

July 31, 2019 Q&A

BUDGET WORKSHOP #3

Questions from Connie Prado:

A. On a different budgetary matter, would it be possible for the CFO to pass out the information pertaining to additional funding at the July 31st meeting? (not for discussion or presentation) The additional funding I am referring to is found on the TEA website under HB 3 Bill Summary, dated June 24, 2019 (seven pages). This is the funding other than the basic allotment. Additional funding with allotments for special student populations, etc. It would be helpful if the additional funding information would be categorized by special funding allotment.

The CFO will have the 7 pages available as requested at the July 31 meeting.

B. Please have staff re-explain the June Budget Amendment (Tax Bond Subsidy). Specifically, the Board previously received a handout from the COS pertaining to receipts to the Tax Bond Subsidy Fund. This schedule estimated that the school district would have approx. \$3.8M by the end of August 31, 2019. Additionally, we are scheduled to receive an Insurance Recovery payment in the amount of \$600,000. These amounts total approx. \$4.4 M. Why does the June Budget Amendment indicate a revised Tax Bond Subsidy revenue of \$3.9M?

On April 11, 2019, the Total Revenue presented was 4,442,109. \$4,442,109 was overstated by \$518,174 since this amount was included in both the Estimated Revenue and Actual Revenue columns.

\$2,440,222	Total Prior Year Fund Balance
\$1,483,173	Total Estimated Revenue (\$883,173 Est. Revenue & \$600,000 Insurance Recovery)
<u>\$518,714</u>	Total Actual Revenue (included in estimated revenue)
\$4,442,109	Total Revenue (Fund Balance, Estimated Revenue and Actual Revenue)

Image from April 11, 2019 Proposed April Budget and Revenue Amendment

REVENUES	PRIOR YEAR BALANCE	ESTIMATED REVENUE	ACTUAL REVENUE	TOTAL REVENUE
3600.21 FUND BALANCE -TAX BOND SUBSIDY	\$ 2,440,222			\$ 2,440,222
FUND BALANCE -TAX BOND SUBSIDY -FEBRUARY 2019			\$ 518,714	\$ 518,714
ESTIMATED TAX BOND SUBSIDY -AUGUST 2019		\$ 883,173		\$ 883,173
5745 INSURANCE RECOVERY		\$ 600,000		\$ 600,000
Totals	\$ 2,440,222	\$ 1,483,173	\$ 518,714	\$ 4,442,109

One June 19, 2019, staff presented the corrected information for the Tax Subsidy Fund, which removes the overstatement of \$518,714 (Actual Revenue).

\$2,440,222 Fund Balance
\$883,173 Budgeted Estimated Revenue
\$600,000 Insurance Recovery
\$3,923,395 Total Fund Balance and Budgeted Revenue (Reduced by \$518,714)

Image from June 19, 2019 Proposed April Budget and Revenue Amendment

REVENUES	FUND BALANCE AS OF 8-31-18	BUDGETED REVENUE	TOTAL FUND BALANCE/BUDGETED REVENUE
3600.21 FUND BALANCE -TAX BOND SUBSIDY	\$ 2,440,222		2,440,222
5900 ESTIMATED TAX BOND SUBSIDY 2019		\$ 883,173	883,173
5700 INSURANCE RECOVERY		\$ 600,000	600,000
Totals	\$ 2,440,222	\$ 1,483,173	\$ 3,923,395

C. There were seven (7) actual monetary budget amendments this budget year, for a total of \$5,067,222. From this total, two amendments were taken from the Tax Bond Subsidy Fund for a total of \$3,515,222. The difference from these totals is \$1,552,000 and this total was presumably taken from BY 2018-2019.

Assumption #1 On August 31, 2018 the General Fund Balance was \$26.3M.

Assumption #2 The Board adopted a deficit budget (2018-2019) in the amount of \$1.7M.

Assumption #3 Unbeknownst to the Board, the Tax Bond Subsidy Fund was “rolled into” the General Fund Balance. Therefore, the \$26.3M General Fund Balance included the proceeds from the Tax Bond Subsidy Fund.

Clarification: This tax bond subsidy revenue was approved to be deposited into the districts general fund by the Board of Trustees on 12/14/2016.

Assumption #4 One of the seven (7) actual monetary budget amendments, was an encumbrance related to the re-opening of schools-Olivares. This amount totaled \$793,000. This encumbrance should have been made from the Tax Bond Subsidy Fund.

On May 15, 2019, \$793,000 was proposed and approved to impact the General Fund, Fund Balance. Therefore, \$793,000 will not impact the Tax Bond Subsidy Fund.

I request that at the next opportunity, an additional 2019-2020 Budget Forecast be prepared and that the following appropriations/encumbrances be excluded from this budget year: \$2,440,222; \$1,075,000 and \$793,000. This Budget forecast will show a different estimated deficit for this budget year, 2018-2019. Despite anticipated reservations by staff it does not hurt to see different view.

Perhaps, another table indicating an estimate of the General Fund Balance would be beneficial. This table may indicate a reduction in the General Fund Balance from \$26.3M minus the above encumbrances totaling \$4,308,222 for a new total of approx. \$22.0M in the General Fund Balance.

\$2,440,222, \$1,075,000 and \$793,000 have not been included in the 2019-2020 Budget that we have presented in budget workshop 1 or 2.

On May 15, 2019, \$793,000 was proposed and approved to impact General Fund, Fund Balance. This approved budget amendment brings the Estimated General Fund Balance from \$22.3 million to \$21.5 million.

The remaining four (4) actual monetary budget amendments totaling \$300,000; \$129,000; \$80,000 and \$250,000 need to be codified as an encumbrance from either this Budget Year or the General Fund Balance. Which one?

These four (4) Budget Amendments are reflected in the 2018-2019 Amended Budget.

In this additional budget forecast, there may be a chance that the EOY balance for this budget year may be sufficient to make-up for the \$1.7 budget deficit that was adopted by the Board in August 2018. With the adjustments there is a chance of an EOY balance "in the black".

Question #1 HB 3 is the school funding mechanism approved by the State Legislature for the biennium (SY 2019-2020 and SY 2020-2021). Superintendents across Texas, and in Bexar County, have expressed a concern regarding funding sustainment of HB 3 after two school years. Consequently, some school districts who have already approved their Pay and Compensation Plans have taken a conservative approach. Dr. Flores do you share the same

concerns? While there is an overall concern regarding the long term sustainability of HB3 we feel comfortable with the models that we provided as they meet the statutory requirements.

Dr. Flores, are you concerned that if we approve generous pay increases this year, that we may not be able to replicate those same pay increases next year? If the Board approves one of the Models presented for compensation increases for the 2019-2020 school year this will satisfy the requirements of HB3. In HB3 there is not a requirement to provide a compensation increase in any other year that the basic allotment does not increase. We do not project the ability to match the HB3 compensation increase for 2020-2021 without some other form of offsetting revenue.

Dr. Flores, are we able to forecast what next year's budget may initially look like in recurring costs if we approve either Model A-B-C? (given the same revenue projections)

In each of the models a value is given for the cost of the compensation increase. This would be considered new recurring payroll cost.

Question #2 The Chief of Staff has indicated that he has been monitoring what area school districts have done regarding the approval of their Pay and Compensation Plans for SY 2019-2020. Attached are media accounts of area school district Pay and Compensation Plans that I have reviewed. I am requesting the COS check for the accurateness of these school district Pay and Compensation Plans that I have submitted for review:

Below are our current survey results for surrounding districts.

ISDs 19/20 SY Mini Salary Survey

District	Salary Increase HB3 \$/ADA increase from runs in Green
South San Antonio ISD	<ul style="list-style-type: none"> ● In-discussion ● ADA increase \$976
Harlandale ISD	<ul style="list-style-type: none"> ● 4% to 6% increase for teachers, librarians based on salary and years of experience ● 4% increase to the pay range midpoint for remaining personnel, including counselors and nurses ● Teachers will receive a 4% increase based on salary for 1 to 5 years, 5% increase for 6 – 15 years, 6% increase for 16 years and over ● Starting teacher salary is \$54,150 ● Board approved ● ADA increase \$969
Southwest ISD	<ul style="list-style-type: none"> ● Pending; proposing starting pay at \$54,050; 3% to 4% increase ● ADA increase \$1065
Northside ISD	<ul style="list-style-type: none"> ● 4% to 6% for teachers, counselors, librarians and nurses ● 4.4% for all other staff ● 0 to 6 years of experience will receive additional \$500 per year ● Starting pay \$55,455 ● Board approved ● \$5 substitute increase ● ADA increase \$522

Southside ISD	<ul style="list-style-type: none"> ● Pending; proposing \$54,000 to \$55,000 starting pay; have new CFO who is currently reviewing ● ADA increase \$446
Edgewood ISD	<ul style="list-style-type: none"> ● 3% for all staff including teachers with 0 – 5 years experience ● 3.5% for teachers with 6 or more years of experience ● Will also implement a mid-year bonus for teachers only, based on their years with the district ● ADA increase \$1065
San Antonio ISD	<ul style="list-style-type: none"> ● 3% increase to teachers, nurses, librarians and counselors ● 1 to 5 years of experience and 3.5% to those more experienced ● Same to all other employees ● \$15 hourly wage increase ● June 2019 ● \$53,400 starting teacher pay ● ADA increase \$942
Somerset ISD	<ul style="list-style-type: none"> ● In-discussion ● ADA increase \$1188
Schertz-Cibolo ISD	<ul style="list-style-type: none"> ● 3% pay increase for teachers with 6+ years experience ● 2.5% pay increase for teachers with 0 – 5 years experience to include librarians, nurses, counselors, clerical, paraprofessionals, manual pay scale ● 2% pay increase for all employees on Administrative pay scale ● masters degree stipend increased to \$1,800 ● starting pay for bus drivers to \$14.50/hr. ● increase substitute teacher by \$5.00 per day with additional \$5.00 per day on Monday and Friday ● board approved ● ADA increase \$511
North East ISD	<ul style="list-style-type: none"> ● starting teacher pay \$53,000 ● eligible teachers and librarians, grant an across the board 3% increase equaling \$1,700 ● place new to district teachers and librarians with 25+ years of experience at the new maximum of \$62,028 ● classroom teachers with more than 5 years of experience will be eligible for additional differentiated base increase (6-15 years of creditable experience + \$600 annually; 16+ years of creditable experience + \$1,200 annually) ● Professional/Administrative/Classified pay scales: adjust the pay scale structures to align with market median and alleviate compression with the teacher pay scale; for eligible employees, grant a 3% general pay increase based on the midpoint of the new 19/20 pay scales; for returning employees not earning a year of credit, grant a scale adjustment increase of one and a half percent (1.5%) based on the midpoint of the new 19/20 pay scales ● board approved ● ADA increase \$594 <p><i>*Per Texas Education Code Section 5.001 (2), a classroom teacher is defined as an “educator who is employed by a school district and who, not less than an average for four hours each day, teaches in an academic instructional setting or a career and technology instructional setting.”</i></p>

Based on this definition, the District is still reviewing all teaching assignments to determine who will meet these criteria to be eligible for the differentiated increase.

Question #3 What is the breakdown of classroom teachers, counselors, nurses and librarians in the following categories?

(0-5 yrs. of experience; 6-15 yrs; and +16yrs.)

	0-5 years	6-15 years	16+ years
Teachers	182	225	136
Counselors	3	8	10
Nurses	4	7	3
Librarians	0	6	4

Question #4 The school district is mandated to use approx. \$1.8M in pay increases for experienced classroom teachers, nurses, counselors and librarians. The remaining approx. \$600,000 is also mandated for pay increases. Model A exceeds the totals of these amounts (\$2.4M) by about \$325,000. From where will these additional funds be allocated from? Model B exceeds by \$315,000. Model C exceed by \$254,000. Same question? **These funds would come from the FSP allocation the same as the aforementioned \$2.4M**

Question #5 The basic allotment of new money for SY 2019-2020 is approx. \$7.9M. The proposed Pay and Compensation Plan Models all cost approx. \$3.1M. The remainder of the new basic allotment funds are approx. \$4.8M. What is the intended use for the balance of these funds? **A majority of the balance will be utilized for any expanded district operational costs, district initiatives, and other unfunded mandates.**

Area School Districts Pay and Compensation Plans for SY 2019-2020

School District	<u>+16 yrs Tchrs</u>	<u>+6-15 yrs Tchrs</u>	<u>+6 yrs Tchrs</u>	<u>+0-5 yrs Tchrs</u>	<u>All Others</u>	<u>Auxillary</u>	<u>Administrator</u>	<u>Remarks</u>
San Antonio	na	na	3.5%	3.0%	3%			\$15 per hr \$15,000 Master Tchr
Northside	na	na	4.75%	4.0%				
Judson	na	na	3.5%	3.1%		2.75%	1.5%	X-Mas Incent.
Edgewood	na	na	3.5%	3.0%				Bil Tchr Stipend \$2-3K
Harlandale	6.0%	5.0%	na	4.0%	4.0%			
North East	5.2%	4.4%	na	3.0%	3.0%			