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Budget Review Identification of Budget Challenges & Opportunities

West Oso ISD
January 23, 2023

Introduction – Project Team

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Chief Certification Officer

TASBO

- 45-year career in public education in the areas of finance, payroll, HR, PEIMS and operations in districts ranging from 1,000 to 22,000 students.
- Retired Chief Financial Officer, Lackland ISD

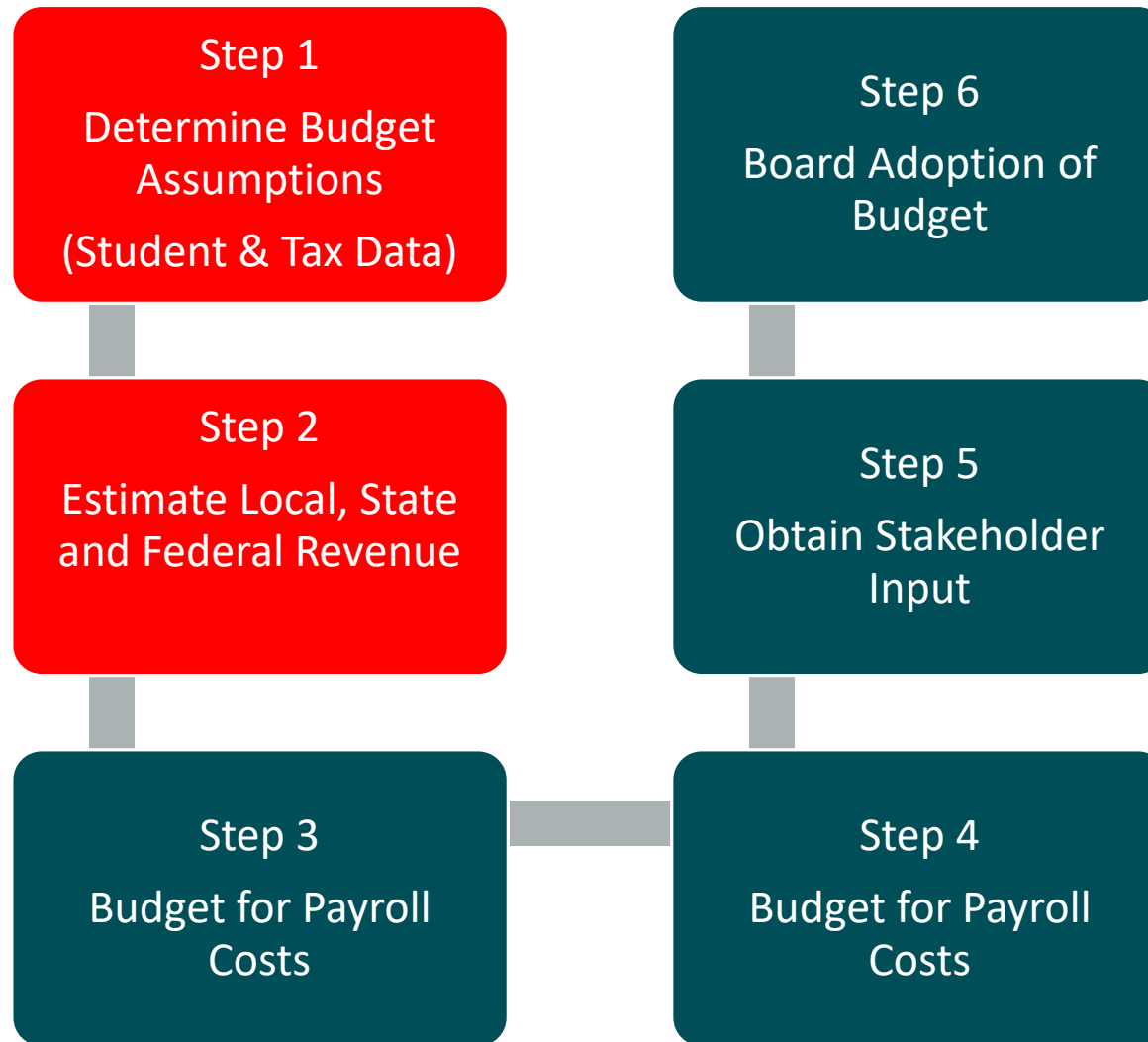




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Background Information

Budget Development Process





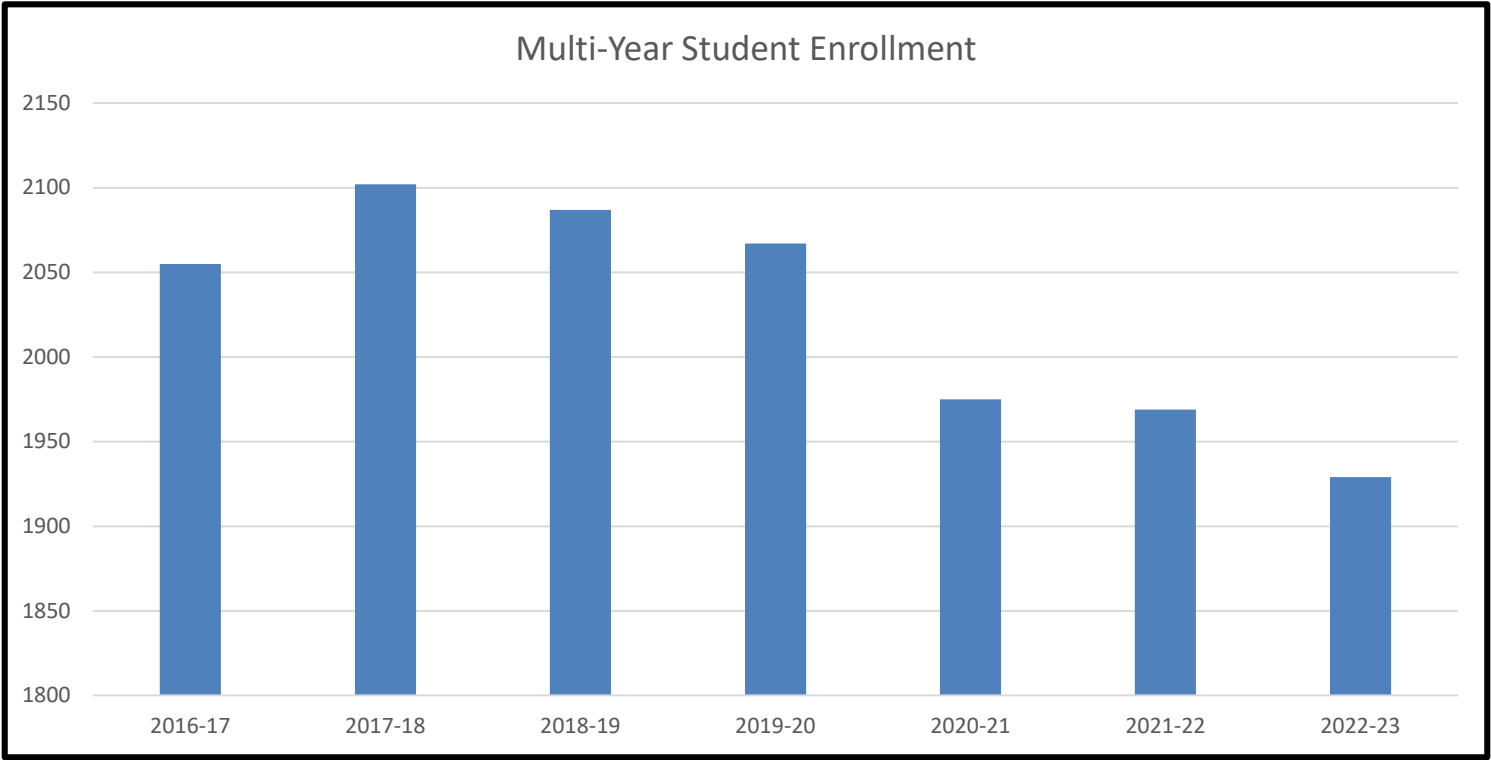
Funding Sources - General Fund

- Local
- State
- Federal

Multi-Year Review of Student Enrollment



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Student enrollment	2055	2102	2087	2067	1975	1,969	1,929
Change		47	-15	-20	-92	-6	-40
Total increase or decrease							-126

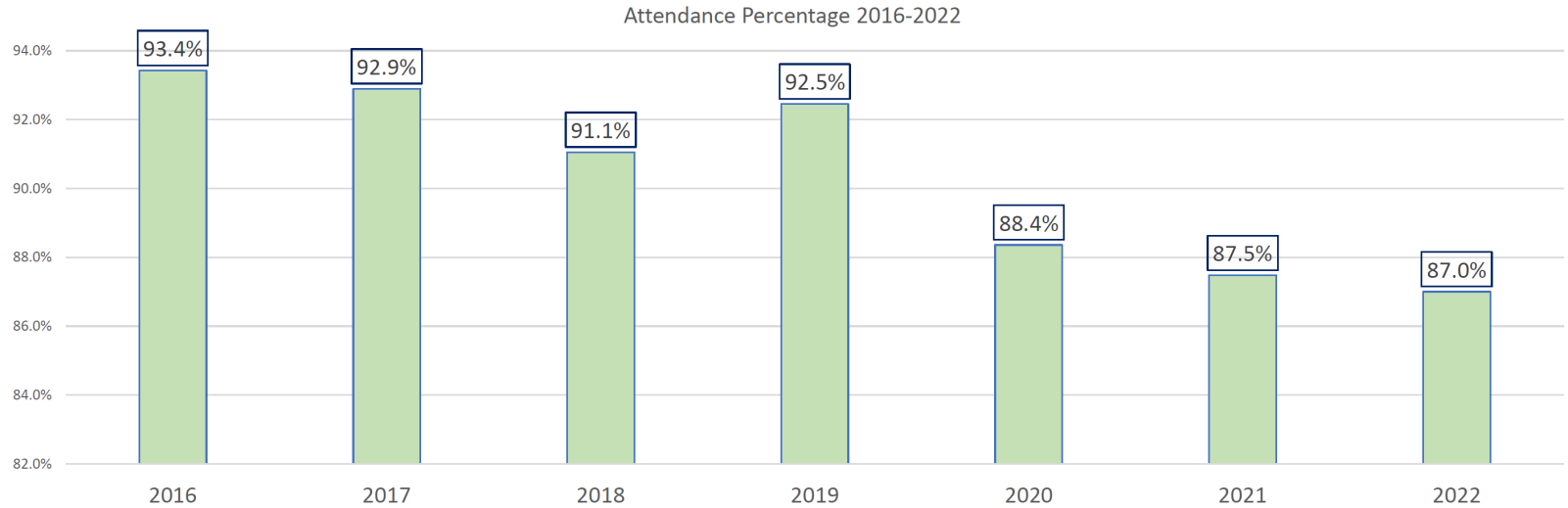


Data Source: Fall PEIMS Data

Multi-Year Review of Student ADA



West Oso ISD Average Daily Attendance Percentage

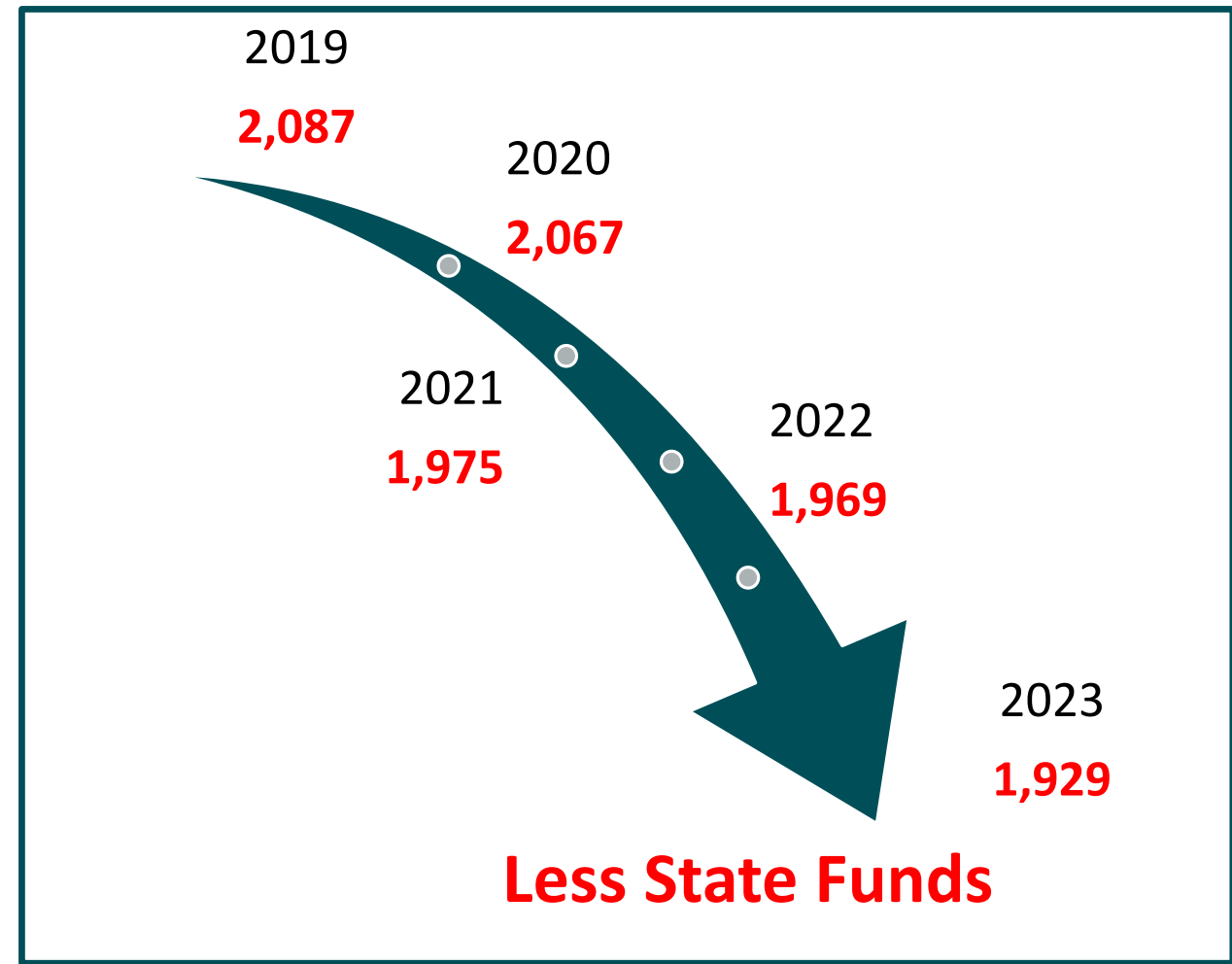
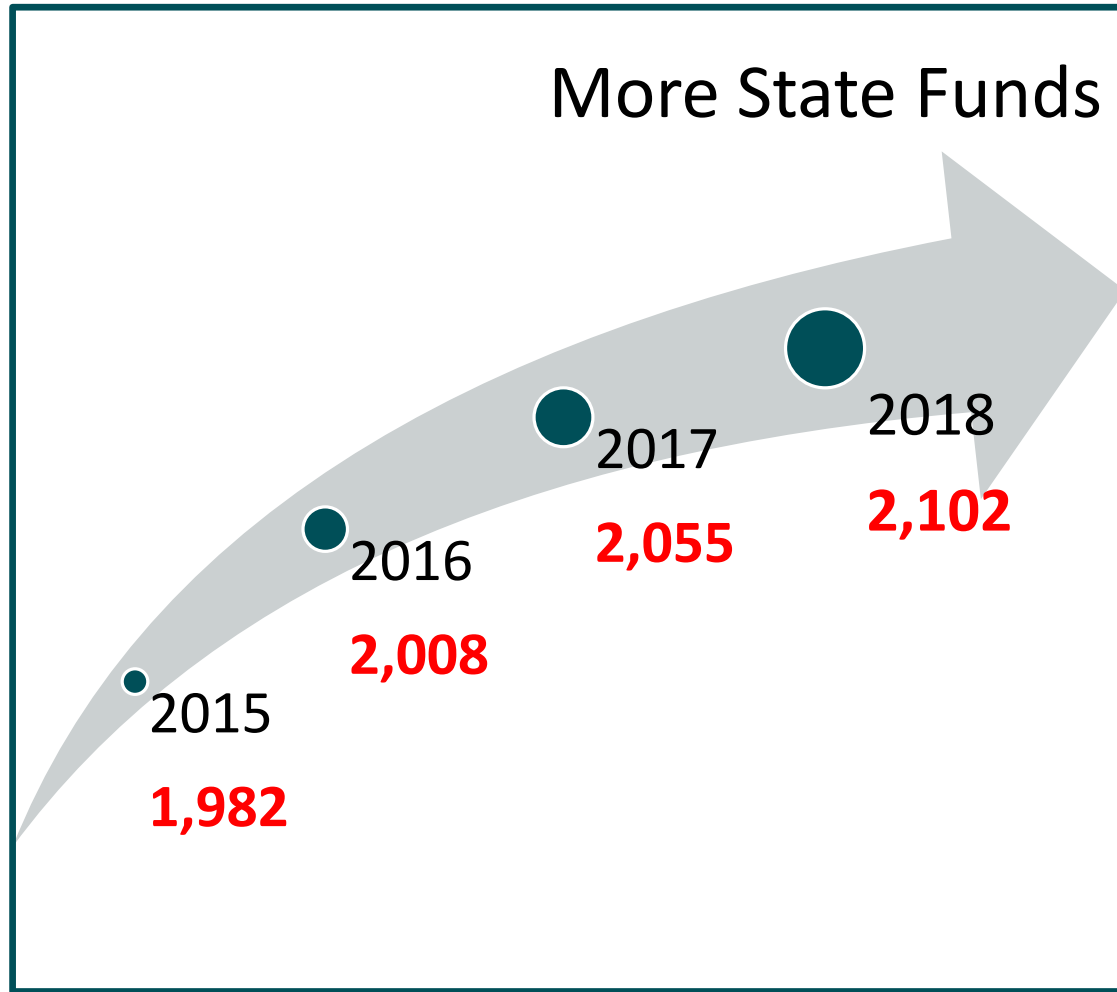


Average Daily Attendance as a percentage of Fall Enrollment had been averaging 92.5% from 2018 to 2019, before declining into the 87% range with the COVID pandemic 2022

During the 2022-2023 school year, the district has an average of 92.13% attendance as of the end of Semester 1.

Data Source: Fall PEIMS Data

Estimating State Revenue Based on Enrollment Trends



The Big Three Factors Impact Payroll Costs

#1

**Number of
People**

#2

**Salary Paid to
People**

#3

**Benefits
Offered to
People**



Budgeting for Payroll Costs

- As the Number of People and Salary Paid to People go up.....so does the cost of benefits!
- Some benefits are based on a defined cost but others are based on a percentage of the total salary.
- Payroll costs total 80% to 85% of the total budget



Budgeting for Non-Payroll Costs

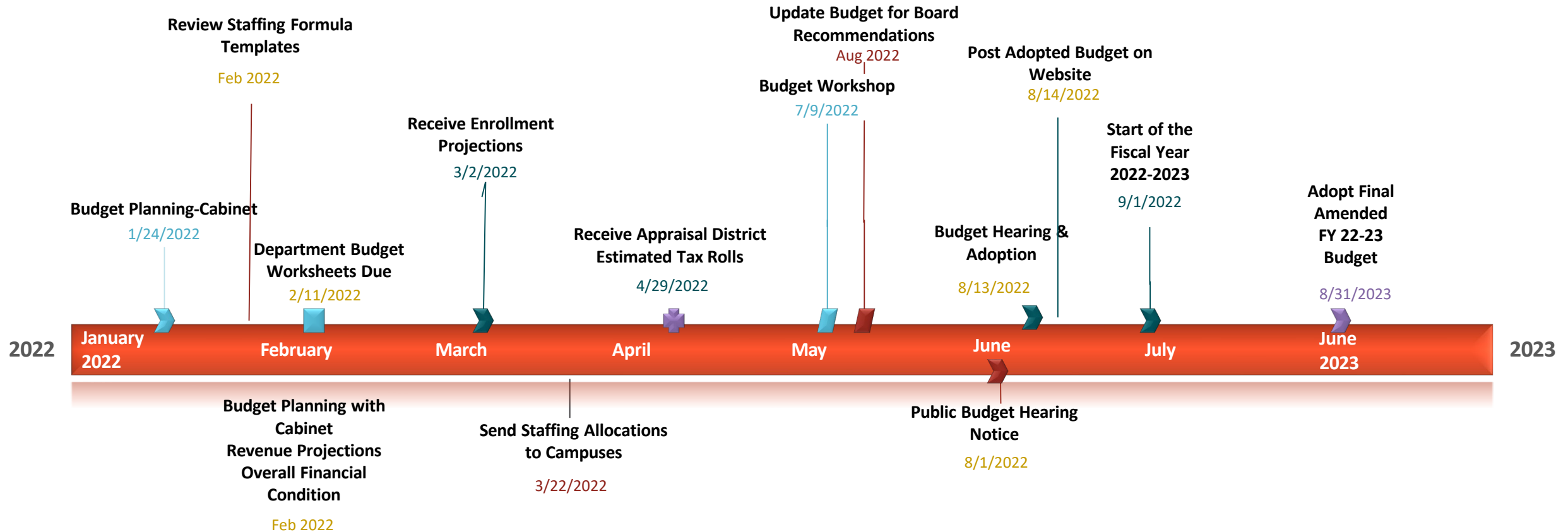
- Non-payroll costs are typically 15% to 20% of the total budget
- High-cost and recurring costs such as equipment contracts, maintenance of facilities, utilities and replacement of capital outlay
- Contracted services such as repairs and rentals
- Implementation of new programs
- Consumable supplies



When Do YOU Start the Budget Development Process

- Start with the “end in mind” – What is the latest day that your district can adopt a budget?
 - Fiscal year ending August 21st – Must be prepared by August 20th and adopted by August 31st

Sample Budget Timeline 2022-2023





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Budget Review Report

Scope of Project

- The objective of this project is to provide assistance in identifying methods to right-size the district's budget and provide advice on future staffing allocations.
- Disclaimer: Data received from the district in addition to publicly available data (PEIMS data submitted to TEA) was reviewed and used to prepare the Budget Review Report. We cannot verify the data accuracy or interpretation of the data without a deeper dive into the day-to-day operations of the district.

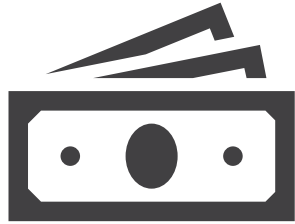
Tasks Accomplished

- Reviewed historical and current financial, student, and staff data;
- Studied relevant written material pertaining to the district, such as: the adopted budget, general ledger summary, district financial reports, and, staffing levels,
- Reviewed the budget development and monitoring processes;
- Reviewed the calculation of federal, state and local funding for budgetary purposes;
- Reviewed revenue forecasts, including projected student population;
- Reviewed the cash flow projections for fiscal year 2022-2023; and
- Reviewed other related information obtained as part of the project.

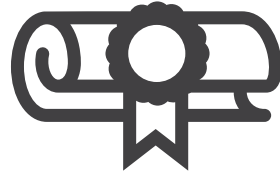
Key Commendations

- District staff were very open, positive, and helpful in collecting data and responding to questions.
- The district leadership team has been implementing proactive strategies to address budgetary challenges and opportunities since the onset of the TASBO project.
- The district earned a Superior Schools FIRST rating for 2021-2022 and 2020-2021.
- The district is seeking assistance in budgeting and staffing such as this TASBO Management project.

Budgetary Challenges – Historical & Current Trends



Financial



Student



Staff

We will review what the data tells us!



Historical Student & Staff Data

- Decrease in student enrollment
- Decrease in Average Daily Attendance (ADA)
- Increase in staff FTEs
- Decrease in student to staff ratios
- High Staff Turnover



Historical Financial Data

- Decrease in State Revenue
- Overpayments from the State
- Comparison of Revenues and Expenditures
- Decrease in Fund Balance
- Decrease in available cash to meet disbursement requirements

Figure 1. District ADA and State Funding Settle Up

School Year	District ADA Projections	Actual ADA	Settle-Up
2018-2019	1886	1928	\$ 1,500,556
2019-2020	1935	1837	\$ (8,937)
2020-2021	1950	1729	\$ (952,980)
2021-2022	1928	1713	\$ (3,064,090)
2022-2023	1937	1716	\$ (1,569,530)
2023-2024	1686		
2024-2025	1648		
2022-2023 Average (Cycles 1 and 2) & Projected Settle-Up			
Note. FY 2022-2023 Budget Assumption was 1808 ADA			
District ADA Projections submitted Dec 2022			

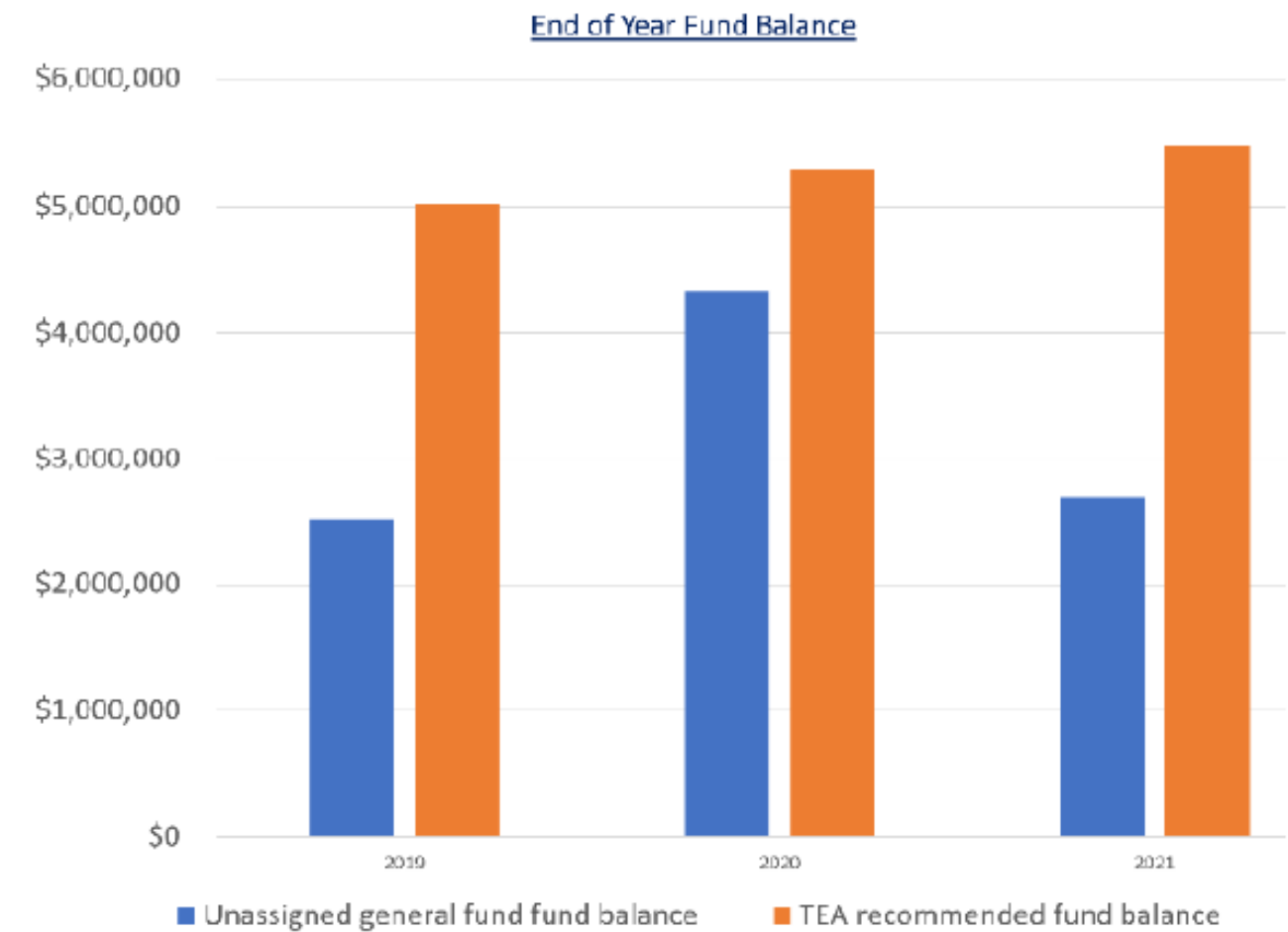
Comparison of Revenues and Expenditures

Fiscal Year	Revenues	Expenditures	Deficit or Surplus	Beginning Fund Balance	Ending Fund Balance
2019-2020	\$23.8	\$22.3	\$1.4	\$2.9	\$4.7
2020-2021	\$20.3	\$22.5	(\$2.1)	\$4.7	\$2.7

Note. The change in Fund Balance for FY 2021-2022 is pending completion of the Annual Financial Report.

Changes in Fund Balance

Figure 2. Changes in Fund Balance



Overview of Staffing Compared to Student Enrollment

Figure 3. Staffing by Category over Four Years

	2019	2020	2021	2022
Teaching Staff	149.17	143.32	142.16	152.6
Support Staff	23.41	27.11	27.21	31.46
Administrative Staff	14.89	15	14	13.9
Educational Aides	28.55	23.32	27.16	33.72
Auxiliary Staff	101.65	98.09	99.34	97.73
Total Staff	317.67	306.84	309.87	329.41
Students	2087	2080	1977	1969
Student per Staff	6.57	6.78	6.38	5.98

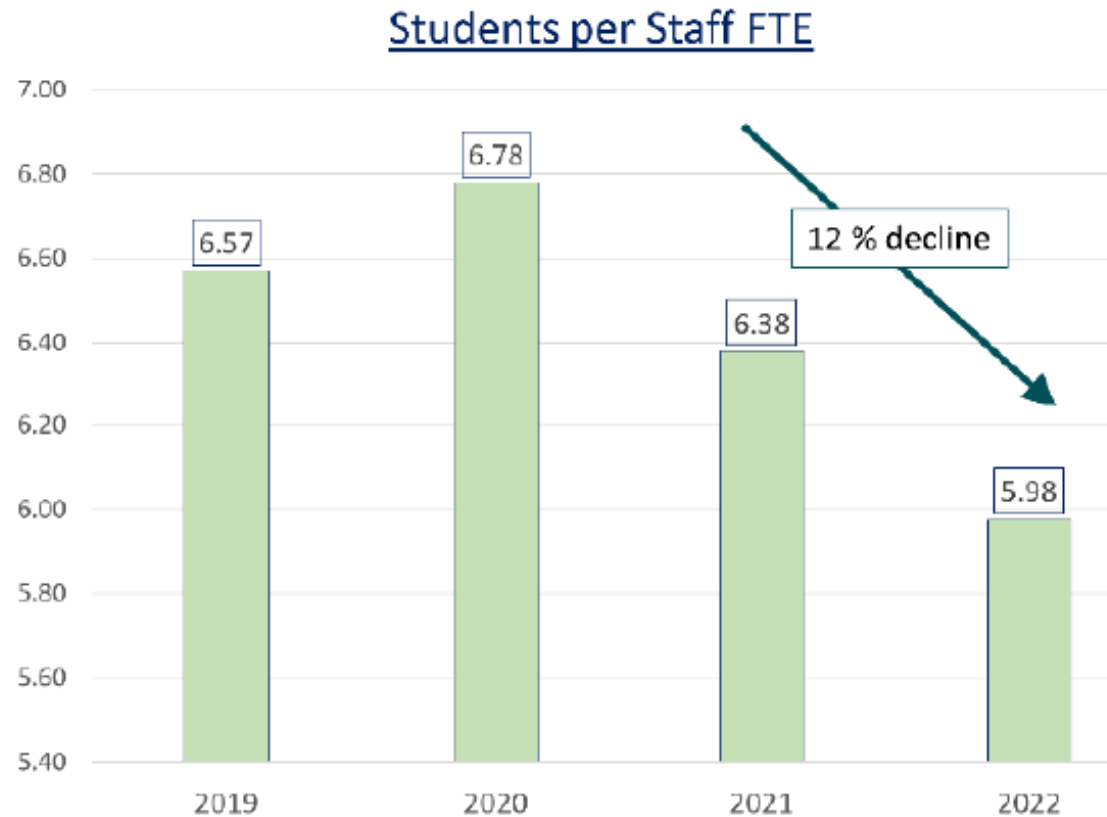
Note. The District reported a total of 312 Staff FTEs in school year 2022-2023.

Observations of Staffing by Category

- Total staff increased over the past 4 years and resulted in a decrease in the students per staff ratio
- Administrative staff stayed almost the same and the auxiliary staff decreased
- Teacher and Educational Aide categories had the largest growth – over 10 full-time equivalents (FTEs)

Decrease in Students per Staff FTE

Figure 4. Students per Staff FTE (Districtwide)



Note. The 2022-2023 Students per Staff FTEs reported to TEA is 6.18.

Campus Level Staffing

	2021-2022 Staff FTEs				Campus
Position	Elem	JFK Elem	JH	HS	Total
Total staff FTEs	45.0	59.5	50.7	62.1	217.3
Teachers	28.6	38.7	38.5	46.9	152.7
Professional Support	5.0	4.2	5.3	7.4	21.9
Campus Administration	2.0	2.0	2.0	3.0	9.0
Central Administration	0.0	0.0	0.0	0.0	0.0
Educational Aides	9.4	14.6	4.9	4.8	33.7
Auxiliary Staff	0.0	0.0	0.0	0.0	0.0
Teacher to Student Ratio	14.2	12.8	12.6	12.4	
Total Students	405	494	484	580	1963
Note. The state average Teacher to Student ratio is 14.6					

Special Program Teachers – Special Education

Figure 6. Special Education Program

	2021-2022				State
Position	Elem	JFK Elem	JH	HS	Average
Total Student in Special Education Program	55.0	46.0	59.0	62.0	
Percentage of Students (to Total)	13.6%	9.3%	12.2%	10.7%	11.6%
Total Teachers Serving Students in SE Program	4.9	2.7	11.9	3.1	
Percentage of Teachers (to Total)	17.3%	6.9%	31.0%	6.7%	9.6%
Teacher to Student Ratio	11.2	17.0	5.0	20.0	

Additional Contracted Special Education Program Staff

- The district has contracted for special education instructional and non-instructional services over the past several years.
- The Contracted Instructional staff was not reported to TEA as required as of school year 2021-2022 and are not reflected on the Special Program Teachers table.

Review of Campus Master Schedules

- Observations of courses and course sections include:
 - High number of local-credit courses
 - Non-teaching course sections such as Special Assignment and Travel Period
 - Numerous course sections with a student enrollment less than 10 students
 - High cost per student for teachers that serve a low number of students per day

Staff Workdays Compared to Academic Year

- The number of working days per school year for some employee groups appears to be higher than required for the scope of the position.
- Some campus level positions such as principals, counselors, facilitators, librarians, teachers, coaches, support staff are currently assigned work calendars that may exceed the minimum required number of workdays per school year based on their respective roles and the shortened academic school year (168 student days in school year 2022-2023).

Staff Turnover

- The district has also experienced a high staff turnover rate as indicated by the number of teachers with less than a year of experience (13.7%) and teachers with one to five years of experience (34.4%).
- The district's inability to provide a salary increase over the past two fiscal years may have contributed to the loss of staff.

Staffing in Operational Areas

- Reductions in staff in the operational areas require a deeper dive into the type of operation, national staffing ratios/trends and the desired level of service in each operational area.
- Child Nutrition Staff
- Custodial Staff
- Maintenance and Grounds Staff
- Transportation Staff
- Safety and Security Staff
- Technology Support Staff



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Recommendations Related to Staffing

Overall Recommendations

- The district should identify and track the financial, staffing and student enrollment trends that are having a negative impact on the budget.
- The district should develop and implement strategies to ensure that all stakeholders understand the source of the data, their role in managing the data and the overall need for data quality and transparency.
- The district should consider creating PEIMS Data Quality Teams.
- The district should develop an action plan to identify and quantify the fiscal year 2022-2023 beginning fund balance and the current projected budget deficit.

Observations & Recommendations Related to Staffing

- **The district is currently overstaffed when compared to the student enrollment.**
- Proactive steps should be taken to decrease the overall staffing of the district.
- The district should develop Staffing Guidelines to adjust staffing according to the changes in student enrollment.
- The district should determine the optimum student to staff ratio.
- For example, at 6.5 students to 1 staff member (6.5:1 ratio), the district is overstaffed by approximately 27 staff FTEs.
- **The optimum student to staff ratio selected by the district will determine the actual excess number of staff FTEs.**

Payroll Costs Reduction Strategies

- Reduce the number of contract/workdays
- Reduce the number of course sections that are non-instructional
- Reduce the number of courses that are local credit only
- Reduce the number of educational aides to the minimum required for high need areas
- Consolidate course sections with low student enrollment
- Identify the optimum number of students for all course offerings
- Reduce the percentage of staff turnover to reduce replacement costs
- Reduce the number of staff and staff costs to consider implementation of the TASB Compensation Study Recommendations

Budgetary Opportunities – Additional State Revenue

- West Oso gets around \$9,800 in additional FSP money for each additional student in ADA
- A 1% increase in attendance would add 18 students and increase funding by \$176,400
- A 2% increase in attendance could pay for the salaries of 5.8 teacher FTEs



Budgetary Opportunities – Shift Expenses

- Shift general operating expenses to federal grants if the grant allows supplanting and/or the shifted expenditures meet the legislative intent of the federal grants.
- The district should consider shifting as much allowable expenditures from the general fund to the ESSER federal grants to reduce general fund expenditures and grow the fund balance in the general operating fund.

Figure 7. ESSER Grant Entitlements

ESSER Grant	Entitlement
ESSER I	\$ 589,799
ESSER II	\$ 2,434,582
ESSER III	\$ 5,469,492
Grand Total	\$ 8,493,873

Note. The above entitlements reflect the total grant awards and not the remaining balance in each grant.

Summary

- Throughout the data gathering process, the district leadership has engaged in meaningful conversations about the overall budget planning process including the identification of budget assumptions such as student enrollment, average daily attendance and property taxation.
- The district leadership has been very receptive to implementing best practices in budgeting and financial management
- Some shared best practices and resources were provided to the district leadership
- The district has proactively implemented some of the recommended best practices
- This proactive approach will go a long way towards improving the short-term and long-term financial health of the district.

Questions?

