

Fort Bend ISD 2020–21 Board of Trustees

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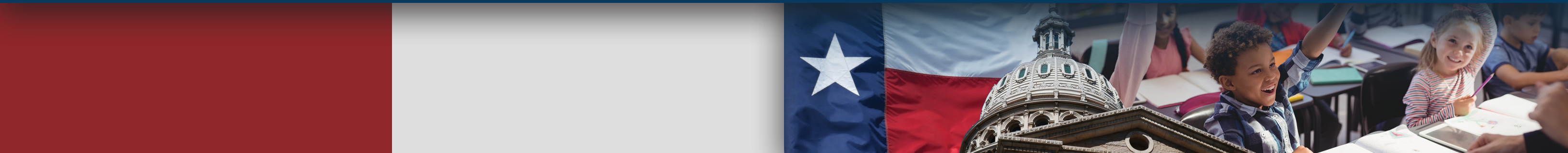
Legislative Priorities
For the 87th Session of the Texas Legislature



Fort Bend Independent School District
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Legislative Priorities

For the 87th Session of the Texas Legislature

The Fort Bend ISD Board of Trustees has identified legislative priorities for the 87th Session of the Texas Legislature that convenes in January 2021. These priorities support the innovative transformation of FBISD and provide more educational choice and flexibility for our students in a manner enabling achievement of our District Mission and Vision.

PRIMARY MESSAGE TO LEGISLATURE

Do not touch the District fund balance and fully fund House Bill 3 (HB3)

Fund and support educational programs, opportunities of choice and needed technological infrastructure

Remove FIRST Rating penalties for money saving programs such as the Commercial Paper Program (CPP)

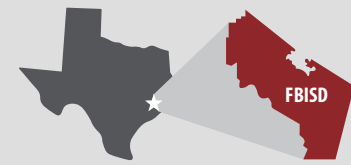
Support innovation in public education and remove funding constraints

OUR COMMITMENT TO FISCAL STEWARDSHIP AND A HEALTHY FUND BALANCE

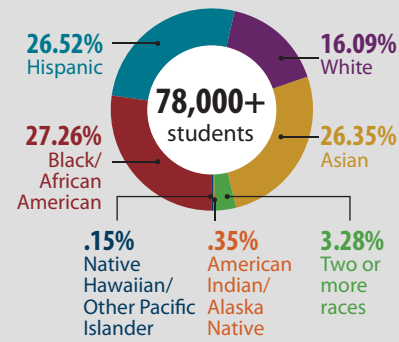
To demonstrate its commitment to fiscal responsibility, the FBISD Board of Trustees has instituted a 90-day fund balance policy. A fund balance is reserved funds set aside for unforeseen expenditures such as disaster-related repairs and to assist with cash flows. The District is on a July 1 fiscal year, and property tax revenues are not received until January of each year. The 90-day fund balance ensures cash is on hand to pay vendors and employees until property taxes are received. Also, bond rating agencies such as Standard and Poor's and Moody's view fund balance as an indicator of a school district's financial strength and discipline when assigning ratings. The District maintains an AA+ rating from both agencies and its exemplary fiscal stewardship is further evidenced by the superior rating it received from Financial Integrity Rating System of Texas (FIRST) for the 2019–20 school year.

The District's strong financial stewardship has resulted in fund balances in excess of the 90-day Board requirement in most years. The Board sets aside these additional funds to offset unforecasted declines in revenue, cover major expenditures, or to strategically balance the budget. In the 2020–21 school year, Fort Bend ISD expects to utilize over \$25 million in fund balance to offset expected losses in revenue due to a decline in enrollment. The drawdown of fund balance the District is projecting is after taking into consideration the hold-harmless provision on enrollment that the Texas Education Agency (TEA) has extended. The District expects to utilize the majority of funds it has above the 90-day fund balance requirement in 2020–21, leaving limited financial flexibility for the upcoming school year.

FBISD AT A GLANCE



Covers 170 square miles



One of the most diverse school districts in the nation with families speaking more than **90 languages**

PRIORITY #1

PROVIDE FLEXIBLE FUNDING TO ENABLE STUDENT CHOICE

The Fort Bend ISD Board of Trustees strongly urges our state legislators to provide funding enabling public schools to offer local taxpayers the choice to select instructional delivery models that best serve their students' needs.

SOLUTIONS

- Amend policy to remove the tethering of school funding to physical in-school attendance for Average Daily Attendance of students
- Ensure that school districts are able to receive funds for online and asynchronous learning opportunities and programs

PRIORITY #2

PROVIDE FLEXIBLE BOND FUNDING TO SUPPORT STUDENT CHOICE

The Fort Bend ISD Board of Trustees strongly urges our state legislators to provide flexible debt-financed funding that provides mechanisms allowing school districts to fund student educational choices within their public school system, including building infrastructure for online and asynchronous programming; creating a more robust technology infrastructure and associated hardware to support staff and student needs; allowing bond funds to be used for subscription-based cloud technologies to support remote working environments, increased security, and data backup; and removing transportation barriers for students to attend school programs of choice that are not at their home campus.

SOLUTIONS

- Amend policy that allows school districts to utilize debt funds for certain infrastructure purposes such as on-going subscription costs for cloud-based technological expenditures
- Ensure that taxpayer funds are used locally to fund and support educational programs and opportunities of choice

ENROLLMENT DECREASE, ABSENTEE STUDENTS AND THE PANDEMIC

In a trend experienced by many districts around the state, Fort Bend ISD's student enrollment has decreased substantially during the COVID-19 pandemic with many students failing to report to school or documenting a student transfer. This decline in enrollment has also come at a time when the cost of educating students has not decreased proportionately, and in many instances, this cost has actually increased significantly.

Fort Bend ISD has established and continues to execute robust efforts to locate our absentee student population, and the District remains steadfast in its commitment to provide a high-quality education for all the students of our Fort Bend community.

FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)

The Financial Integrity Rating System of Texas (FIRST) is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

- For the 2019–20 school year, Fort Bend ISD received an overall superior FIRST rating with a score of 92 out of 100.
- Fort Bend ISD operates a commercial paper program (CPP) to ensure the maximum allocation possible for direct instructional purposes.
- Since its implementation in 2016, the CPP has saved District taxpayers \$14 million; however, this money-saving method penalizes the District in the FIRST rating.

WHAT IS A COMMERCIAL PAPER PROGRAM?

- A commercial paper program allows the District to cashflow projects using short-term borrowing with low-interest rates prior to issuing long-term debt with bonds, which have higher interest rates.
- A typical CPP involves an issuer continuously rolling over its commercial paper, financing a more-or-less constant amount of its assets using commercial paper.
 - The nine-month maturity limit is not violated by the continuous rollover of notes, as long as the rollover is not automatic, but is at the discretion of the issuer and the dealer.
- If commercial paper is outstanding at year-end, the current asset to current liability ratio considers the amount due on commercial paper a current rather than long-term liability, which reduces the District's score.

THE FIRST RATING MUST RECOGNIZE THE INNOVATIVE EFFORTS THAT DISTRICTS UTILIZE TO FINANCE CAPITAL PROJECTS THAT HAVE REAL SAVINGS FOR TAXPAYERS.