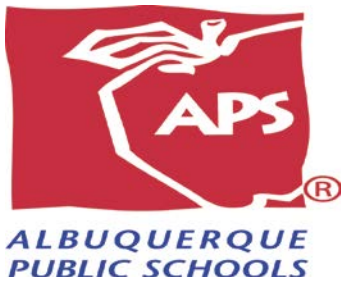




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FY16 Strategic Look Ahead Community Input Meeting

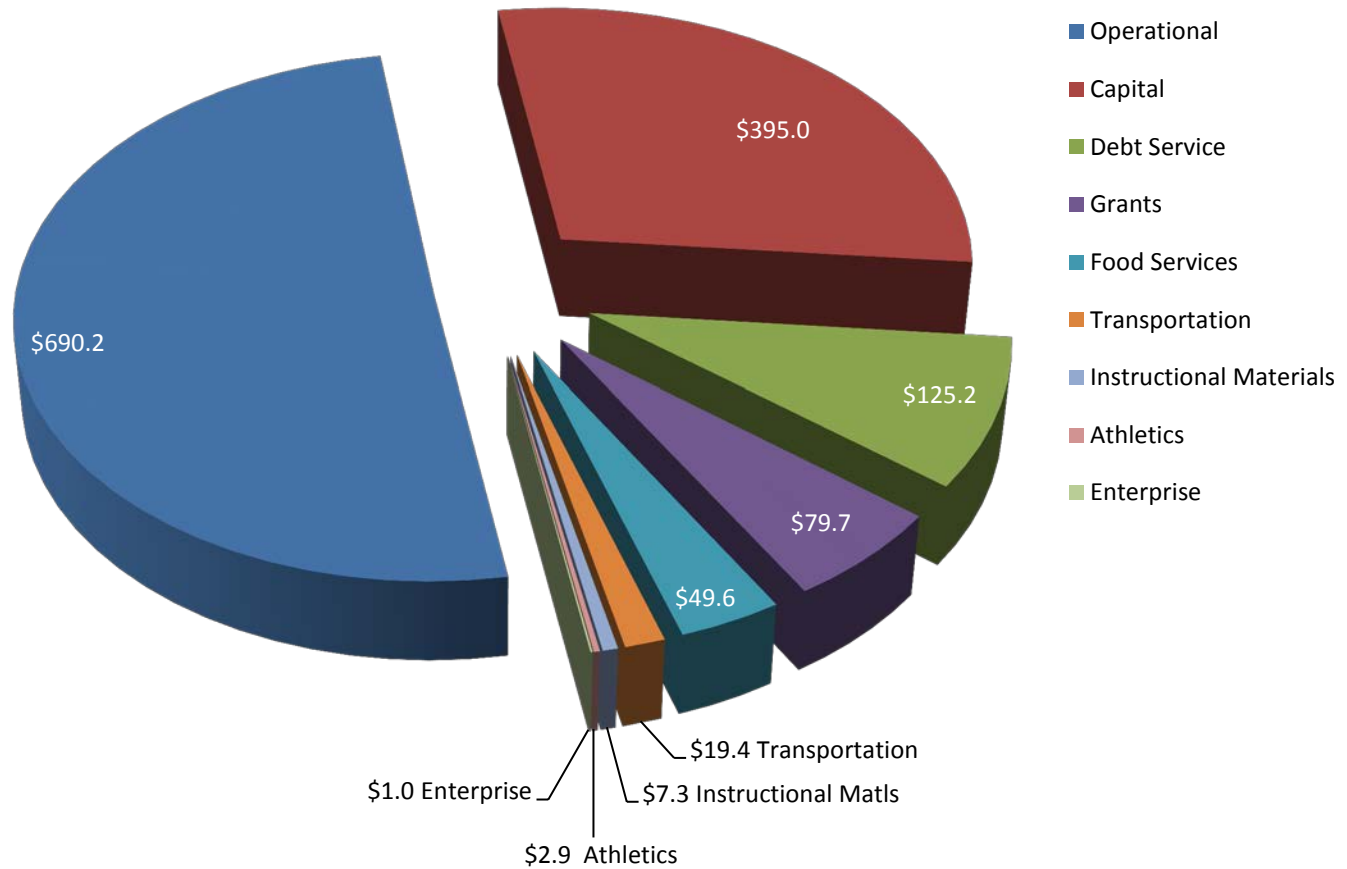
Presented by
Don Moya, Chief Financial Officer
Debora Warren, Executive Director of Budget



APS BACKGROUND

- The APS Operational budget constitutes over 50% of the entire District budget of \$1.3 Billion.
- The Operational budget pays for salaries and benefits for teachers, educational assistants, nurses, counselors, librarians, diagnosticians, therapists, school administration, custodians, central administration, central services and other support staff.
- 90% of the Operational budget is dedicated towards personnel costs, while the remaining 10% pays for supplies, services, utilities, equipment and other non-personnel expenditures.
- APS serves over 87,000 students with 140 school sites that offer various educational programs including Early Childhood Education, Bilingual Education, Special Education, Fine Arts, Dual Language Programs, and many others.

APS FY14-15 Original Budget by Fund Type (\$M)

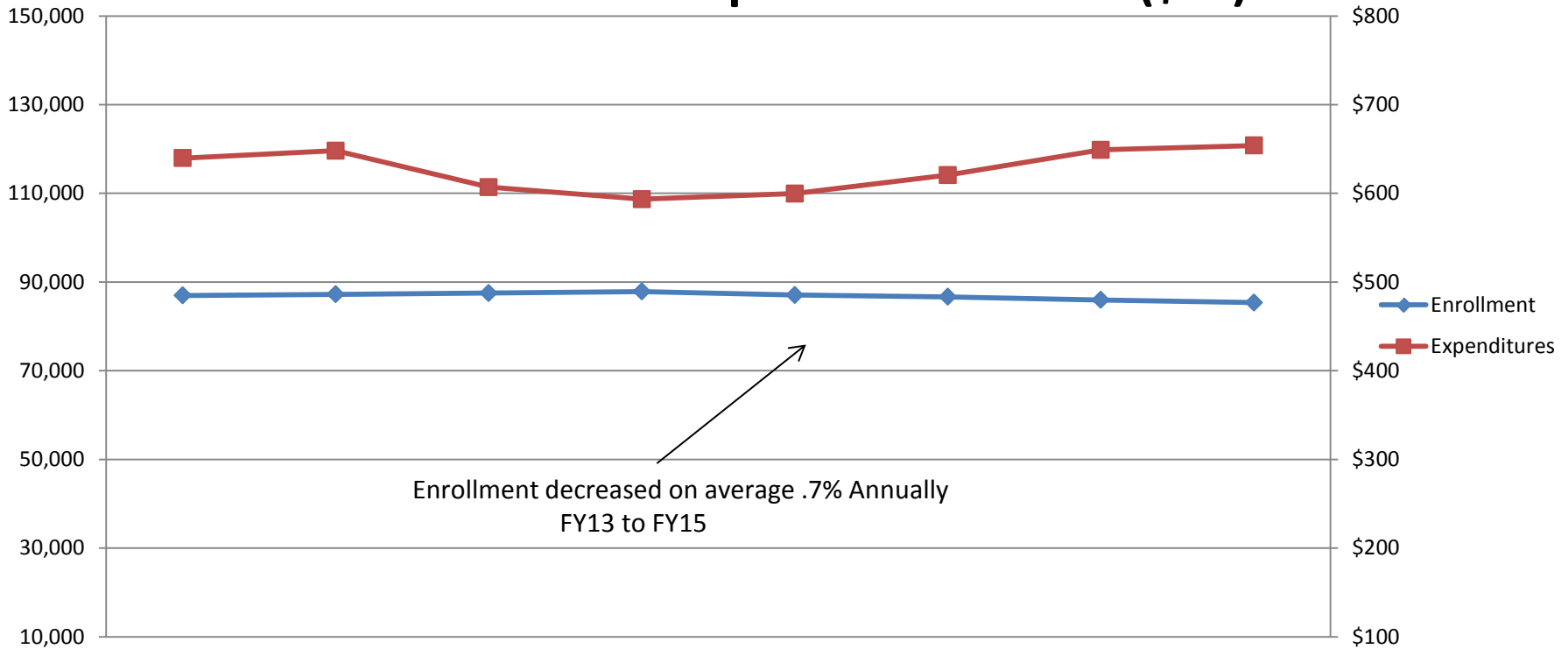


OPERATING SURPLUS/(SHORTFALL) TREND

| | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | APPROVED BUDGET | ADJUSTED BUDGET | EST ACTUAL 3/5/15 |
|---|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-------------------|
| | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2015 | FY2015 |
| Beginning Cash Balance | \$41.6 | \$33.7 | \$17.6 | \$25.1 | \$29.3 | \$36.0 | \$41.4 | \$41.5 | \$41.5 |
| Revenues | <u>\$631.8</u> | <u>\$632.0</u> | <u>\$614.5</u> | <u>\$597.4</u> | <u>\$606.5</u> | <u>\$626.1</u> | <u>\$648.8</u> | <u>\$648.8</u> | <u>\$648.9</u> |
| Total Resources (including cash) | \$673.4 | \$665.7 | \$632.1 | \$622.5 | \$635.8 | \$662.1 | \$690.2 | \$690.3 | \$690.4 |
| Expenditures | \$639.7 | \$648.1 | \$607.0 | \$593.2 | \$599.8 | \$620.6 | \$654.2 | \$655.3 | \$649.9 |
| Budgeted Cash Reserves | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$36.0 | \$35.0 | \$35.0 |
| <i>Operating Surplus/Shortfall (Rev. less Exp.)</i> | (\$7.9) | (\$16.1) | \$7.5 | \$4.2 | \$6.7 | \$5.5 | (\$5.4) | (\$6.5) | (\$1.0) |
| Ending Cash Balance | \$33.7 | \$17.6 | \$25.1 | \$29.3 | \$36.0 | \$41.5 | \$0.0 | \$0.0 | \$40.5 |

- FY15 budgeted expenditures exceeded budgeted revenues by \$5.4M, cash reserves were used to fill the gap.
- An additional \$1.1M in cash reserves were used at the start of the fiscal year, increasing the estimated budget shortfall to \$6.5M.
- The Operational Fund Cash Balance Policy requires the District to accumulate and maintain an Operating Fund balance of at least 5% of the current year's budgeted expenditures. The current 5% minimum (floor) is \$34.5M based on the FY15 budget.

Enrollment and Expenditure Trends (\$M)

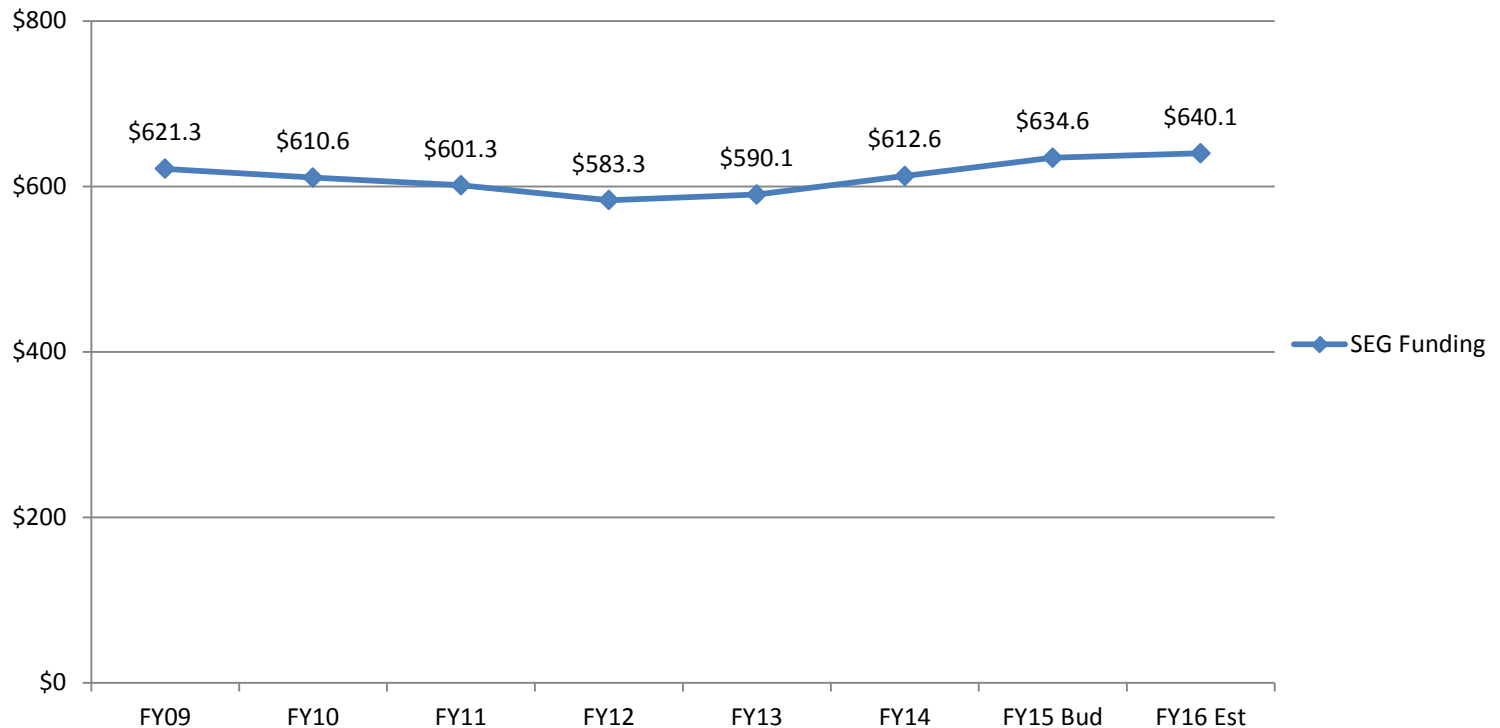


| | FY09 Act | FY10 Act | FY11 Act | FY12 Act | FY13 Act | FY14 Act | FY15 Est Act | FY16 Est Bud |
|--------------|----------|----------|----------|----------|----------|----------|--------------|--------------|
| Enrollment | 86,963 | 87,224 | 87,518 | 87,867 | 87,085 | 86,662 | 85,981 | 85,358 |
| Expenditures | \$640 | \$648 | \$607 | \$594 | \$600 | \$621 | \$649 | \$654 |

- Expenditures increased on average 3% annually from FY13 to FY15, while enrollment has continued to decline at a rate of .7% annually.
- Estimated expenditures in FY15 are on track to be roughly the same as those in FY10 with ~1,200 less students.
- Initial funded enrollment numbers for FY16 indicate an additional loss of over 600 students.

Current FY16 SEG Outlook

APS' SEG Funding (\$M's)



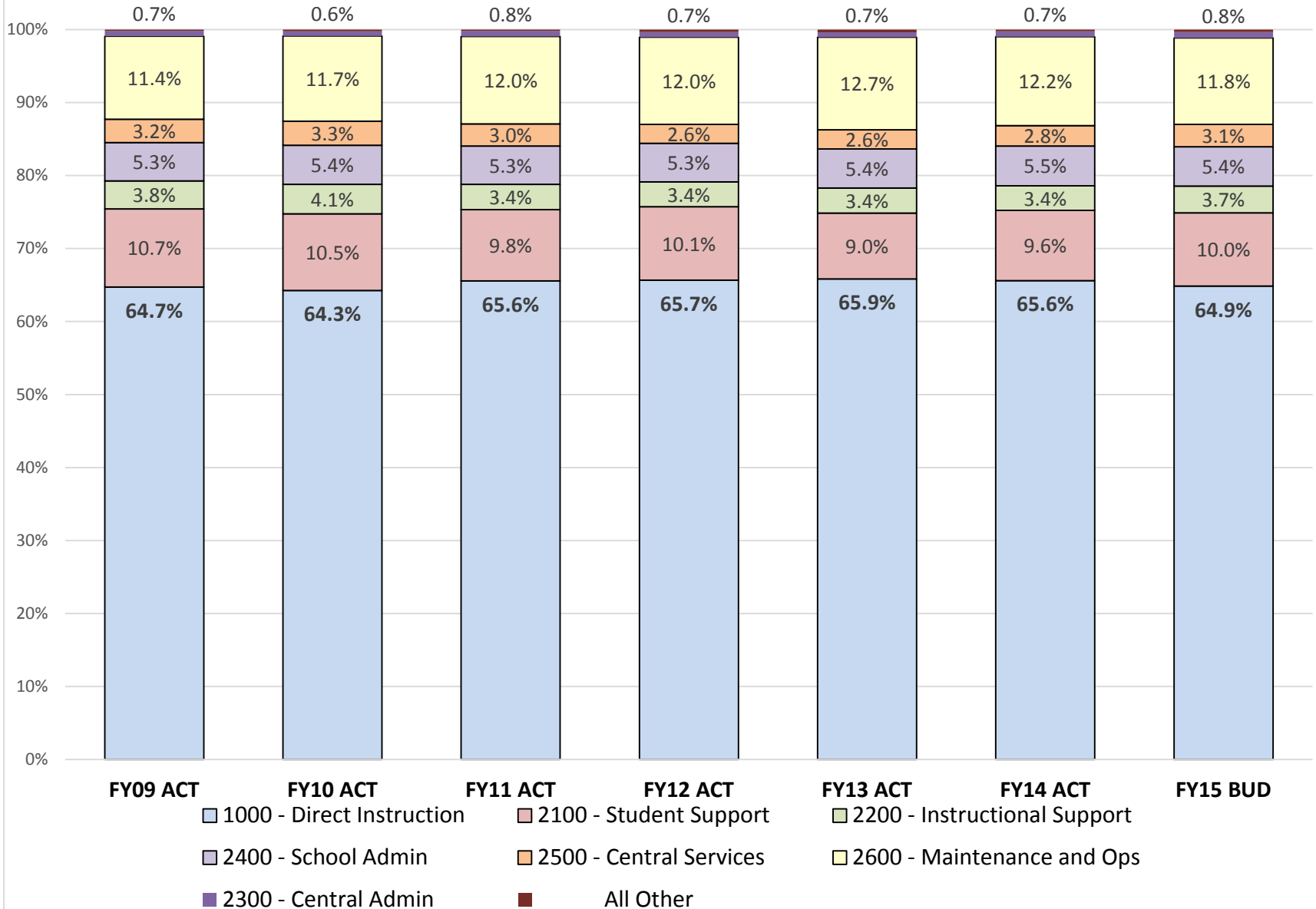
The February consensus revenue estimate is \$83M in New State Funding. APS is estimating an increase of \$5.5M in additional SEG funding after projected sanding of 2%.

APS BUDGET

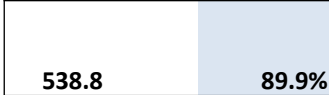
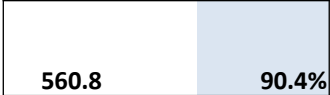
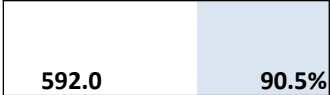



CHANGES FROM FY15 to FY16

| | February Revenue Consensus (\$83M) |
|--|---|
| <u>Revenue:</u> | |
| Estimated FY16 SEG Funding* | \$5.5 |
| SEG reduction due to lower T&E Factor | (\$7.0) |
| Enrollment reduction @600 students | (\$3.5) |
| Special Ed. (Enrollment & Ancillary FTE Loss) | (\$1.2) |
| Total | (\$6.2) |
| | |
| <u>Expenditures:</u> | |
| Existing FY15 Budget Shortfall | \$1.0 |
| FTE reduction due to enrollment loss ~30 FTE | (\$1.8) |
| Increase Tier One Teachers to \$34K | \$3.5 |
| Retiree Health Care Rate Increase @ .5% | \$2.0 |
| Maintenance Costs | \$2.5 |
| Utilities Increase | \$1.0 |
| Operational supplement to Transportation Fund | \$1.0 |
| Insurance Plan increases @ 6 months | \$2.0 |
| Contingency/Allowances for Unknown Expenses | \$3.0 |
| Total | \$14.2 |
| FY16 Projected Budget Surplus/(Shortfall) | (\$20.4) |
| | |
| *Includes Projected 2% Sanding | |

Direct Instruction As a % of Total Expenditures



FY13-14 Actual Expenditures & FY 15 Budget

| EXPENDITURE TYPE (\$ MILLIONS) | FY13 ACTUAL | FY14 ACTUAL | FY15 BUDGET |
|-----------------------------------|---|--|---|
| SALARY | \$ 407.4 | \$ 414.0 | \$ 436.2 |
| BENEFITS | 131.4 | 146.8 | 155.8 |
| TOTAL PAYROLL | 538.8  | 560.8  | 592.0  |
| NON-PAYROLL | 60.8  | 59.8  | 62.1  |
| GRAND TOTAL | <u>\$ 599.6</u> | <u>\$ 620.6</u> | <u>\$ 654.1</u> |

Between 89-91% of all Operational Expenditures are Personnel costs alone.

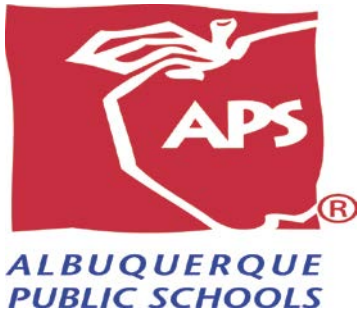
FTE BY FUNCTION COMPARISON

FY15 Operational Fund FTE by Function: Comparison to High Water Mark in FY09

| | FY09 BUD | FY15 BUD | Change from High Water Mark | |
|---|----------|----------|-----------------------------|---------------------------|
| | | | (DECREASE) FY09 to FY15 | (% DECREASE) FY09 to FY15 |
| 1000 - INSTRUCTION | | | | |
| SUBTOTAL TEACHERS | 6,120 | 5,760 | (360) | -5.9% |
| SUBTOTAL EDUCATIONAL ASSISTANTS | 1,642 | 1,487 | (155) | -9.4% |
| SUBTOTAL ACT DIRECTORS/AD's/ATH TRAINERS | 23 | 37 | 14 | 60.9% |
| SUBTOTAL INSTRUCTION | 7,785 | 7,284 | (501) | -6.4% |
| 2100 - STUDENT SUPPORT | 1,207 | 1,030 | (177) | -14.7% |
| 2200 - INSTRUCTION SUPPORT | 363 | 319 | (44) | -12.1% |
| 2300 - CENTRAL ADMIN | 39 | 29 | (10) | -24.9% |
| 2400 - SCHOOL ADMIN | 668 | 629 | (39) | -5.9% |
| 2500 - CENTRAL SERVICES | 308 | 274 | (34) | -11.1% |
| 2600 - MAINTENANCE & OPERATIONS | 1,044 | 1,003 | (41) | -3.9% |
| 2700 - STUDENT TRANSPORTATION | 4 | 3 | (1) | -25.0% |
| 3100 - FOOD SERVICES | 16 | 7 | (9) | -57.3% |
| SUBTOTAL NON-INSTRUCTION | 3,650 | 3,294 | (356) | -9.7% |
| GRAND TOTAL FTE | 11,435 | 10,578 | (857) | -7.5% |

Opportunities and Risks

| <u>Opportunities:</u> | <u>(\$M)</u> |
|---|---------------------|
| •Standardize Middle & High School Schedules | \$11.0-\$14.0 |
| •Utilize Additional Insurance Reserves | \$1.0 |
| •Elementary & Middle Summer School | \$0.7 |
| •Overtime & Travel (Reduce/Eliminate) | \$1.4 |
| •FY15 Estimated Cash Reserves=\$39-\$40M. Draw down reserves to cover some portion of shortfall | \$5.0-\$6.0 |
| | |
| <u>Risks:</u> | <u>(\$M)</u> |
| •Unfunded Mandates: | |
| ◦Short Cycle Assessments | \$0.9 |
| ◦School Grade Remediation & Retention (~ 800 stu | \$1.3 |
| •Statewide Special Education MOE | \$TBD |



APS Administration Costs vs. Classroom Spending

In FY15, Central Administration represents 0.8% of the entire APS Operational Budget. Central Services which includes Human Resources, Finance, Communications and Technology represent 3.1%. Total administration is just 3.9%. Over several years, APS has continued to place over \$.60 out of every dollar in the classroom.

School and Departmental Cost Reduction Combination Matrix

Scenarios 1 and 2

| | | | | | | | | | | |
|--|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------------|---------------------|--|
| Critical+District to School Ratio: | 6.98 : 1 | | | | | | | | | |
| (Dollars in Millions) | | | | | | | | | | |
| SCENARIO 1 - \$20M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools | |
| Schools & District Managed (at Schools) | 0.00% | 0.5% | 1.0% | 1.5% | 2.0% | 3.0% | 4.0% | 4.60% | 4.98% | |
| Critical Departmental + District Offices (20) | 60.92% | 54.80% | 48.69% | 42.57% | 36.46% | 24.23% | 12.00% | 4.60% | | |
| SCENARIO 1 - \$20M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools | |
| Schools & District Managed (at Schools) | \$ - | \$ 2.01 | \$ 4.02 | \$ 6.02 | \$ 8.03 | \$ 12.05 | \$ 16.06 | \$ 18.49 | \$ 20.00 | |
| Critical Departmental + District Offices | 20.00 | 17.99 | 15.98 | 13.98 | 11.97 | 7.95 | 3.94 | 1.51 | - | |
| | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | \$ 20.00 | |
| SCENARIO 2 - \$15M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools | |
| Schools & District Managed (at Schools) | 0.00% | 0.5% | 1.0% | 1.5% | 2.0% | 3.0% | 3.3% | 3.45% | 3.7% | |
| Critical Departmental + District Offices (15) | 45.69% | 39.57% | 33.46% | 27.34% | 21.23% | 9.00% | 5.94% | 3.45% | | |
| SCENARIO 2 - \$15M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools | |
| Schools & District Managed (at Schools) | \$ - | \$ 2.01 | \$ 4.02 | \$ 6.02 | \$ 8.03 | \$ 12.05 | \$ 13.05 | \$ 13.87 | \$ 15.00 | |
| Critical Departmental + District Offices | 15.00 | 12.99 | 10.98 | 8.98 | 6.97 | 2.95 | 1.95 | 1.13 | - | |
| | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | |

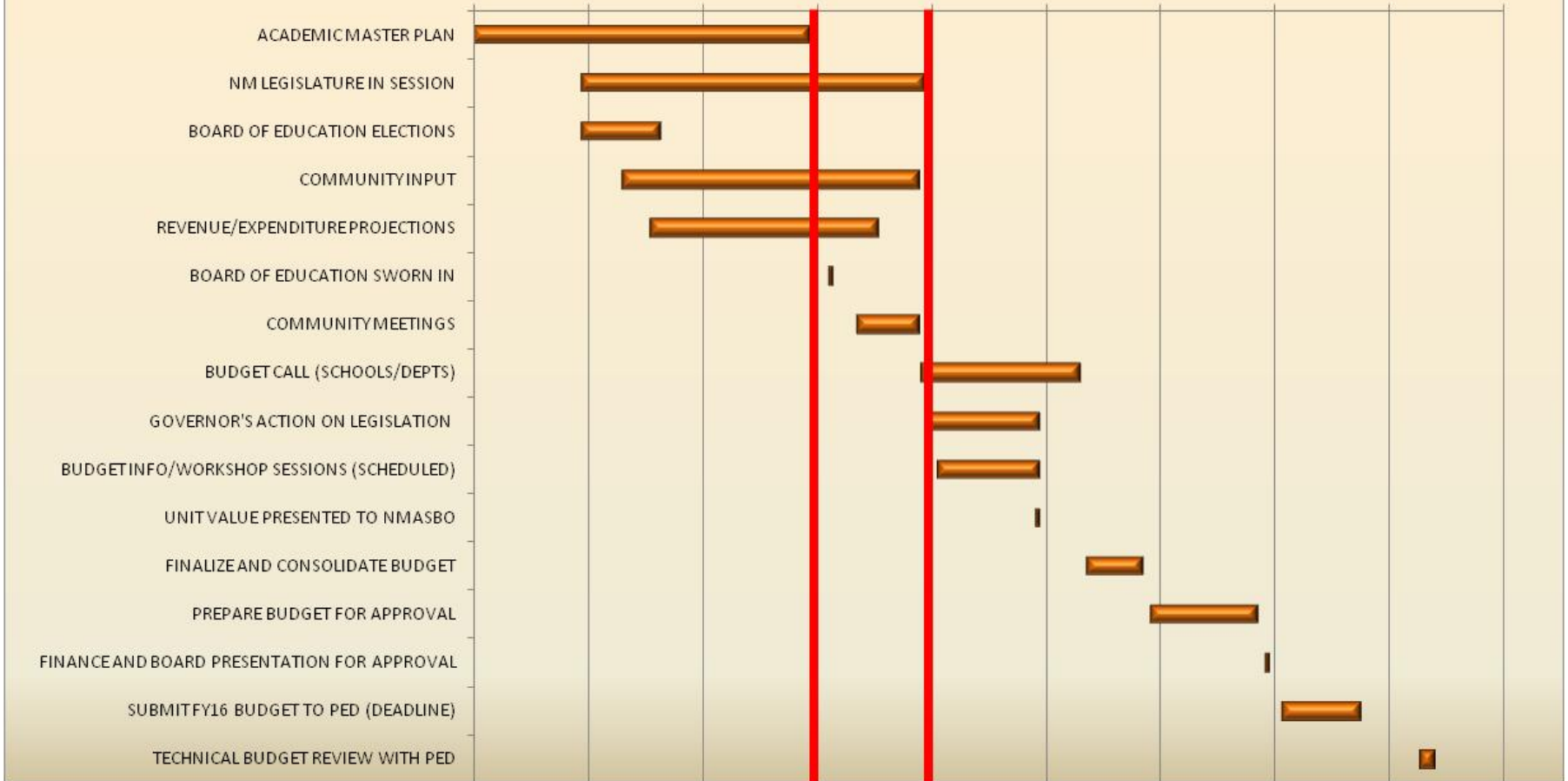
School and Departmental Cost Reduction Combination Matrix

Scenarios 3 and 4

| SCENARIO 3 - \$10M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools |
|---|----------------|----------|----------|----------|----------|----------|----------|--------------------------|--------------|
| Schools & District Managed (at Schools) | 0.00% | 0.5% | 1.0% | 1.5% | 2.0% | 2.1% | 2.2% | 2.30% | 2.5% |
| Critical Departmental + District Offices (10) | 30.46% | 24.34% | 18.23% | 12.11% | 6.00% | 4.78% | 3.55% | 2.30% | |
| | | | | | | | | | |
| SCENARIO 3 - \$10M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools |
| Schools & District Managed (at Schools) | \$ - | \$ 2.01 | \$ 4.02 | \$ 6.02 | \$ 8.03 | \$ 8.43 | \$ 8.83 | \$ 9.24 | \$ 10.00 |
| Critical Departmental + District Offices | 10.00 | 7.99 | 5.98 | 3.98 | 1.97 | 1.57 | 1.17 | 0.76 | - |
| | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 |
| | | | | | | | | | |
| SCENARIO 4 - \$5M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools |
| Schools & District Managed (at Schools) | 0.00% | 0.25% | 0.5% | 0.75% | 1.00% | 1.05% | 1.10% | 1.15% | 1.2% |
| Critical Departmental + District Offices (5) | 15.23% | 12.17% | 9.11% | 6.06% | 3.00% | 2.39% | 1.78% | 1.15% | |
| | | | | | | | | | |
| SCENARIO 4 - \$5M Reductions - (Critical & District Equal % Reduction) | No School Cuts | Combo 2 | Combo 3 | Combo 4 | Combo 5 | Combo 6 | Combo 7 | Across the Board Equal % | 100% Schools |
| Schools & District Managed (at Schools) | \$ - | \$ 1.00 | \$ 2.01 | \$ 3.01 | \$ 4.02 | \$ 4.22 | \$ 4.42 | \$ 4.62 | \$ 5.00 |
| Critical Departmental + District Offices | 5.00 | 4.00 | 2.99 | 1.99 | 0.98 | 0.78 | 0.58 | 0.38 | - |
| | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 |

FISCAL YEAR 2016 BUDGET TIMELINE

1/1/2015 1/21/2015 2/10/2015 3/2/2015 3/22/2015 4/11/2015 5/1/2015 5/21/2015 6/10/2015 6/30/2015



Important Items of note:

- 3/1 Academic Master Plan Deadline
- 3/9 Community Budget Meetings
- 3/20 Budget Call Prep Schools & Departments
- 3/21 Governor's Action on Legislation
- 4/9 Unit Value Communicated to School Districts

- 4/10 Legislation Not Enacted by Gov is Pocket Vetoed
- 5/19 Finance & Board Presentation for Approval
- 6/5 FY16 Budget Due to PED
- 6/15 Tentative Technical Review with PED



ALBUQUERQUE
PUBLIC SCHOOLS

Your Opinion Matters!

Please share your ideas.

We want to know what you are thinking.