Best Practices in School Budgeting and Smarter School Spending

Government Finance Officers Association

TASBO Budget Academy 2015
Introductions

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- Matt Bubness – Manager, Research & Consulting Center, Government Finance Officers Association (GFOA)
What’s in Wylie ISD?

- Suburb of Dallas, around Plano, Allen, Murphy, Garland, Rockwall
- 42 square miles
- 76% is residential property
- Median new home is now $360,000 - 2 years ago was about ½ that
- 25% economically disadvantaged
- 2 high schools, 3 junior highs, 3 intermediates and 10 elementary schools
- George W. Bush Elementary to open 2016
Exponential Enrollment Growth

Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
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</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>4,605</td>
</tr>
<tr>
<td>2001-02</td>
<td>5,041</td>
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<tr>
<td>2002-03</td>
<td>5,725</td>
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<tr>
<td>2003-04</td>
<td>6,705</td>
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<td>2004-05</td>
<td>7,857</td>
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<td>9,054</td>
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<td>2007-08</td>
<td>10,756</td>
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<td>2008-09</td>
<td>11,305</td>
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<td>12,012</td>
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<td>2010-11</td>
<td>12,472</td>
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<td>2011-12</td>
<td>12,879</td>
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<tr>
<td>2012-13</td>
<td>13,411</td>
</tr>
<tr>
<td>2013-14</td>
<td>13,709</td>
</tr>
<tr>
<td>2014-15</td>
<td>14,039</td>
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</tbody>
</table>
Enrollment still growing but at reduced pace
Tax rates impacted by State changes
Financial Stats

- Taxable value projection expected to be 3.744 in 2017 – up nearly 30% over 10 years and nearly doubled from 15 years ago
- General fund revenues – approximately 60%/40% split between state and local funds
- Over 80% of general fund expenditures on personnel
- Total fund balance has grown substantially since slight dip in FY08 to current level of approximately 30% of expenditures
Fluctuations in State Funding

- **Reduction:**
  - In 2011, Texas school districts lost $5.4 billion in the state education budget biennium.
  - Wylie ISD lost $12.5 million
  - Actions taken included salary freeze, left vacancies unfilled and no new hires

- **Partial Restoration:**
  - In 2013, Texas school districts received just short of $2 billion in the state education budget lost in the last biennium yet did not include inflation.
  - The partial return of funds was helpful – but still insufficient to restore all services lost.
  - Wylie completed a TASB salary audit to align their compensation appropriately and also made several capital improvement and technology investments.
## Increase in Revenue per ADA

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2014-15</th>
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<tbody>
<tr>
<td>Allen ISD</td>
<td>$317</td>
<td>$445</td>
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<tr>
<td>Farmersville ISD</td>
<td>$339</td>
<td>$475</td>
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<td>Lovejoy ISD</td>
<td>$169</td>
<td>$181</td>
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<td>McKinney ISD</td>
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<td>$163</td>
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<td>Plano ISD</td>
<td>$131</td>
<td>$176</td>
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<tr>
<td>Prosper ISD</td>
<td>$173</td>
<td>$189</td>
</tr>
<tr>
<td>Wylie ISD</td>
<td>$318</td>
<td>$445</td>
</tr>
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</table>
Budget Outlook 2015-2016

- Wylie ISD received a 9% increase in property values (very unusual).
- **Beware of the effects on your 2015-2016 budget!**
- For every $1 in local revenues we project to receive, we will lose $3 in state aid
- Decisions will have to be made on maximizing funding for student resources
Challenges

- HB5 – endorsements for 8th graders, expansion of classes offered
- Update of technology infrastructure
- Counselors – increased workload, more needed
- What type of technology will be needed for online instruction 1:1 program?
- Sustaining new programs, reviewing old ones
- Federal Funding loss due to sequestration
“Old” Budget Process

- Chief Financial Officer compiled numbers - no reference to the District Improvement Plan (DIP) or goals of the district – served mainly as a ‘bean counter’. Presented mostly numbers, not pictures.
- Certain areas of budget had no close oversight and were chronically underspent (example - Career & Technology HS per student allocation)
- “BYOD (device)” program – led to struggling new initiatives (example – wifi)
- No consistency in purchases across campuses and departments - ‘free-for-all’ (example - Smart Boards)
- No structure to certain areas of budget - FF&E purchases done if funds were available (example – cafeteria tables)
- Also, Auxiliary had not been reviewed in several years
Wylie had the opportunity to utilize the Best Practices to assist in addressing these challenges through a re-designed budget process.

Best Practices in School Budgeting centered in five major areas:

- Plan and Prepare
- Set Instructional Priorities
- Pay for Priorities
- Implement Plan
- Ensure Sustainability
Some examples of the Best Practices implemented:

- Develop Principles and Policies to Guide the Budget Process
- Establish a Partnership between the Finance and Instructional Leaders
- Evaluate and Prioritize Expenditures to Enact the Instructional Priorities
- Allocate Resources to Individual School Sites
Results of the “New” Budget Process

- Chief Academic Officer and Chief Financial Officer worked in a tighter capacity
- District Improvement Plan and Budget are interconnected to determine where the funds go
- Centralized our Career & Technology budget by hiring a Director to oversee entire budget
- Included technology infrastructure in November 2014 bond
- Centralized all technology purchases – take advantage of bulk purchases
- Centralized all FF&E purchases with Operations Director – warranty, internally fix
- Performance Based Budgeting on auxiliary positions
- Upgrading all social studies classrooms to include Chromebooks for online instruction utilizing some IMA funds
- Analyzed financial policies
Wylie’s Strategic Goals

We Believe
• Character and community values are essential to building responsible citizens
• High expectations and accountability should be expected from all students and staff
• Exemplary employees make an exemplary difference
• As Wylie ISD grows, we will sustain our level of excellence in all operations
• Wylie ISD graduates must be challenged and equipped to succeed in the 21st Century

Strategic Goals
• Instill community and ethical values in our students
• Ensure academic achievement for every student through tight family partnerships, curriculum, and programs
• Attract, retain, and value a quality staff
• Manage growth in a way that provides
  - Functional equity
  - Financial responsibility
  - Assurance for all student needs
• Prepare students for a successful life beyond high school
The mission of Wylie ISD is to sustain a CULTURE of high expectations while valuing unity, relationships, and trust.
Wylie’s Detailed Goals

The mission of Wylie ISD is to sustain a CULTURE of high expectations while valuing unity, relationships, and trust.
Linking detail of goals to funding

- Each row from prior slide showing the detail behind the Strategic Goal is linked to dollars:

  - Instill COMMUNITY AND ETHICAL VALUES in our students: $84.17 mil
  - Wylie Way Essentials of Behavior: $.07 mil
  - Relationships: $84 mil
  - Communication Branding/Marketing: $.1 mil
Wylie ISD Accomplishments

Awards and Recognitions

Financial Integrity Rating System of Texas
Superior Achievement recognition from the Texas Education Agency.

TASBO Award of Merit for Purchasing Operations
Awarded for three consecutive years.
Presented by Texas Association of School Business Officials.

Certificate of Achievement for Excellence in Financial Reporting
Awarded for five consecutive years.

Meritorious Budget Award
Awarded for six consecutive years.
Presented by the Association of School Business Officials.

Gold Leadership Award
Awarded highest honors four consecutive years for the Gold Leadership Award.

2013-14 for the new Platinum Award
Presented by the Texas Comptroller of Public Accounts.

Distinguished Budget Presentation Award

Certificate of Achievement for Excellence in Financial Reporting
Awarded for five consecutive years.
Presented by the Government Financial Officers Association and Canada for its comprehensive annual financial report (CAFR).
Wylie ISD and the Pilot & Alliance Program

- Wylie ISD part of initial Pilot Program to implement the Best Practices in School Budgeting
- Wylie ISD will continue the journey with the GFOA through the Alliance for Excellence in School Budgeting program to continue maximizing funds for student achievement.
Creation of the Best Practices

- Best Practices in School Budgeting created in collaboration with School Districts and education finance experts from around the U.S.
- Centered on the concept of aligning resources to focus on student achievement
Best Practices in School Budgeting

- As shown outlined previously – the Best Practices in School Budgeting focus on 5 key areas with each being supported by detailed guidance documents:
  - Plan and Prepare
  - Set Instructional Priorities
  - Pay for Priorities
  - Implement Plan
  - Ensure Sustainability

• Put the Strategies into Practice and Evaluate Results
Example:
Set Instructional Priorities

- Set Instructional Priorities includes 4 sets of detailed guidance documents that a district can utilize as a framework for organizing and developing its goals and instructional priorities:
  - Goal Development
  - Identifying Root Cause of Gap between Desired Goal and Current State
  - Research/Develop Potential Instructional Priorities
  - Evaluate Instructional Priorities

Go to [www.gfoa.org](http://www.gfoa.org) to read draft documents for all of the Best Practices in School Budgeting
Smarter School Spending

- Smarter School Spending (SSS) website was developed in conjunction with the Best Practices in School Budgeting.
- SSS contains free information, tools, and an on-line forum.
- www.smarterschoolspending.org
Example of SSS tools

In this step, your district will screen the many possible opportunities for shifting funds toward your strategic priorities to develop a shorter list of opportunities to pursue. Throughout this step and the next (Analyze Top Savings Options), your district will move through an activity of screening opportunities for the most viable ones, allowing them to determine their potential savings. Fully investigating the top options and finally taking action to achieve savings.

Guide to Identifying Cost-Savings Options Learn More >

What are the milestones?

Your district has read about the highest-impact resource reallocation strategies and reviewed a fuller list of resource reallocation opportunities to understand the breadth of possibilities.

Key resources:

- Savings from:
  - Wasting Cents
  - Money from School District Budgets
  - Lines of Cost Savings

More guidance here >
GFOA’s Award for Best Practices in School Budgeting

- New award centered on the core principles of the Best Practices in School Budgeting
- Award will be phased in beginning with the fiscal years beginning in calendar year 2017
- Basic process for new Award similar to other GFOA awards with an application process and peer review, but will also include:
  - Applicant interview
  - Submission of supplementary materials to detail budget process
Alignment of Core Principles

- Best Practices in School Budgeting, Smarter School Spending and the Award for Best Practices in School Budgeting share a common core:

  - Plan and Prepare
  - Set Instructional Priorities
  - Pay for Priorities
  - Implement Plan
  - Ensure Sustainability
Join the Alliance?

- GFOA is in process of recruiting approximately 30 districts to become part of the Alliance for Excellence in School Budgeting
- Benefits of participating in the Alliance for Excellence in School Budgeting group include:
  - Hands on meetings
  - Access to ‘eLearning’ modules on each of Best Practices in School Budgeting
- If interested, go to www.gfoa.org/school-budgeting to apply
More about the GFOA

- 18,000 member non-profit organization serving state and local financial professionals across the US and Canada
- Provide best practices and guidelines on a broad array of financial related topics, including:
  - Accounting & Financial Reporting
  - Budgeting & Financial Planning
  - Debt Management
  - Financial Management
  - Pension & Benefit Administration
  - Technology
  - Treasury Management
- Also, provide consulting services on broad array of topics and other award programs for financial reporting, including audits