

**Citizens Budget Review Committee
Summary of June 16, 2009 Meeting
6:30 – 9:00pm**

10 of 17 members were in attendance.

Discussion of New Budget Development Process

Steve West, Interim Chief Financial Officer, briefly discussed his presentation of the preliminary budget the previous night to the Board of Trustees.

Debra Haas, one of the CBRC Co-Chairs, offered to write a draft of a “white paper” that would summarize the CBRC’s work-to-date (including the “triangle” model) to give the Board a sense of the accomplishments and commitment to aligning AISD’s strategic plan with the budget process. The CBRC would review this white paper before it is submitted to the Board in early August.

The Committee discussed the need to not follow the past practice of putting the strategic plan on the shelf and having no systematic monitoring. One noted that it is critical that a report of the strategic plan progress be presented every year in the same format.

Discussion ensued about the need to build trust of the numbers and the readability of the data so that trust is built.

A question arose regarding the identification of the stakeholders, other than the DAC and Education Austin. Additionally, a member wondered if November is the time each year to engage stakeholders or if it should be expanded to include October and November. Additionally, the question of how stakeholders would be engaged was discussed. It was noted that the District should effectively engage ACPTA, CACs, and PTAs and use electronic ways to expand involvement.

2009-10 Budget Context

For context of the efficiency study, Interim Chief Financial Officer Steve West shared some information about the District finances how it’s impacted by the state funding formula. It was noted that, at present, if the District desires to request a property tax increase through a tax ratification election, a penny increase generates about \$6 million. However, because Austin ISD is a Chapter 41 district subject to “recapture”, the District is required to send \$2.4 million of this amount (provided by AISD taxpayers) to the State for distribution to property-poor districts. Thus, a penny increase in the tax rate generates only \$3.6 million for the District, not \$6 million.

As far as the 2009-10 Budget is concerned, the fund balance at the beginning of the year (or, put differently, at the end of the 2008-09 Year on August 31st) is estimated to be \$112 to \$113M. By the end of FY2009-10, the fund balance would drop to \$90M given the current projected budget deficit of \$22M for 2009-10. These estimates do not include the approximately \$12M expected from the State as the restrictions on the use of these funds are still being determined. Mr. West noted that if the District goes below \$90M, the District’s bond rating could be at risk. Currently,

the District is rated AA+ and if the District's rating fell below AA, the District would incur higher interest payments.

Efficiency Study

Mary McKeown-Moak, Senior Partner of MGT of America, allowed CBRC members the opportunity to ask questions about the Efficiency Study Final Report.

For an overall approach, one member noted the need for a strategic plan that was jointly owned by the Board and the Superintendent. Noting that the efficiency study cited a lack of performance measures in certain areas, the member noted the need to create performance measures that are tied to the strategic plan.

In addition, as MGT recommended identifying an owner for every issue in the study, a CBRC member emphasized this point. Milan Sevak affirmed that this action has already taken place and that each issue in the study was owned by a member of the Superintendent's Cabinet.

One member asked what the least painful options were to implement. In response, Dr. McKeown-Moak noted that everything in the first year are the least painful things to do because almost all of them do not require cutting staff (though they may result in reduced income for some employees). However, she noted that some are politically more challenging, such as strategic compensation, departmental extra-duty pay, and central office employee allowances.

Mr. West noted that in order to implement position cuts in which contracts are involved for the 2010-11 school year, the District would have to make decisions by mid-January of 2010 so that employees could be informed and re-trained for other open positions if necessary. He emphasized that the District would take any kind of cuts with great care and sensitivity.

One member asked a clarifying question about block scheduling.

Dr. McKeown-Moak noted that the option, if implemented, regarding custodial staff results in no losses in positions, but some would experience reductions in days. Because custodians are some of the District's lowest paid workers, this may be a difficult option to implement.

One member asked about National Board Certified Teachers. While noting some evidence of the impact of these teachers, Dr. McKeown-Moak noted that one possibility is to reduce the support of this program to the levels of Round Rock ISD. Another member called for more strategic deployment of these teachers.

Dr. McKeown-Moak noted the existence of two summer school programs and suggested the need for only one.

One member asked about MGT's review process and the degree to which the District provided particular information versus MGT discovering information and reviewing it on their own. For example, the question was raised about why AFL was included but not IFL. Dr. McKeown-Moak reviewed MGT's process, including the various stakeholder interviews, focus groups, and

document review. She noted that IFL was discussed in the contract services section but that they did not find issue with the program as a whole.

One member asked about if they have studied linking the budget and the strategic plan. Dr. McKeown-Moak noted that while such a study was not the purpose of the AISD efficiency study, the CBRC might be interested in MGT's work in Maryland and could see the report on the MGT website (Bridget to Excellence Final Report).

Other questions discussed include field trips, former Johnston teachers, and pre-K.

One member asked whether there were findings related to an overlap of duties, and Dr. McKeown-Moak noted a couple examples in the report (special education assistants and curriculum specialists).