Resource Allocation Strategies

- ❖ Equitable Resource Allocations for Departments
 - ❑ Zero based budgeting
 - Tool to achieve more cost-effective avenues for delivery of services
 - Opportunity to redirect resources from low impact programs to those that will meet the goals of the district
 - Enables the district to plan and make decisions about the most efficient & effective way to allocate resources
 - ❑ Assumes no prior budget
 - ❑ Justification of all planned expenditures
 - ❑ All Departmental expenditures will be aligned with District Strategic Plan

A woman with long dark hair, wearing safety glasses and a dark jacket, is working on a car engine in a workshop. She is using a tool to adjust something on the engine. The background shows various tools and equipment.

2019-2020 Cost Savings Strategies and Considerations

- 1) Consider Moving to Non-Duty Days vs. Vacation**
- 2) Consider Denominator Change - Terminal Pay**
- 3) Consider Revisiting Sick Leave Bank Guidelines**
- 4) Eliminate Employer Paid TRS Retiree Surcharges**
- 5) Restructure Step 32**



2019-2020 Budget Development – Compensated Absences

- Consideration of compensated (vacation) absences:
 - Approximately 1,700 employees are eligible for vacation annually – employees working 240 - 260 days.
 - Revising vacation policy to industry norms of using non-duty days within the year earned for the individuals contract/fiscal year beginning in the 2019-2020 fiscal year.
 - Conversion of vacation to “Non-Duty” days similar to other districts.
 - Employees currently with accrued vacation will have to either use the time off in the next two years, or they can be paid upon separation from the District within in the next two years (8/31/2021).
 - The rate paid will be at their 2018-19 compensation level.
 - Liability as of 6/30/2018 for vacation payable was \$5.2M

2019-2020 Budget Development – Compensated Absences - Current Policy

John Doe



2019-2020

Vacation = 20 days

Daily Rate = \$500

Future Liability = \$10,000

Mr. Doe didn't use any vacation for the 2018-2019 School year.
Liability of \$10,000 is carried over to 2019-2020 SY



2020-2021

Vacation = 20 days

Daily Rate = \$510

Future Liability = \$10,200

2019-2020 Mr. Doe resigns. FWISD owes Mr. Doe his final checks along with current year leave accrued plus \$10,200 from his 2018-2019 unused Vacation.

2019-2020 Budget Development – Compensated Absences – Proposed Policy

John Doe



2019-2020 and Future Years

Non-Duty = 20 days

Daily Rate = \$500

Future Liability = \$0 (Non-Duty Days must be used within school year earned.)

Mr. Doe must take his Non-Duty Days in the year earned.

Future Liability for FWISD = \$0

2019-2020 Budget Development – Compensated Absences – Timeline for Useage

<u>Time Period</u>	<u>Policy</u>	<u># of Days</u>
Prior to 2018-19	Previous vacation rolled by Superintendent	10
2018-19	Auto roll per BOE Policy if not used	10
2019-2020	Non-duty days - will not roll	10
	Balance available thru 8/31/2020	<u>30</u>

<u>Time for useage</u>		
2019-2020	Non duty - use by 8/31/2020	(10)
2020-2021	Use by 8/31/2021 or lose (2 full years)	(20)
	Useage of all vacation through 8/31/2021	<u>(30)</u>
	Balance as of 8/31/2021 for prior years	<u>-</u>

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2019-2020 Budget Development – Terminal Pay

- Consideration of calculation change – Terminal Pay:
 - For certain employees hired prior to August 31, 2003, the District made a final single payment for employees retiring from the District for:
 - Unused sick leave, not to exceed 20 days.
 - A final terminal payment based on number of years of service to FWISD.
 - Compensation levels frozen at amounts August 31, 2012 amounts.
 - Final terminal payment is based on the 2012 annual salary, divided by a denominator of 183 contract days times the number of years @ FWISD
 - The District is considering a change the denominator to the respective calendar days at retirement starting 9/1/2021.

2019-2020 Budget Development – Terminal Pay example

Employees daily rate are currently recalculated on 183 day basis, increasing the daily rate that is used to calculate the final terminal payment.

	240 Day Employee w/ Denominator			187 Day Employee		
	Current	Actual (Proposed)	Difference	Current	Actual (Proposed)	Difference
Annual Salary	\$ 38,000	\$ 38,000		\$ 56,000	\$ 56,000	
Denominator or Contract Days	183	240		183	187	
Daily Rate	\$ 207.65	\$ 161.64		\$ 306.01	\$ 299.47	
Sick Leave Days	20	20		20	20	
Terminal Pay Days	26	26		26	26	
Total compensable Days	46	46		46	46	
Terminal payment	\$ 9,551.91	\$ 7,435.44	\$ (2,116.47)	\$ 14,076.50	\$ 13,775.40	\$ (301.10)

2019-2020 Budget Development – Terminal Pay – Employees Affected

<u>Group</u>	<u>Maximum reduction</u>	<u>Average Reduction</u>	<u># Affected</u>
Counselors	\$ (1,345.87)	\$ (569.75)	59
Custodian I	\$ (2,463.28)	\$ (1,350.46)	117
Custodian II	\$ (2,531.93)	\$ (1,745.70)	34
Custodian III	\$ (2,599.13)	\$ (1,855.95)	16
Data Clerks - HS	\$ (2,458.18)	\$ (1,082.83)	6
Asst Princ	\$ (2,062.21)	\$ (1,212.27)	43
Principal	\$ (3,956.20)	\$ (2,789.41)	42
Teachers	\$ (458.88)	\$ (224.07)	974
Admin/Others	\$ (9,416.30)	\$ (2,336.98)	771
Total on salaried employees			<u>2,062</u>



2019-2020 Budget Development – Sick Leave Bank

- The District Currently has a Sick Leave Program (SLP) which allows all individuals who have exhausted all available Paid Time Off (PTO) to apply for additional compensation days for extended leave from illness.
- A typical SLP requires employees to contribute by one of two ways:
 - 2 local days to build a “bank” of sick leave days in order to be eligible use the SLP.
 - A “one-time” contribution as long as the “bank” has sufficient days available.
- By employees contributing local leave days to the bank, all employees share in the supporting of individuals who have exhausted all available PTO caused by illness.
- Employees who contribute can apply to use the SLP in accordance with existing Board-approved bylaws.
- The District benefits by limiting the liability of expenses attributable to paying amounts employees may have otherwise used for “local leave”.

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2019-2020 Budget Development – Restructure Step 32 on Pay Scale

- Currently, the District's Pay Scale has a pay increase of approximately 16% in salary after step 31 for:
 - Teachers
 - Counselors
 - Nurses
 - Librarians
- The District would “grandfather” current employees in this group who are within 4 years of receiving this raise.
- Analysis performed in 2018 reflects a savings of \$1.5M over a 5 year period.

2019-2020 Budget Development – Restructure Step 32 on Pay Scale

Salary Schedule Total Count	
STEP	Count of Employees
26	58
27	60
28	50
29	32
30	47
31	34
32	30

STEP	Bachelors		Masters		Doctorate	
	Salary	Count	Salary	Count	Salary	Count
26	\$65,544	31	\$66,959	20	\$70,333	0
27	\$66,448	41	\$67,868	11	\$70,549	0
28	\$67,465	24	\$69,512	21	\$70,817	2
29	\$69,649	14	\$70,870	15	\$74,846	0
30	\$69,768	26	\$71,668	16	\$74,966	0
31	\$70,276	13	\$71,847	16	\$75,084	0
32	\$82,037	15	\$83,984	11	\$88,070	0

Difference

\$11,761

\$12,137

\$12,986

Proposed						
31	\$71,138	13	\$73,038	16	\$76,336	0
32	\$71,646	15	\$73,217	11	\$76,454	0

Difference - Revised

\$1,370

\$1,370

\$1,370



2019-2020 Budget Development



Next Steps

- ❖ Determine Cost Projections of Priorities
- ❖ Identify and Analyze Savings Options
 - ☐ Results of ERS analysis & potential implementation
 - ☐ Reducing Operational Costs
 - ☐ Managing Class Sizes
 - ☐ Equitably Address Student Needs
 - ☐ Optimizing Instructional Time
 - ☐ Effective Professional Learning
- ❖ Balance Budget Tradeoffs
- ❖ Adopt 2019-2020 Budget



2019-2020 Budget Development



Next Steps

- Board Workshop 4/16/2019
- Board Workshop 5/7/2019
- Budget update to BOE 5/21/2019
- Board Workshop 6/4/2019
- Budget Update to BOE 6/11/2019
- Budget Adoption 6/25/2019

Questions





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