



Albuquerque Public Schools Fiscal Year 2020 Budget Planning



Presented to the Albuquerque Public School Board of Education
Special Board of Education Meeting of March 25, 2019

Presenters: Tami J. Coleman, Chief Financial Officer,
Teresa Scott, Executive Director of Budget and Strategic Planning

FY20 Budget Planning Process & Timeline

- January-June regularly scheduled Budget Steering Committee meetings.
- January 15th through March 16th Legislative Session.
- February 25th Special Board Meeting budget planning presentation.
- February-May, the district will request stakeholder's input to the budget.
- **March Special Board Meeting update, discussion and recommendations.**
- March 26th through April 12th Budget Call for Schools and Departments.
- April Finance Committee Meeting update, discussion and recommendations.
- May 2nd and 3rd Compile Proposed Budget.
- May Board Meeting Budget Presentation/Vote.
- May 21st due date to PED.
- June 12th tentative PED Technical Review date.

School's Budget Call Calculations

March 26, 2019 - April 12, 2019

Schools receive funding based primarily upon their student enrollment at the 80th day of the current year.

- Staffing formulas utilizing enrollment are used to provide FTE allocations.
- Schools receive an allocation of discretionary dollars based on the at-risk formula for their school. Schools designated as MRI (more rigorous intervention), CSI (comprehensive support and improvement) or TSI (targeted support and improvement) will receive a slightly higher allocation based on percentages assigned.
- Schools receive an allocation of non-salary dollars based upon a per/student amount by level.
- Schools of Choice receive funds based on their individualized programs.
- Contingency funds are set aside to address compliance adjustments during the school year.

Central Department Budget Call Calculations

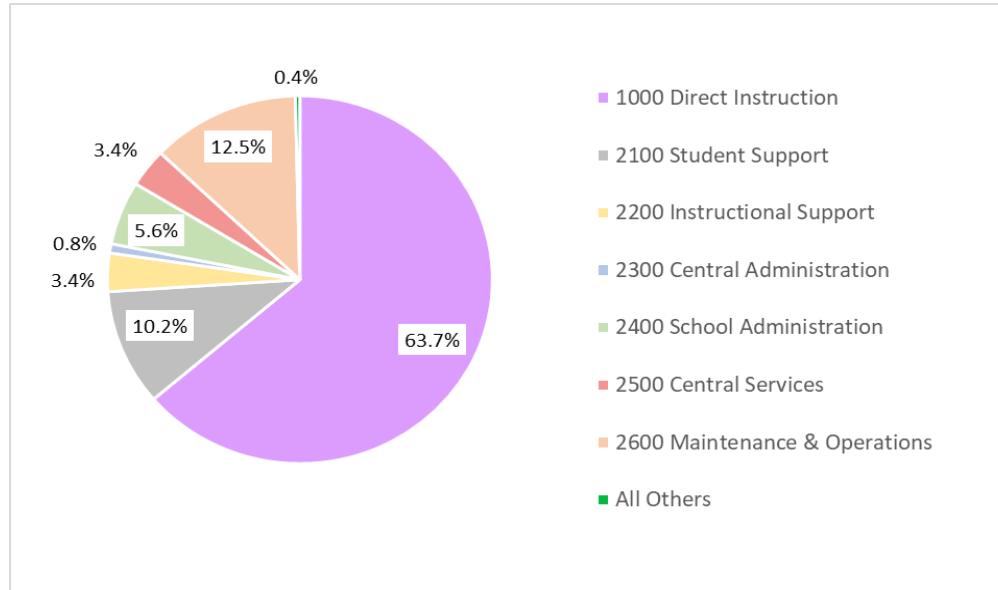
March 26, 2019 – April 12, 2019

- Department staffing is based on actual salaries and benefits.
- Non-salary funds are determined by current budget, anticipated department changes and spending trends.
- Individual requests for variances are accepted in writing and will be reviewed by the budget steering committee.

Percentage of Budget

by PED Defined Cost Codes

Almost two-thirds of the APS budget goes directly to the classroom, paying for teacher and educational assistant salaries.
2018-2019 Operational Fund Budget



Breakdown of Operational Fund by Function:

63.7%	1000-	Direct Instruction: Teachers, Educational Assistants, Athletics, Substitutes and all other costs associated with instruction in the classroom including extra-curricular activities
10.2%	2100-	Student Support: Audiologists, Counselors, Diagnosticians, Interpreters, Occupational Therapists, Physical Therapists, Psychologists, Nurses, Speech Therapists, Athletics, Fine Arts, ROTC Program, Special Education, Student-Family and Community Support
3.4%	2200-	Instructional Support: Librarians, Media Specialists, Library/Media Assistants, School Secretaries, Testing, Career Technical, Curriculum & Instruction, Early Childhood, Indian Education, Language and Cultural Equity, Library Media Services, Summer Learning, Office of Accountability, Office of Equity and Engagement, Student Information Systems
0.8%	2300-	Central Administration: Superintendent, Assistant Superintendents, Student, Parent and Employee Advocacy, Office of Innovation, APS Foundation, Chief Operations, Board of Education, Bond Elections

Breakdown of Operational Fund by Function:

5.6%	2400-	School Administration: Principals, Assistant Principals, Clerks, Costs Associated with Administrative Responsibilities in the School, Zone Principal Support,
3.4%	2500-	Central Service: Computer Technicians, Office of Program Research & Analysis, Technology, Communications, Risk Management, Finance, Human Resources, Materials Management, Graphics, Legislative Affairs, Warehouse Delivery
12.5%	2600-	Maintenance and Operations: Police, Custodians, Utilities, Maintenance on Buildings, Grounds & Equipment
0.4%	All Others-	All Others: Supplemental Transportation, Supplemental Instructional Materials, Fees, Other Taxes, etc.

Student Impact

PED defined functions vs impact on students

It is often difficult to explain that function 1000 (as defined by the PED as “direct instruction”) is not the only direct impact on student learning. In an effort to more clearly represent the impact on students, the following few pages will take the information from the PED defined functions as shown on page 5 and organize them into four areas:

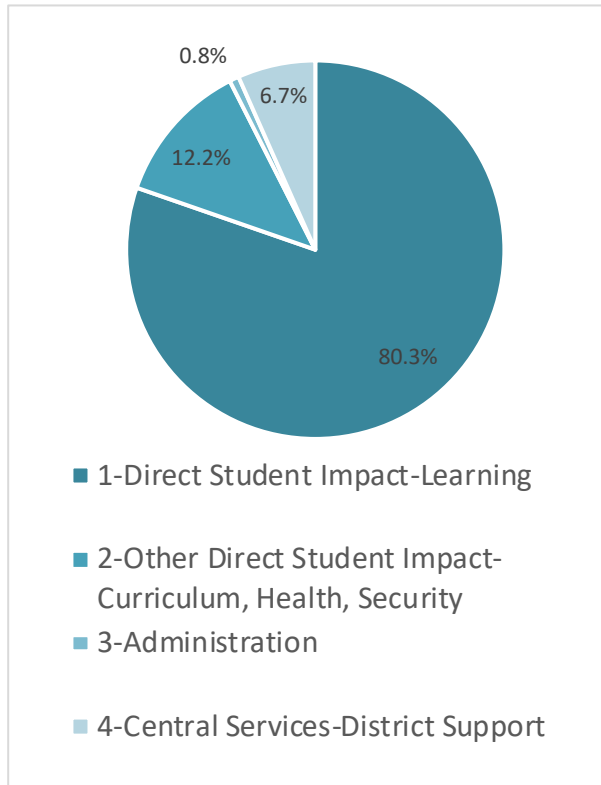
1. **Direct Student Impact-Learning Interaction**: This section will include expenses where there is direct involvement/interaction with a student.
2. **Other Direct Student Impact-Curriculum, health & safety and maintenance of schools**: This section will include those departmental expenses that are critical for the student, utilities, school police, custodians etc.
3. **Indirect Student Impact-Administration**: This section includes primarily the Superintendent, Associate Superintendents, Student, Parent & Family Advocacy, Office of Innovation, APS Foundation, Chief Operations, Board of Education, Bond Elections.
4. **Indirect Student Impact-Central Services**: This section will include the district level administration including the Office of Program Research & Analysis, Technology , Communications, Risk Management, Finance, Human Resources, Materials Management, Graphics, Legislative Affairs, Warehouse Delivery, Maintenance, Utilities

Direct Student Impact

***Over 92% of Funds Directly Impact Students**

Funds Impact on Students

Over 92% of Funds Directly Impact Students



Direct impact totals 92.5%

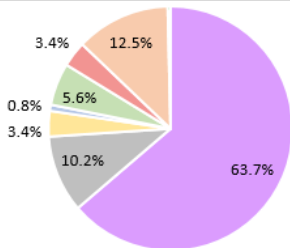
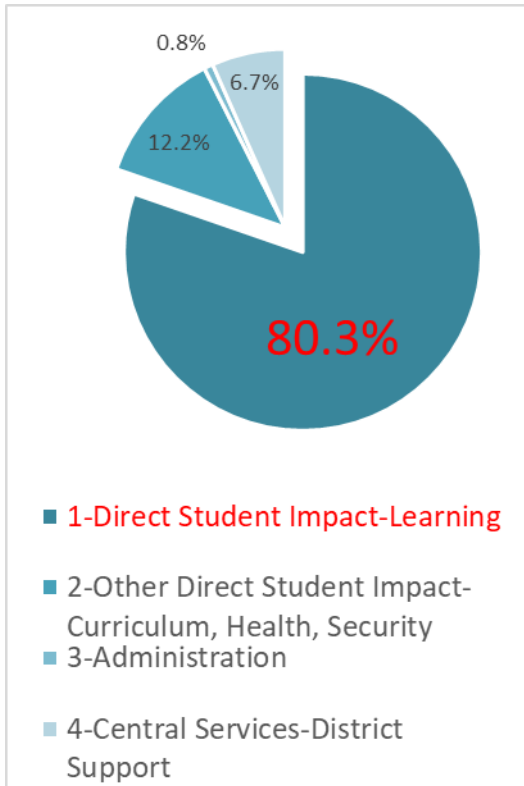
1. Learning (80.3%)
2. Building, Curriculum, Health & Safety (12.2%)

Indirect impact totals 7.5%

3. Administration (0.8%)
4. Central Services (6.7%)

Funds Impact on Students

Direct Student Learning Impact-Expenses that directly involve student interaction.

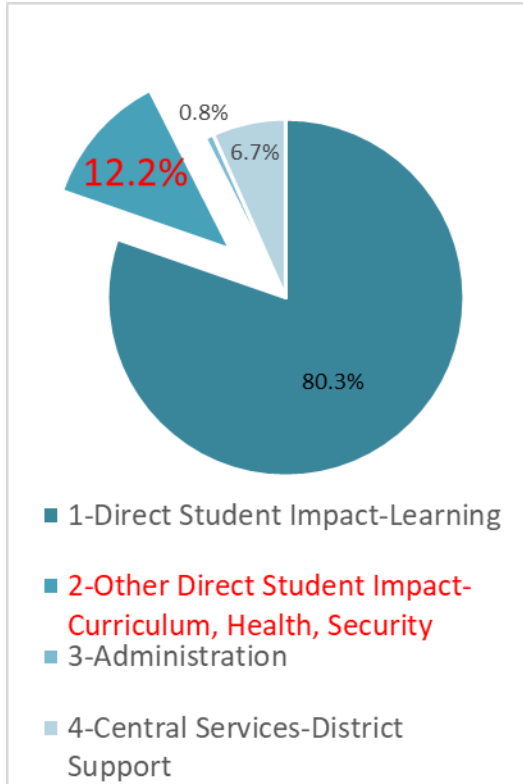


From page 5

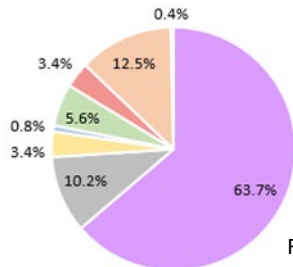
<i>Direct Student Learning Impact-Expenses that directly involve student interaction.</i>		
100% of 63.7% = 63.7%	1000-	Direct Instruction: Teachers, Educational Assistants, Athletics, Substitutes and all other costs associated with instruction in the classroom including extra-curricular activities
79% of 10.2% = 8.1%	2100-	Student Support: Athletics, Audiologists, Counselors, Diagnosticians, Fine Arts, Interpreters, Nurses, Occupational Therapists, Physical Therapists, Psychologists, ROTC Program, Speech Therapists
100% of 3.4% = 3.4%	2200-	Instructional Support: Librarians, Media Specialists, Library/Media Assistants, School Secretaries, Testing
87% of 5.6% = 4.9%	2400-	School Administration: Principals, Assistant Principals, Clerks, Costs Associated with Administrative Responsibilities in the School
48% of 0.4% = 0.2%	All Others-	All Others: Supplemental Transportation, Supplemental Instructional Materials
Total	80.3%	

Funds Impact on Students

Other Direct Student Impact-Expenses that maintain school locations, curriculum, health and safety.



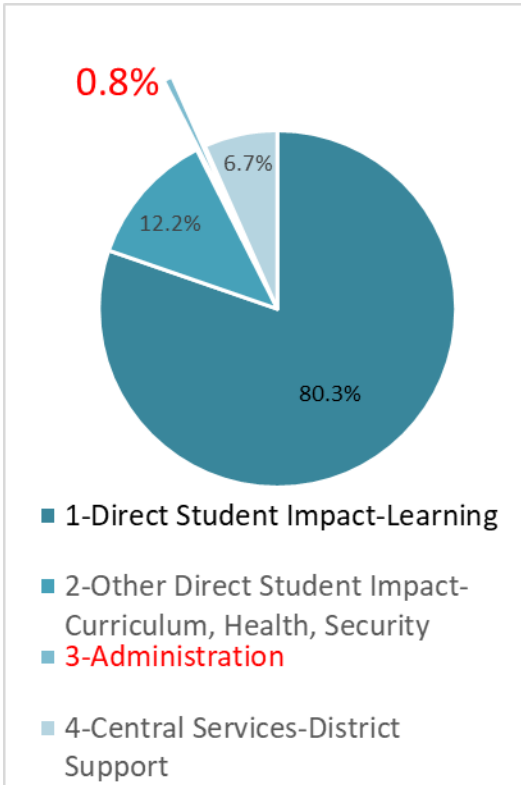
Other Direct Student Impact-Expenses that maintain school locations, curriculum,		
21% of 10.2% = 2.1%	2100-	Student Support: Special Education, Student-Family and Community Support
13% of 5.6% = 0.7%	2400-	School Administration: Zone Principal Support
75% of 12.5% = 9.4%	2600-	Maintenance and Operations: Custodians, Utilities, Maintenance on Buildings, Grounds & Equipment
Total	12.2%	



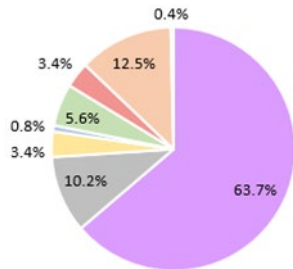
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Funds Impact on Students

Indirect Student Impact-Expenses that include administration.



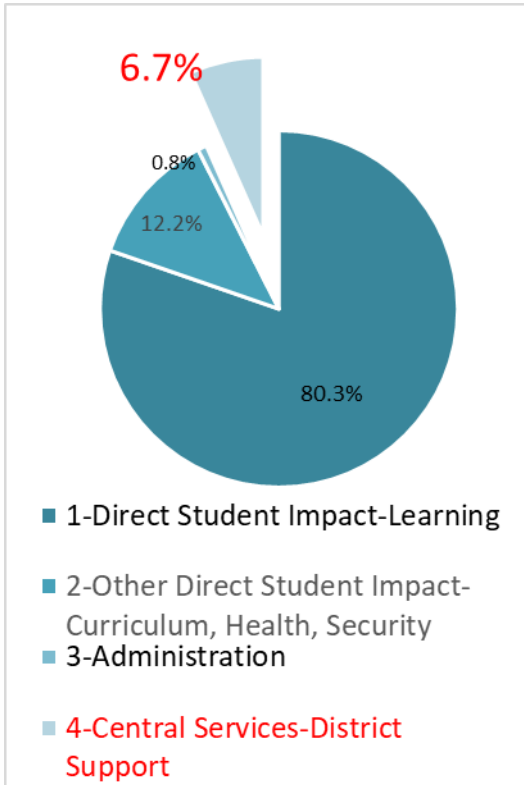
<u>Indirect Student Impact-Expenses that include administration</u> (PED Function 2300 only)		
100% of 0.8% =	0.8%	2300- Central Administration: Superintendent, Assistant Superintendents, Student, Parent and Employee Advocacy, Office of Innovation, APS Foundation, Chief Operations, Board of Education, Bond Elections
Total	0.8%	



From page 5

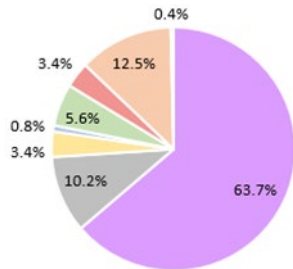
Funds Impact on Students

Indirect Student Impact-Expenses that include district level central services.



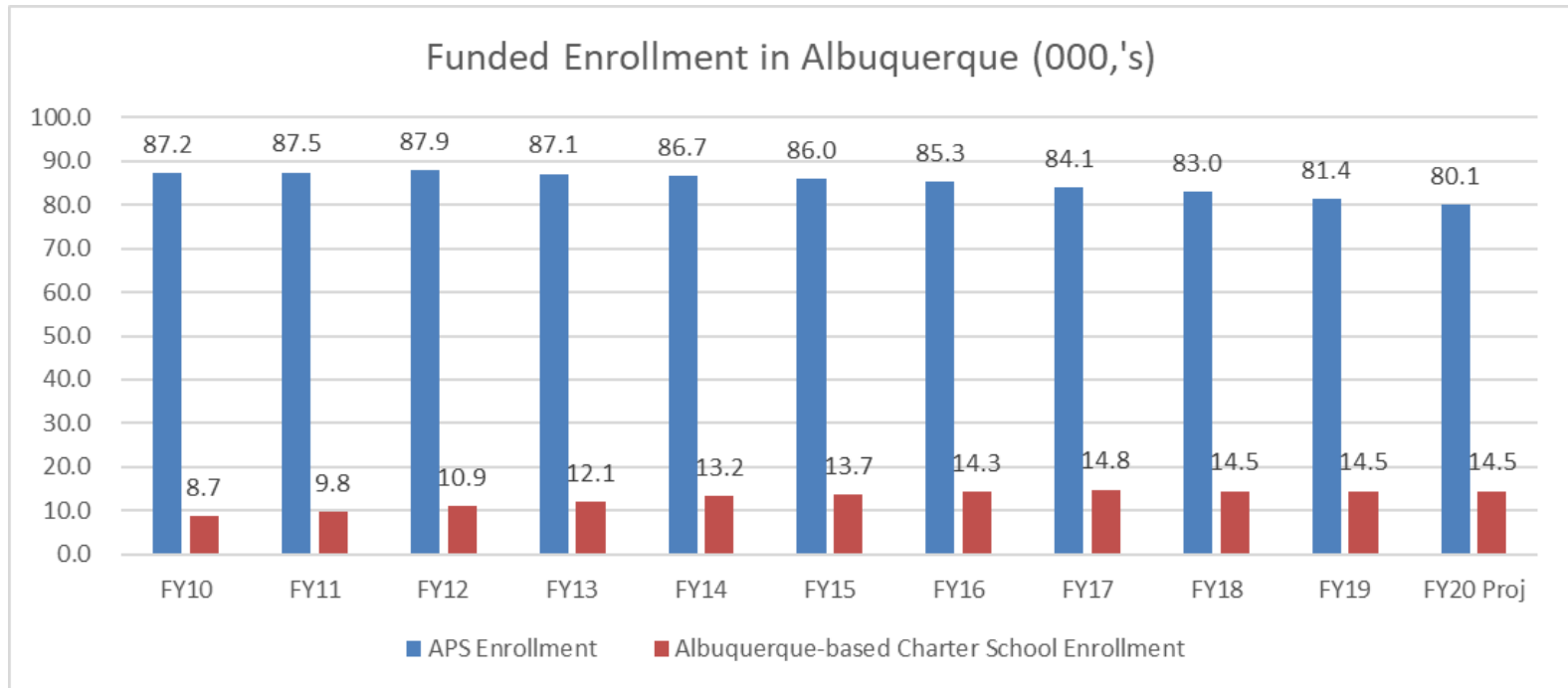
Indirect Student Impact-Expenses that include district level support.

100% of 3.4% = 3.4%	2500-	Central Service: Office of Program Research & Analysis, Technology , Communications, Risk Management, Finance, Human Resources, Materials Management, Graphics, Legislative Affairs, Warehouse Delivery
25% of 12.5% = 3.1%	2600-	Maintenance and Operations: Custodians, Utilities, Maintenance on Buildings, Grounds & Equipment
39% of 0.4% = 0.2%	All Others-	All Others: Fees, Other Taxes, etc.
Total	6.7%	



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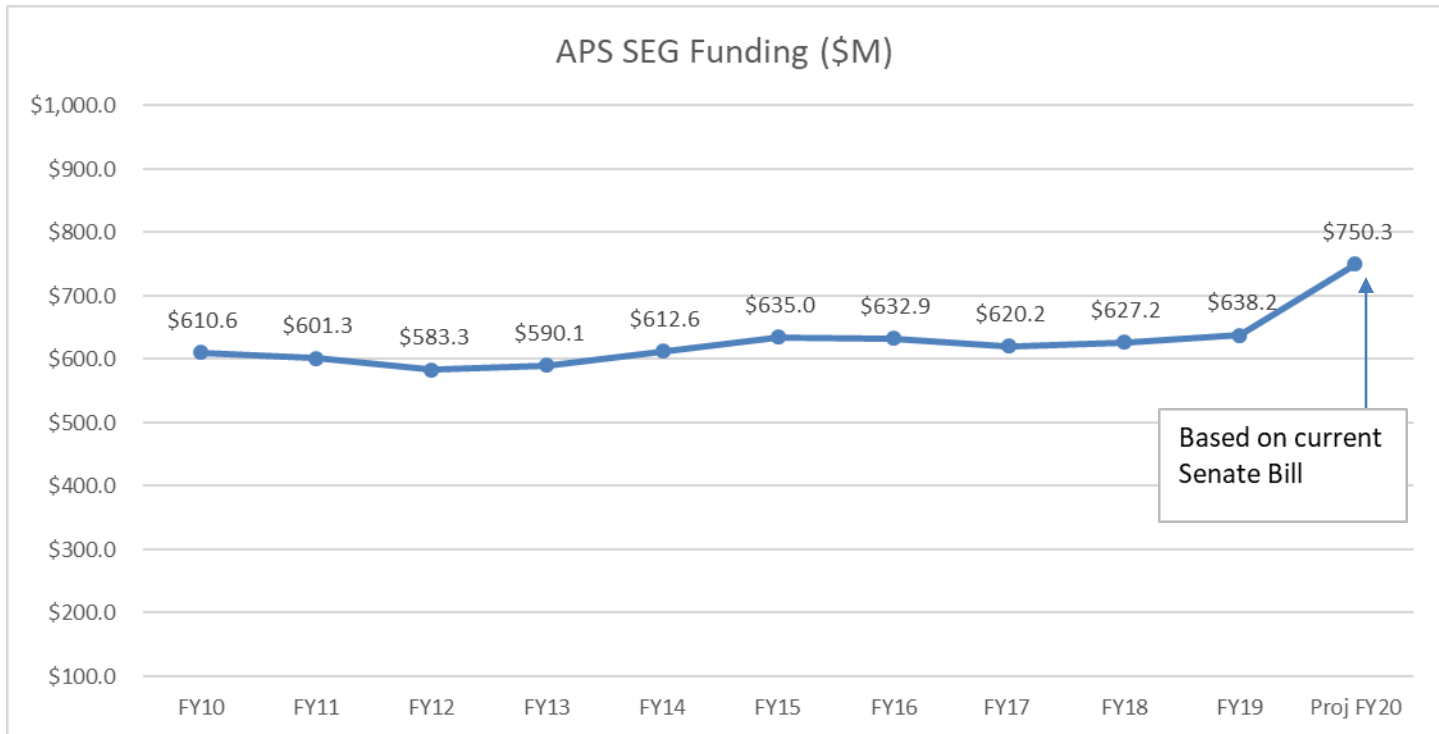
Operational Funded Enrollment



Funded Enrollment declined over 1,600 students in FY19 and is expected to decline an additional 1,300 students in FY20.

State Equalization Guarantee

Projected Funding at this time.



FY20 Budgeting Considerations

- Decline in enrollment of approximately 1300 students
- Fiber Optics installation savings
- Teacher Residency Program
- Increase school discretionary funds
- Art & Music in every Elementary-phase 2
- Addition of 9th grade to College & Career High School
- Class Size Waiver expiring
- Teacher Training Index (T&E) Change to Teacher Cost Index (TCI)
- Possible Legislative changes:
 - At-Risk Index change
 - Bilingual & Multicultural Factor change
 - Extended Learning time
 - K-5 Plus Formula Factor
 - Employer Contribution changes to E.R.B.
 - Minimum wage change
 - Teacher salary changes including Tier Migration
 - Principal salary changes
 - Other compensation changes
 - Insurance changes
 - Small School Size Factor change

FY20 OPERATIONAL FUND BUDGET PLANNING

Anticipated changes without Legislative considerations

	Approximate Cost (Millions)
•Decline in enrollment of approximately 1300 students	(\$4.428)
•Fiber Optics installation savings	\$3.500
•Teacher Residency Program	(\$0.500)
•Art & Music in every Elementary-phase 2	(\$1.413)
•Addition of 9 th grade to College & Career High School	(\$0.518)
•Class Size Waiver expiring (~152 FTE)	(\$13.400)
<i>Anticipated changes without Legislative considerations</i>	(\$16.759)

Legislative Concerns

- Will funding allocated be enough to cover required changes including E.R.B., insurance, license tiers, minimum wage and other salary increases
- Clear definition of each expectation for differing fund allocations
- Is Extended Learning and/or K-5 optional or mandatory programs

FY20 OPERATIONAL FUND BUDGET PLANNING

Albuquerque Public Schools
Analysis-2019 Session

	<u>HAFC-Estimated</u>	<u>SFC-Estimated</u>
REVENUE	<u>Impact</u>	<u>Impact</u>
Total Education Allocation	\$3,071,053,400	\$3,068,803,400
APS Approximate % of State Ed*	24.45%	24.45%
Estimated Total SEG FY20***	\$750,872,556	\$750,322,431
Current SEG FY19	\$638,177,942	\$638,177,942
<i>Estimated SEG Increase</i>	\$112,694,614	\$112,144,489
EXPENSES		
T&E to TCI Change	(\$6,864,612)	(\$6,864,612)
Cost of K-5 Programs**	(\$4,476,866)	(\$4,476,866)
Extended Learning***	(\$43,545,567)	(\$43,545,567)
6% Increase-Teachers	(\$17,779,164)	(\$17,779,164)
6% Increase-Principal	(\$1,093,581)	(\$1,093,581)
6% Increase-Other Staff	(\$5,448,781)	(\$5,448,781)
Teacher Incr to Tier Minimums	(\$11,342,897)	(\$11,342,897)
Other Tax/Benefit Changes	(\$13,465,304)	(\$13,465,304)
Instructional Materials	(\$7,234,545)	(\$7,234,545)
<i>Estimated Proposed Expenses</i>	(\$111,251,317)	(\$111,251,317)
Final Net SEG Increase (Shortfall)	\$1,443,297	\$893,172

*APS Percent of State based current available data

**Avg Current Cost FY16-FY18 for K-3+

*** Amount contingent on actual program implementation

Tier 40/50/60

Operational fund: (State Equalization Guarantee-SEG)

Expires at year end and used for recurring expenses.

Sources:

- NM State Taxes
 - General (alcohol, tobacco & fuel)
 - Sales/gross receipts (everything)
 - Income (wages)
- NM State Rent & Royalties
- NM State License fees (vehicles & recreation)
- NM State Interest earnings
- NM State allocates to school districts via the **State Equalization Guarantee (SEG) funding formula**
 - Enrollment
 - Index varies by grade
 - K = 1.44
 - 1st = 1.20
 - 12 = 1.25
 - Additional formula factors include:
 - Students in Special Education, elementary fine arts and bilingual programs
 - Teachers with more education and/or experience as well as those with National Board Certification
 - Small schools (ES < 200 students and MS/HS < 400 students)
 - At risk students (English language learners, low income and mobility)

Uses:

Operational Fund	2017-2018	
	\$M	%
Employee compensation:		
Salaries, overtime, stipends & differentials	\$ 413.6	65%
Payroll taxes & employee benefits	149.8	24%
Total employee compensation	\$ 563.4	89%
Utilities	\$ 24.4	4%
Property & liability insurance	7.3	1%
Contracted Special Education EAs	6.3	1%
Supplemental textbooks	6.1	1%
Supplies & materials	5.8	1%
Maintenance & repair - buildings & grounds	2.6	0.4%
Assets	1.0	0.2%
Professional development	0.8	0.1%
Legal	0.7	0.1%
Buses	0.6	0.1%
Fuel for maintenance & operations trucks	0.6	0.1%
Computers	0.5	0.1%
Mileage	0.5	0.1%
Other @ less than \$.5M or .1% each	14.9	2%
Total non-employee compensation	\$ 72.1	11%
Grand Total	\$ 635.5	100%

Capital funds: Accumulate year to year and are used for voter approved expenses.

Sources:

- Voter Approved County property taxes
- Interest earnings

Allowable Uses:

	SB9	HB33	GOB
Construction-Building & Improvements	X	X	X
Maintenance & Repair	X		
Assets-Furniture, Fixtures & Equipment	X	X	
Computers	X	X	
Land Improvements	X	X	X
Software	X	X	Limited
County Tax Collection Costs	X	X	

- As you can see from the chart above, state statute dictates allowable uses for each of these funding streams. Note that the only funding source outside of Operational that can be used for general building maintenance is the SB9 fund.
- **SB9** is a mill levy set at 2 mills from property taxes within the District. A community vote authorizes this funding source for a period of 6 years, at which time it must be reauthorized, or it expires. This is considered a “pay-as-you-go” type of capital funding. It was last authorized in February 2013, and continues through June 2019.
- **HB33** is a mill levy that cannot exceed 10 mills. The current levy is set at 3.83 mills for residential property, and 4.83 mills for non-residential. A community vote authorizes this funding source for a period of 6 years, at which time it must be reauthorized, or it expires. This is also considered a “pay-as-you-go” type of capital funding. It was last authorized in February 2016, and continues through June 2022.
- **GO Bonds**, or General Obligation Bonds, are a way to “borrow” money from investors, and pay it back over time not to exceed 20 years. After the voters authorize bonds to be sold, and a bond sale actually occurs, a mill levy is set each year in an amount necessary to pay the debt for that particular year. Our Municipal advisor helps us set repayment schedules that will keep the mill levy required for this purpose at a stable rate.