

“THE DISCUSSION”

OCTOBER 7, 2009

School Finance and the Budget Beyond 2010

Bond

Capital Expenditure Update

2006 \$50 Million Bond Results

Completed essentially every
planned project, plus New Tech
High with the 2006 Bond Dollars

Completed 151 major projects touching every
campus

2006 \$50 Million Bond Results

151 Projects Completed Included:

- Technology Infrastructure Upgrades and Replacement
- North Lake Land Purchase
- Major Renovations
 - HVAC Replacement at 6 campuses
 - Science Labs
 - Roofs
 - Carpet
 - Tracks, Turf, and Playgrounds
 - New Tech High Renovation
 - Camera Surveillance and Card Access

2009 Bond Election Propositions 1 & 2

• Technology Infrastructure and Equip.	\$15,812,000
• HVAC, Lighting, and Energy Management	\$8,081,564
• Roofing, Carpeting, and Misc. Repairs	\$5,425,736
• Shifting of Expenditures to Bond (Avoids Recapture)	\$4,053,000
• Library Materials and Facility Upgrades	\$2,203,000
• Playgrounds, Bleachers, P.E., and Athletics	\$1,942,500
• Band Instruments / Theater Department	\$1,405,500
• Land Infrastructure Development (North Lake)	\$1,000,000
• Campus Safety and Security Additions	\$676,700
• Coppell Nature Park Educational Facility	\$300,000
• Proposition 2 – North Lake Land Note Conversion	<u>\$15,000,000</u>
Total Propositions 1 and 2	\$55,900,000

Appropriate Bond Fund Usage

- Bond dollars can only be used for capital outlay expenditures such as building renovations, land purchase, new construction, buses, and furniture/equipment.
- Bond dollars cannot be used for personnel costs, utilities, insurance, etc.



Finance

History and Future Challenges

Current Financial Status

- Financial Integrity Ratings System of Texas (FIRST)
 - 7 Consecutive years of perfect scores
- AA Credit Rating from S & P and Fitch
 - Only 40 districts in the state rank at or above this rating

Current Financial Status (cont'd)

- **Healthy fund balance**
 - Cover cost of operations without borrowing (Sept – Nov)
 - Flexibility in uncertain financial times
 - Ability to cover unexpected cost
 - Key factor in credit rating
- District must remain financially healthy to maintain excellent credit & FIRST ratings

Financial Support from CEDC

- 2002-2011 approximately \$22.3M received
 - Approximately 402 positions for life of grant,
 - 2009-2010 Teachers – 53 positions
 - Spanish, ESL, & Bilingual (40 positions)
 - Literacy (13 positions)
- 2010-2011 (final year) anticipate 40-42 positions will be funded

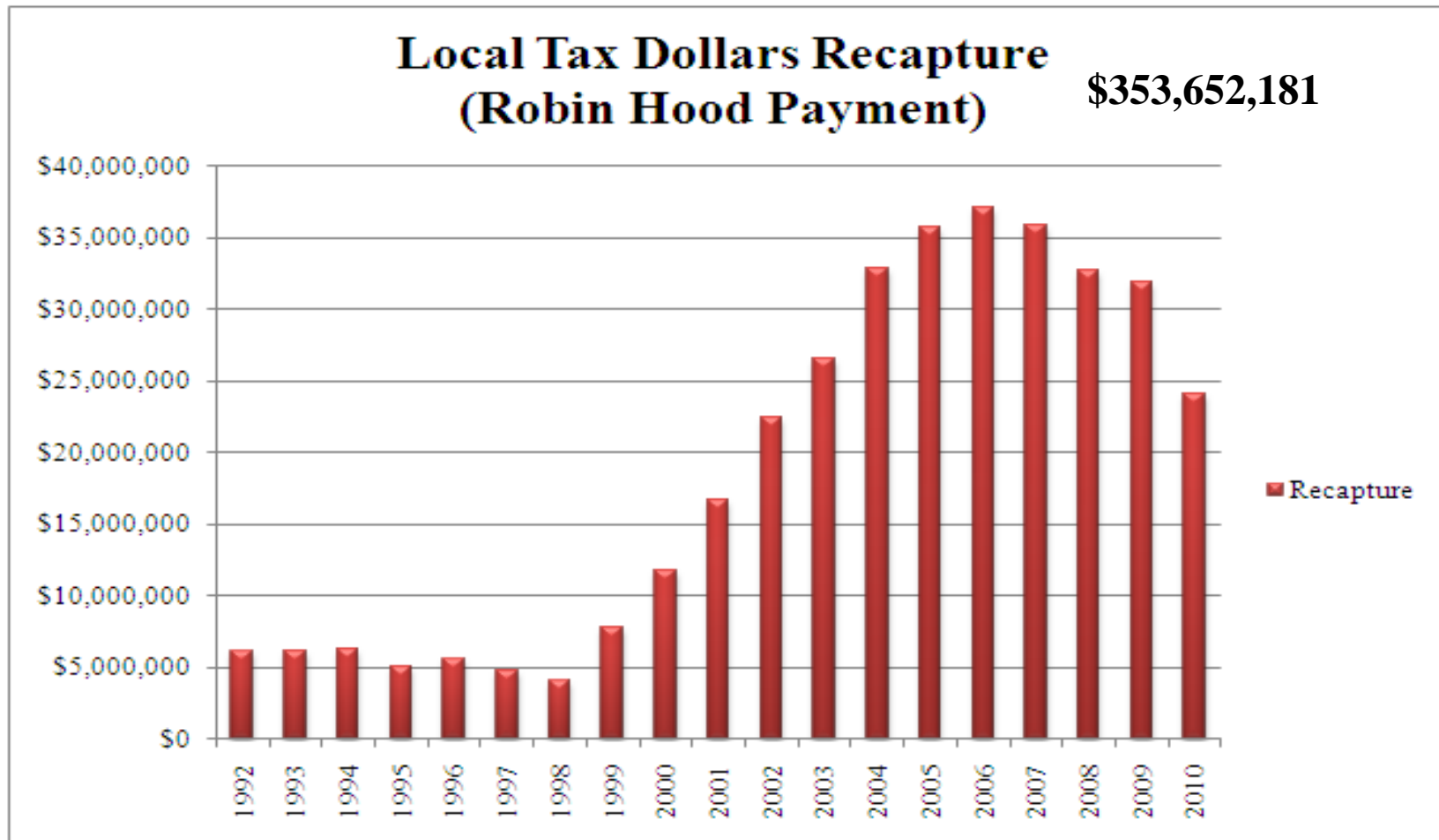
State Funding Issues

- HB 1 (2007 Legislative Session) created –
 - Fixed amount of revenue per student (basically held constant since 2005-2006)
 - Increases in local property taxes go to State (aka Robin Hood, sends local property taxes to State for redistribution to other districts) - Approximately \$1.9B statewide
- HB 3646 (2009 Legislative Session)
 - \$1.9B of statewide State aid was supplanted with Federal stimulus funds for State Foundation & Per Capita Revenue (\$3.9B Total Supplanted)
 - State's rainy day fund projected to grow to \$9.1B by 2011

State Funding Issues

- HB 3646 (cont'd)
 - \$120 per weighted average daily attendance new revenue
 - Generated approximately \$1.28M new money
 - \$1.6M for 2.5% raise in 2009-2010
 - \$800 mandated pay raise per teacher/nurse/counselor/librarian
- Challenge of 2011 Legislative session
 - Replenish \$3.9B gap created by supplanting Federal funds with State funds (\$1.9B K-12)

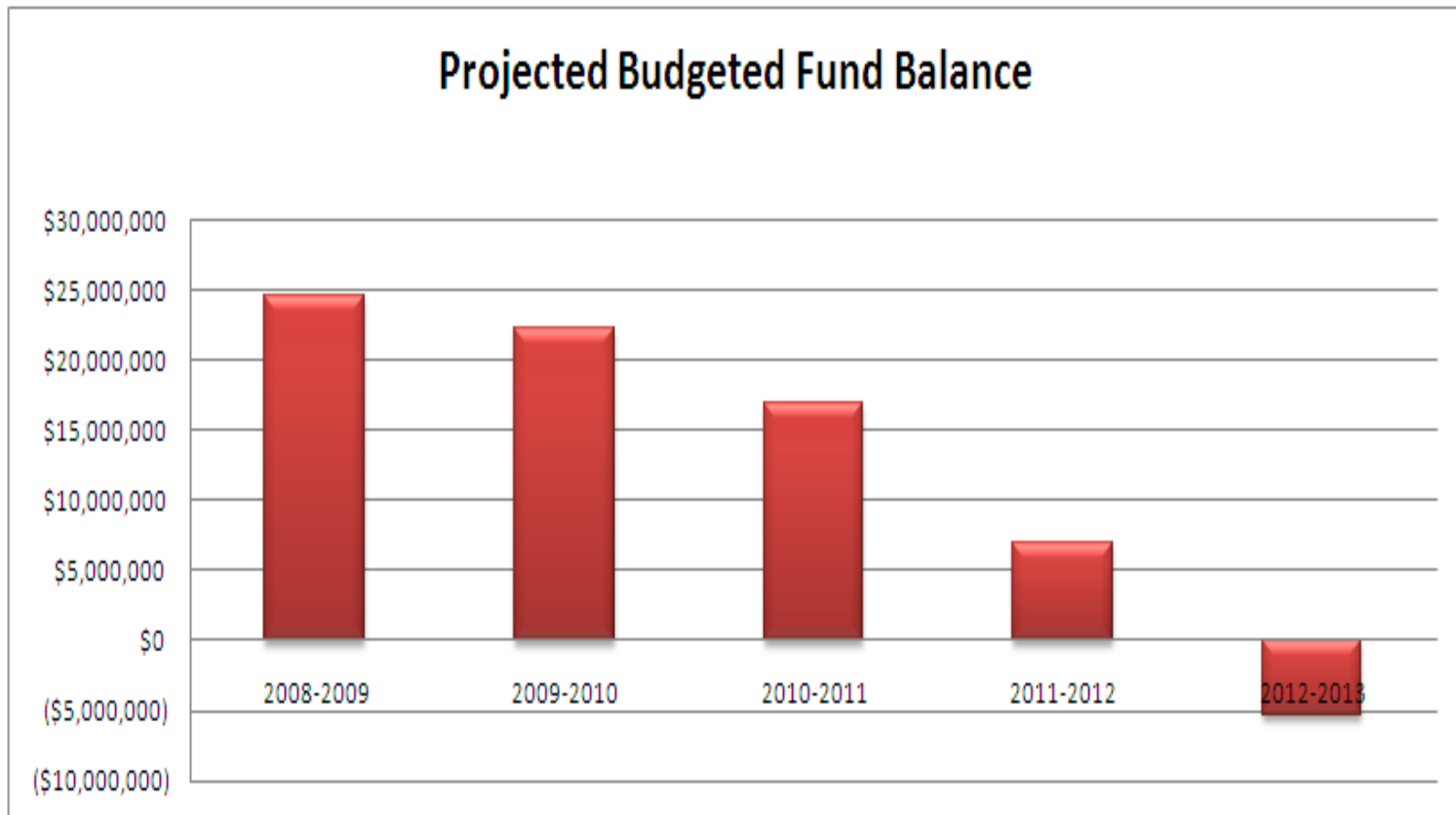
Robin Hood



2009-2010 Budget Reductions

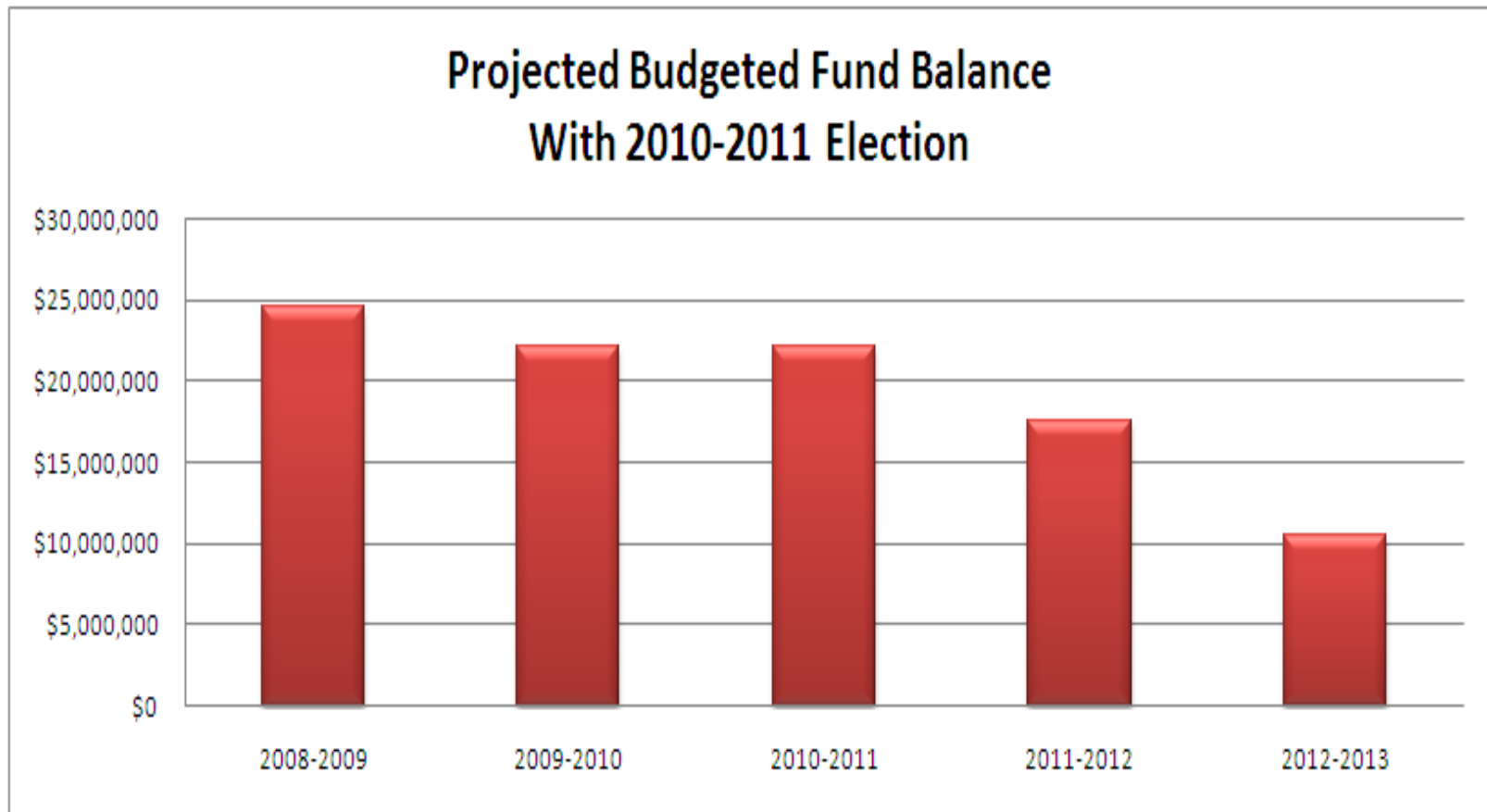
- 35.57 Positions eliminated (Approx \$2.3M reduction)
 - 15 positions at Coppell High School
 - 3 positions at Middle Schools
 - 9 positions at the Elementary campuses
 - 8.57 other positions
- Shifted \$400,000 qualifying expenditures to Bond
- Cost reductions from non-instructional areas (\$1.2M)

Projected Fund Balance



Assumptions: No election, State aid remains constant under current funding formulas, 3% increase in salaries & cost of operations, 2010-2011 net reductions of \$825,000, CEDC fully exhausted in 2010-2011, approximately \$1.5M to \$1M unexpended annually

Projected Fund Balance With 2010 Election



Assumptions: Additional revenue of \$.13 tax rate election in 2010, State aid remains constant under current funding formulas, 3% increase in salaries & cost of operations, 2010-2011 net reductions of \$825,000, CEDC fully exhausted in 2010-2011, approximately \$1.5M to \$1M unexpended annually

Financial Future & Alternatives

- Instructional
 - Dismantle Supplemental Instructional Programs
 - Increase class sizes
 - Eliminate/Reduce Extra and Co-Curricular Programs
- Further reductions in administrative staff
 - Central and Campus
- Tax Rate Election (\$.13)
 - Generates approximately \$5.28M in new revenue

Total School Taxes on \$250,000 Home

<u>Year</u>	<u>Total Tax Rate</u>	<u>Total Taxes</u> *
2005-06	\$1.729	\$4,063
2006-07	\$1.599	\$3,758
2007-08	\$1.269	\$2,982
2008-09	\$1.279	\$3,006
2009-10	\$1.2834	\$3,016
2010-11 (w/ 13 cent TRE)	\$1.4134	\$3,321 **

* Includes Deduction for \$15,000 Homestead Exemption

** Assumes Debt Rate Remains Constant with 2009-10 Rate

**Tax Rate Comparison
2009-2010**

District	M & O	Debt	Total
Highland Park ISD	\$1.0125	\$0.0975	\$1.1100
Garland ISD	1.0400	0.2133	1.2533
Coppell ISD	1.0400	0.2434	1.2834
Grapevine Colleyville ISD	1.0400	0.2500	1.2900
Plano ISD	1.0400	0.2884	1.3284
Richardson ISD	1.0400	0.3000	1.3400
Carrollton Farmers Branch ISD	1.0400	0.3022	1.3422
Frisco ISD	1.0000	0.3900	1.3900
Lewisville ISD	1.0400	0.3687	1.4087
Coppell ISD w/\$.13 election	1.1700	0.2434*	1.4134
Southlake Carroll ISD	1.0400	0.3750	1.4150
Duncanville ISD	1.0400	0.3780	1.4180
Mesquite ISD	1.0400	0.3800	1.4200
Irving ISD	1.0200	0.4020	1.4220
Rockwall ISD	1.0400	0.4300	1.4700
Allen ISD	1.0400	0.5000	1.5400
McKinney ISD	1.0400	0.5000	1.5400
Wylie ISD	1.1700	0.4200	1.5900
Lake Dallas ISD	1.1700	0.4800	1.6500

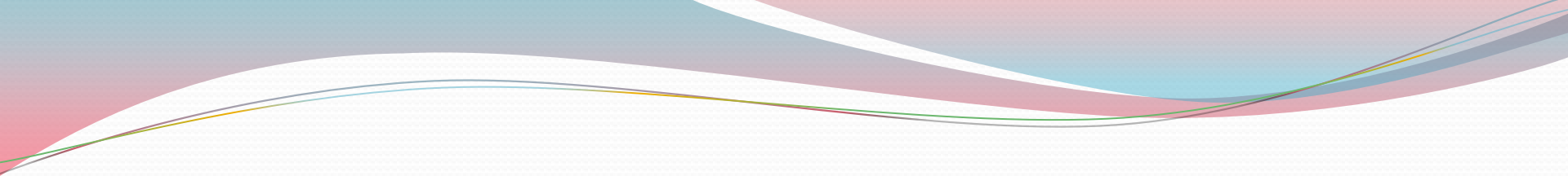
*Assumes 2010-2011 Debt rate remains constant

Breakout Sessions

- Input from community
- Groups of 5 to 10 (15 to 20 minutes)
- Share your ideas for dealing with the financial challenges CISD is facing
- Report back to large group

Possible Questions to Discuss

- Do we continue to cut staff positions?
- How important are extra/co-curricular activities?
- Do we continue supplemental programs such as literacy, G/T, elementary music/art?
- Do we reduce custodial staff (e.g. 3 day per week cleaning)?
- Do we reduce maintenance staff?
- Do we reduce bus service (e.g. pay-to-ride)?
- For additional revenue should we consider accepting students from outside district boundaries?
- Would the community support a tax rate election?



Thank you for your continued support of the Coppell Independent School District and for your input this evening.