CARROLL
INDEPENDENT SCHOOL DISTRICT

Expenditure Reduction 2009 Strategic Plan

Breathing new life into the school budgeting process

Creating an environment that fosters excellence. . .

√ Excellence √ Relationships √ Character & Integrity √ Innovation √ Open & Honest Communication

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OVERVIEW

The Carroll Independent School District is a property wealthy, Chapter 41 (Robin Hood) district. This simply means that the district's property value per student exceeds the state maximum. CISD, therefore, has to send a portion of its local tax dollars to the state of Texas for distribution to property poor districts. This share-the-wealth school finance program has resulted in the loss of millions of Carroll's local tax dollars. Several years ago, the district faced $9 million in budget cuts and a depleted fund balance. For the past several years, district leaders have been working to restore lost programs and personnel, replenish the fund balance and brace the district for tough economic times. Those times are now upon us. Approval of the 2009-2010 budget resulted in a deficit budget. In fact, district expenditures are expected to exceed revenues by about 4.4%. The district's $28 million fund balance will help relieve the pain, but not the bleeding. Without a strategic plan to reduce expenditures, Carroll ISD is most certainly headed for a serious financial emergency.

CHARGE

The 2009-2010 School Budget was approved by the Carroll ISD Board of Trustees on August 17. It marks the second year in a row that the district adopted a deficit budget, relying on its fund balance to provide the necessary monies to accommodate employee raises, technology needs and rising fuel and utility costs. The district is fortunate that Trustees took advantage of oil and gas leases and the sale of surplus land to boost the district's reserves. Still Carroll ISD, like many districts in Texas, will require a temporary transfusion to survive financially. Despite the gloomy outlook, the Board has managed to reduce the tax rate in 2008 by five cents, pass the largest bond election in school history and give employees a three percent actual pay raise to stay competitive.

Although Trustees unanimously adopted the $81 million budget, they did so with hesitation and grave concern for future implications. Without relief from the Texas Legislature in sight, the School Board knows that dipping into fund balance for recurring costs like employee pay raises is unwise and short-lived. It's like providing pain relief for symptoms, but not curing the disease. They, therefore, charged the Superintendent with developing a strategic plan for expenditure reductions.

GOALS

It's important to keep in mind the district's mission, vision and goals for all students. During tough financial times, budget managers must keep focused on creating an environment that fosters excellence, but they must do so while reducing expenditures and maximizing revenues. Cutting millions of dollars from the district budget without affecting the classroom won't be easy. In fact, personnel

costs account for more than 84 percent of the maintenance and operations (M&O) budget. CISD must think differently about how to achieve excellence for all students. CISD budget managers must ask themselves if they should continue doing what they've been doing to accomplish their goals. As a reminder throughout this process, the district goals are:

1) Raise the academic challenge and performance of each student
2) Ensure quality personnel in all positions
3) Provide a school environment supportive of learning
4) Effectively manage and further develop financial resources
5) Improve public understanding and support of our schools

When deciding whether or not to spend district dollars, budget managers must ask themselves if the expenditures help CISD accomplish one of the goals listed above. If it does not, that expenditure should be considered significantly at-risk in the Expenditure Reduction process. At all times, we must remember that our mission is to provide a caring and creating learning environment that promotes excellence, fosters integrity and encourages each student to reach his or her academic, extracurricular and social potential.

PROCESS

Carroll ISD's leadership team recognizes that the most effective way to cut costs and balance the budget is to invite and involve those closest to the pain to participate in the process. Because Carroll ISD values **relationships**, it is through our common daily connections and personal relationships that we hope to engage our staff in an effort to make a difference in the school budget. Who better to help identify those areas where we should rethink the way we spend money in an effort to achieve the same or better results than those closest to the heart of our work – our teachers and support staff? Therefore, we are proposing an Expense Reduction Strategic Plan that will breathe new life into the school budgeting process. Each campus leader will be given a copy of his/her budget with an expense reduction target. The principal will have the opportunity to meet with school staff to brainstorm options for reducing that campus' budget. The ideas for cutting each campus budget will be generated by the people tasked at that campus to carry out CISD's mission, vision and goals. This internal reflective focus will help the district move forward in an effort to reduce overall costs and avoid severe budget cuts.

In turn, departmental supervisors will be asked to review their budgets, making suggestions for how to reduce their overall budgets by a targeted amount. The Superintendent's Cabinet will review district-wide expenditures, including but not limited to utilities, fuel, travel, professional development, and

transportation. Focusing on the "big picture," the Cabinet will make recommendation for district-wide expenditure reductions. These district-wide options will be paired with campus/departmental recommendations to create an "ER" List. This list of proposed expense reduction options will be presented to the School Board following a prioritization process and community input.

The overall goal of the district's ER Strategic Plan is to reach targeted expense reduction goals over a two-year period. At that point in time, the CISD leadership team will analyze changes made by the Texas Legislature, assess investments and interest earned and the success of the expense reduction initiatives implemented to date.

The success of the grassroots effort to identify and cut expenditures without compromising the district's cores values, vision, mission and goals, relies heavily on whether or not the participants in this process 1) have a general working knowledge of the problem; 2) understand the goals and outcomes expected by the district; 3) clearly understand the process to accomplish these goals; and 4) agree to be a part of the solution. Therefore, CISD is proposing a four-step process involving major stakeholders in Carroll ISD.

Step 1

Our commitment to **open and honest communication** will be the foundation for Step 1 in the ER process. The Superintendent's Cabinet will prepare a PowerPoint presentation and handouts that explain the district's current financial condition. Materials will include a brief overview of the school finance system, as well as details about steps the CISD School Board has taken to help keep the district financially solvent. General terminology will be explained, including the differences between the maintenance and operations budget and district bond expenditures. Conversations between central administrators and campus administrators will occur, giving the budget managers the opportunity to hear the problem and ask questions.

Step 2

Gaining a general understanding of the problem is only part of the process. The second step of the process involves identifying and explaining the expected outcomes from the ER Strategic Plan. Carroll ISD employees must clearly understand that the district values **excellence** and **innovation** and does not want anyone participating in this process to lose sight of those values. In essence, we will be asking employees to identify ways Carroll ISD can spend at least $2 million less in 2010-2011 while still maintaining the district's commitment to all students. Expenditures in the second year of the ER program could mean deeper changes to the processes and programs that we currently use to serve students. You've heard it said, "if you always do what you've always done, you'll always get what you've

always gotten." What we'll have to ask ourselves during this two-year process is whether or not we need to embrace change to help us achieve better outcomes. In other words, is there something we could or should do differently or stop all together to save money – especially if it isn't really contributing to our overall mission and vision for students? OR, perhaps we need to find new and innovative ways – less costly than our current ones - to help us achieve our goals. But before we can discuss the how, our participants need to know the what. What type of expenditure reduction is CISD expecting at the end of this process? With current expenditures 4.4 percent above revenues, CISD is hoping to address at least half of that amount. The target goal for reducing expenditures in year one (2010-2011) is $2 million. The target goal for reducing expenditures in year two (2011-2012) is another $2 million.

Step 3

After gaining a general working knowledge of the problem and understanding the overall outcomes expected by CISD, participants will need to clearly understand the process that will be used to get there. The CISD leadership team will provide a systemic process that all budget managers can use to walk their staff through the ER process. Each budget manager will be encouraged to participate in a sort of "reverse needs list" process by creating a database of potential expenditure reductions that will positively impact their campus budgets' bottom line. Each budget manager will be given a "target" from which to begin. They will be asked to work together to identify a measureable expenditure reduction strategy, log that strategy on a database and then detail the anticipated savings from the strategy, as well as a detailed description of the impact the strategy will have on the district's mission and vision for students. We believe the strong **relationships** among our staff will create synergy, therefore helping each team work collaboratively to identify and prioritize lists of potential expenditure reductions that positively affect their campus budgets. Members of the Dragon family will have to clearly understand the process for accomplishing the goal of the ER Strategic Plan. After that process has clearly been communicated, each member of the team will have to decide whether or not he/she agrees to participate.

Step 4

The fourth and final step of the ER process involves staff buy-in to the process and prioritization of the expenditure reductions each campus team identifies. This will ultimately be the most difficult part of the process for our campus teams. Because Carroll ISD values **character and integrity** and because we believe we have assembled a caring and capable group of educators, we trust that those closest to the situation can help us find the best, most viable solutions. We feel confident that given an opportunity to make decisions in the best interests of students, our staff will succeed. The CISD leadership team will collect all prioritized ER strategies from each campus and develop a district-wide list showing the overall

financial impact, as well as the impact to the district's mission and vision for students. Following compilation of the list, an online survey will be provided, giving parents, students and taxpayers an opportunity to gain knowledge of the problem, understand the desired outcome and the process and consider the strategies brought forward by the employees of CISD. They, in turn, will be given an opportunity to suggest strategies of their own. Ultimately, the decisions to reduce expenditures and balance the CISD budget must be made by the School Board. Involving all stakeholders in the process, however, will assist Trustees in accomplishing this task.

Year Two of the ER Process

The success of the first year of the ER Strategic Plan is critical. Educating the staff and public (what's the problem?), identifying key goals and outcomes (what do we hope to accomplish?), communicating a standard process (how will we do it?) and obtaining buy-in (who will help us?) provides an important foundation for success. While the overall financial goal in Year One is to reduce expenditures by $2 million, the underlying and perhaps even more important goal is to help stakeholders successfully participate in finding solutions that ultimately help CISD realize its mission, vision and goals for students. Taking time to accomplish the important four-steps as part of Year One, will essentially help build a foundation of success for CISD leaders to delve into the zero-based budgeting process of Year Two. The leadership team believes zero-based budgeting will be necessary to help balance the CISD budget, but much training and time will be necessary to guide the budget management team through this process.

TIMELINE

Included with this ER Strategic Plan is a proposed timeline for implementation. Using the budget adoption date and moving backward, the plan provides staff with an opportunity to identify expense reduction options for their own budget, the leadership team with the opportunity to prioritize the ER List, and the Board the opportunity to hear staff input and community feedback before taking necessary action. Even with an aggressive timeline, the CISD leadership team understands the importance of taking time to educate and involve all stakeholders.

DATA

Also included in this ER Strategic Plan is the necessary data to provide budget managers with historical information on school budgets and spending. Added to the data in the coming weeks will be a concise, informational PowerPoint with handouts and succinct talking points.

PROPOSED BUDGET PROCESS TIMELINE YEAR ONE

DATE	ACTION	RESPONSIBILITY
SEP 14	PRESENT EXPENDITURE REDUCTION STATEGIC PLAN TO SCHOOL BOARD	Superintendent
SEP 15	COLLECT/ANALYZE BUDGET DATA	Financial Services
OCT 5	CONSULTANT'S PRESENTATION TO CISD SCHOOL BOARD	Consultants
NOV 2-13	IDENTIFY/COMMUNICATE CAMPUS & DEPARTMENTAL "ER" TARGETS	Campuses & Departments
NOV 16	CAMPUS/DEPARTMENTAL "ER" MEETINGS HELD	Campuses & Departments
DEC 18	CAMPUS/DEPARTMENTAL "ER" PLANS DUE	Campuses & Departments
JAN 8	"ER" PRIORITIZATION MEETING	Cabinet
JAN 11-29	COMMUNITY INPUT PROCESS	Communications Dept.
FEB 1	"ER" PRIORITIES TO BOARD	Superintendent
	UPDATE ENROLLMENT PROJECTIONS	PASA Demographers
FEB 15	INITIAL REVENUE PROJECTIONS	Financial Services
FEB 15	PROPOSED STAFFING PLAN	Personnel Services
FEB 22	SALARY NEGOTIATIONS TEAM MEETING	Financial Services, Personnel Services
FEB 26	CAMPUS & DEPARTMENT STAFFING & BUDGET REQUESTS MTGS	Cabinet
FEB 26	SUMMARY OF CAMPUS PRIORITIES	Cabinet

MARCH 8-12	PROVIDE INITIAL CAMPUS ALLOCATION AMOUNTS	Financial Services,
MARCH 15-19	SPRING BREAK	---
APRIL 5	STAFFING PLAN FINALIZED	Personnel Services
APRIL 19	SALARY NEGOTIATIONS SYSTEM SCENARIOS	Financial Services, Personnel Services
APRIL 19-23	BUDGET WORKSHOP (TBD)	Board of Trustees
APRIL 30	CAMPUS & DEPARTMENT BUDGET ENTRIES DUE	Campuses & Departments
MAY 15	PRELIMINARY PROPERTY VALUE ESTIMATES RELEASED	Tarrant Appraisal District
JUNE 7	PRELIMINARY DETAIL BUDGET COMPOSITION	Financial Services
JUNE 10	PRELIMINARY PROPERTY VALUE ESTIMATES RELEASED	Tarrant Appraisal District
JUNE 21	PROPOSED BUDGET	Financial Services
JULY 7-11	BUDGET WORKSHOP (TBD)	Board of Trustees
JULY 25	REPORT OF CERTIFIED PROPERTY VALUES	Tarrant Appraisal District

AUG 2	BUDGET WORKSHOP (TBD)	Board of Trustees
AUG 3	NOTICE OF PUBLIC HEARING	Financial Services
AUG 16	PUBLIC HEARING TO DISCUSS BUDGET & TAX RATE	Board of Trustees
AUG 16	ADOPT 2010-11 BUDGET	Board of Trustees
SEPT 1	BEGINNING OF 2010-11 FISCAL YEAR	---
SEPT 10	SUPPLEMENTAL REPORT OF CERTIFIED PROPERTY VALUES	Tarrant Appraisal District