The slide header for the overview section features a graphic with a green dollar sign icon, the text "FBISD 2017 - 18" in white on a red background, and "BUDGET" in yellow on a green background. The main content area has a white background with a black border.

Overview

- Proposed compensation adjustments
 - Teacher pay scale
 - Principal pay scale
- New campus staffing
- Assumptions and budgetary impact of recommendations
- Budget timeline


2



2017-18

PROPOSED COMPENSATION ADJUSTMENTS

3



Teacher Compensation – Background

- **2014-15:** Increased starting pay to \$50,000
 - Started process of “smoothing” steps; \$500 difference between steps 1-14
 - Led the market in starting teacher pay
- **2015-16:** Included increase of \$500 to starting pay
 - Peer districts responded to FBISD increase
 - Continued process of “smoothing” steps 14-22
- **2016-17:** No adjustment to starting pay
 - Majority of peer districts implemented pay increases

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FBISD 2017 - 18
BUDGET

Teacher Compensation – Market Analysis

- Teacher compensation now lags the market
- District ties for 10th place for starting teacher pay
- Recommend adjustment

Rank	District	Salary
1	Alief	\$52,800
2	Lamar	\$52,300
3	CyFair	\$52,025
4	Aldine	\$52,000
4	Pearland	\$52,000
5	Alvin	\$51,650
6	Klein	\$51,600
7	Houston	\$51,500
8	Pasadena	\$51,018
9	Fort Worth	\$51,000
10	Katy	\$50,500
10	Fort Bend	\$50,500
11	Austin	\$46,810

5

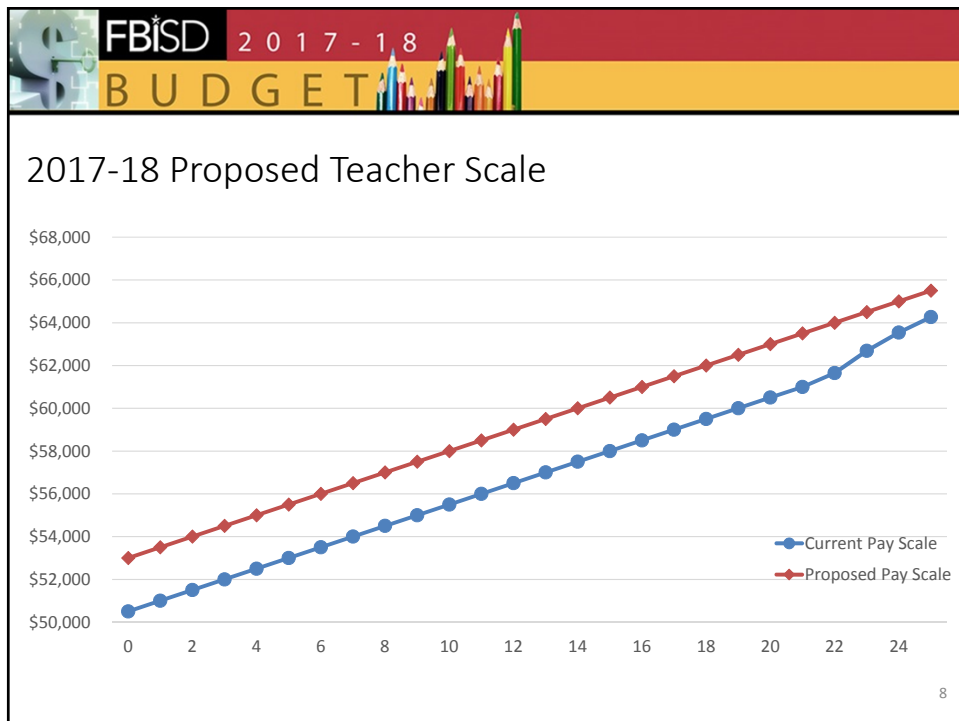
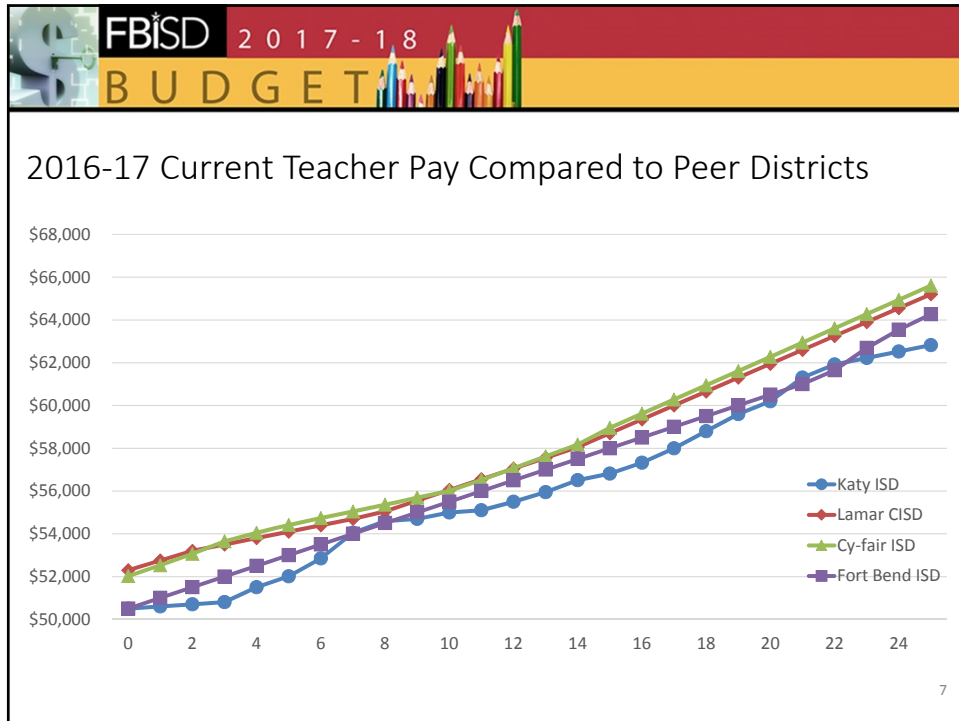
FBISD 2017 - 18
BUDGET

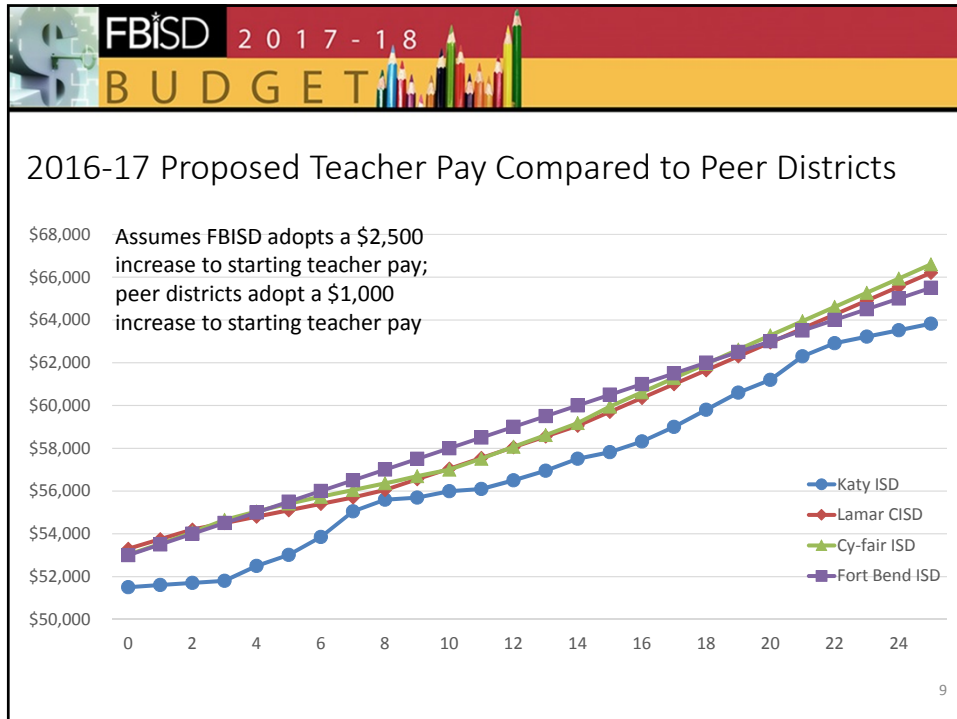
Recommended Adjustment

- Past two years competing districts have made adjustments
- Both LCISD and KISD opening new campuses in 2017-18
- Retain and attract talent: recommend adjusting starting salary by \$2,500
- Complete \$500 “smoothing” between steps 23-25
- Teachers over step 25 receive \$2,500 adjustment

District	2015-16	2016-17
Aldine	\$ 1,000	\$ 1,000
Alief	\$ 2,000	\$ 800
Alvin	\$ 2,000	\$ 1,150
Austin	\$ 1,213	\$ 1,551
CyFair	\$ 1,475	\$ 525
Fort Bend	\$ 500	\$ -
Fort Worth	\$ 1,700	\$ 1,000
Houston	\$ 2,400	\$ -
Katy	\$ 500	\$ 1,000
Klein	\$ 1,000	\$ 600
Lamar	\$ 1,500	\$ 800
Pasadena	\$ 1,282	\$ 888
Pearland	\$ 1,000	\$ 1,000
Average	\$ 1,352	\$ 938

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FBISD 2017-18 BUDGET

Principal Compensation - Background

- Principals are key positions that support BOT priority of leadership development
- High-quality campus leadership is critical to developing positive culture on campuses
- Provide campus leadership to staff and students
- Strong desire to retain existing staff

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FBISD 2017 - 18
BUDGET

Principal Compensation – Market Analysis

- Analysis finding that FBISD is not a market leader in principal compensation
- Calendar days are a factor in market position
- Majority of districts have more than 226 duty days
- Combination of change to duty days and equity adjustments recommended

District	Duty Days
Aldine	226
Alief	230
Alvin	225
Austin	230
CyFair	250
Fort Bend	226
Fort Worth	240
Houston	260
Katy	238
Klein	235
Lamar	230
Pasadena	240
Pearland	230


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FBISD 2017 - 18
BUDGET


Principal Compensation - Recommendations

- Adjust calendar duty days
 - 226 duty days to 238 duty days
- Perform market equity adjustment
 - 6.6 percent average

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Compensation Recommendations – Totals	
Group	Adjustment
Teacher Adjustments Increase Starting Rate by \$2,500 and Step increase (5.1% average for steps 1-25)	\$13.9 M
Principal Adjustments Increase calendar days from 226 to 238 Market equity adjustment (6.6% average)	\$0.9 M
Compensation Adjustment Totals	\$14.8 M

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<p>2017-18</p> <p>NEW SCHOOL STAFFING</p>	

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FBISD 2017 - 18
BUDGET

New School Staffing

- Three elementary schools opening Fall 2017
 - Leonetti, Neill, Patterson
- Non-teaching staff being requested for hire
 - Principals, counselors, administrative staff, nurses, etc.
- Teaching positions will be requested in March/April with other ratio-based requests

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FBISD 2017 - 18
BUDGET

New School Staffing


#	Campus	Position	Justification	FTEs Needed	Estimated Unit Cost	Benefits Cost	Total Estimated Cost
1	Elementary 48, 49, 50	Principal Elementary	New school start up	3.00	\$ 90,402	\$ 16,272	\$ 320,022
2	Elementary 48, 49, 50	Asst Principal Elementary	New school start up	3.00	73,716	13,269	260,955
3	Elementary 48, 49, 50	Counselor Elementary	New school start up	3.00	64,122	11,542	226,992
4	Elementary 48, 49, 50	Nurse	New school start up	3.00	57,069	10,272	202,023
5	Elementary 48, 49, 50	Aide District	New school start up	3.00	18,147	3,266	64,239
6	Elementary 48, 49, 50	Clerk IV Attendance	New school start up	3.00	32,666	5,880	115,638
7	Elementary 48, 49, 50	Executive Assistant II	New school start up	3.00	40,629	7,313	143,826
8	Elementary 48, 49, 50	Receptionist 210	New school start up	3.00	24,649	4,437	87,258
9	Elementary 48, 49, 50	Aide Kindergarten	New school start up	3.00	19,375	3,488	68,589
10	Elementary 48, 49, 50	Aide Nurse/Counselor/CCC	New school start up	3.00	23,419	4,215	82,902
11	Elementary 48, 49, 50	Educational Assistant	New school start up	3.00	28,008	5,041	99,147
12	Elementary 48, 49, 50	Coordinator Campus Compliance	New school start up	3.00	55,500	9,990	196,470
13	Elementary 48, 49, 50	Librarian	New school start up	3.00	55,500	9,990	196,470
14	Elementary 48, 49, 50	Specialist Math (0.5 FTE each)	New school start up	1.50	55,500	9,990	98,235
15	Elementary 48, 49, 50	Teacher EL Art	New school start up	3.00	55,500	9,990	196,470
16	Elementary 48, 49, 50	Teacher EL Music	New school start up	3.00	55,500	9,990	196,470
17	Elementary 48, 49, 50	Teacher EL Physical Ed	New school start up	3.00	55,500	9,990	196,470
18	Elementary 48, 49, 50	Teacher Literacy Intervntn	New school start up	3.00	55,500	9,990	196,470
19	Elementary 48, 49, 50	Custodian	New school start up	6.00	22,968	4,134	162,612
20	Elementary 48, 49, 50	Custodian Asst Lead Elem/Adm	New school start up	3.00	27,562	4,961	97,569
21	Elementary 48, 49, 50	Custodian Lead Elem	New school start up	3.00	33,032	5,946	116,934
22	Elementary 48, 49, 50	Crossing Guard	New school start up	12.00	6,100	1,098	86,376
				<u>76.50</u>		<u>\$ 171,064</u>	<u>\$ 3,412,137</u>

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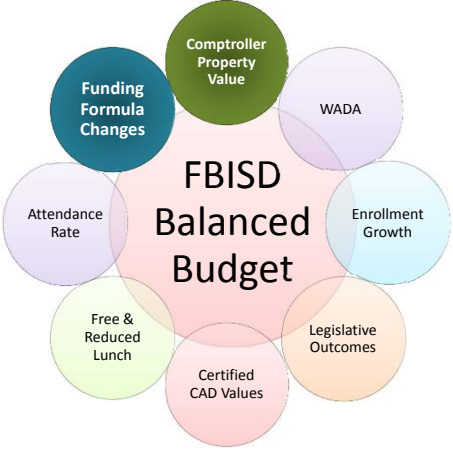


ceteris paribus

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Major Budget Variables



FBISD
Balanced
Budget

- Funding Formula Changes
- Comptroller Property Value
- WADA
- Enrollment Growth
- Legislative Outcomes
- Certified CAD Values
- Free & Reduced Lunch
- Attendance Rate

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FBISD 2017 - 18
BUDGET

2017-18 Budget Assumptions

Average daily membership:	75,354 (moderate growth)
Average daily attendance:	96.5%
Property value growth:	10% CAD / 9.65% CPTD (\$2.2 M)
Increase in Austin yield:	\$77.53 to \$99.85 (\$8.7 M)
New school start up:	\$3.4 M (3 elementary campuses)
Staffing ratios:	PK-4 22:1; 5th 25:1
Campus compensation adjustments:	\$14.8 M
Benefits cost adjustments:	\$4.0 M
Non-campus comp adjustments:	TBD

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FBISD 2017 - 18
BUDGET

2017-18 Initial Budget


(\$000s)	2016-17 Estimate	2017-18 Estimate (no tax swap)
Revenue	\$ 594,378	\$ 609,788
Operating Expenditures	<u>594,294</u>	<u>617,669</u>
Other Sources	1,500	1,500
Other Uses	<u>(816)</u>	<u>-</u>
Projected Surplus/(Shortage)	<u>768</u>	<u>(6,381)</u>
Fund Balance - Beginning	<u>182,463</u>	<u>183,231</u>
Fund Balance - Ending	<u><u>\$ 183,231</u></u>	<u><u>\$ 176,850</u></u>
Fund Balance ≠ Cash Balance		+1,204 enrollment CPTD: 9.65% CAD: 10.00%

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The header banner features a large dollar sign icon on the left, followed by the text "FBISD 2017-18" in white on a dark red background, and "BUDGET" in large yellow letters on a yellow background. To the right of the text is a graphic of several colored pencils standing upright.

TAX SWAP DISCUSSION

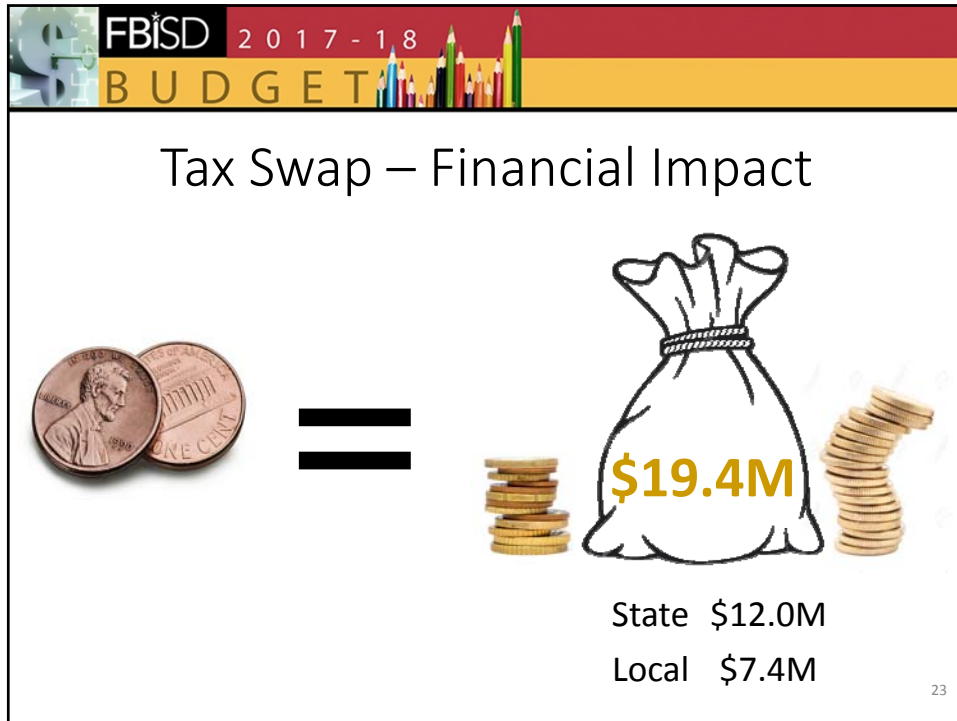
21

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Tax Swap – Benefits

- Does not increase tax bills
- Maximizes state revenues
- Increases recurring revenues
- Does not negatively impact long-range debt plans
- Provides financial capacity to meet teacher and principal compensation proposals and other district needs

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FBISD 2017 - 18 BUDGET

Tax Swap – Tax Rate

	I&S		M&O		Tax Rate
Existing Tax Rate	\$0.30	+	\$1.04	=	\$1.34
Tax Rate with Swap	\$0.28	+	\$1.06	=	\$1.34
Change	-\$0.02		\$0.02	=	\$0.00


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Tax Swap – Key Points

- Maximizes State Revenues – Leaving \$12M on Table
- Need 2 Pennies in M&O to be Competitive
- No Negative Impact to Debt Service Fund
- Committed to Lowering the Debt Rate as we Continue to Actively Manage Debt and Property Values Continue to Increase
- No Impact to Taxpayers – Overall Rate Unchanged


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2017-18 Initial Budget with Tax Swap

	2016-17	2017-18	2017-18
	Estimate	Estimate	Estimate
(\$000s)		(no tax swap)	(tax swap)
Revenue	\$ 594,378	\$ 609,788	\$ 629,297
Operating Expenditures	594,294	617,669	617,669
Other Sources	1,500	1,500	1,500
Other Uses	(816)	-	-
Projected Surplus/(Shortage)	768	(6,381)	13,128
Fund Balance - Beginning	182,463	183,231	183,231
Fund Balance - Ending	<u>\$ 183,231</u>	<u>\$ 176,850</u>	<u>\$ 196,359</u>
Fund Balance ≠ Cash Balance		+1,204 enrollment CPTD: 9.65% CAD: 10.00%	

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FBISD 2017 - 18
BUDGET




Budget Development Timeline


Feb/March	April/May	June
<ul style="list-style-type: none"> • Budget Development/ Legislative Update • Compensation Recommendations and Approval • Staffing Approval • Tax Swap Consideration • Debt Service Update 	<ul style="list-style-type: none"> • Talent Draft – 4/1 • Budget Briefing • Renewal/Non-Renewal Approvals • Preliminary CAD Values • Call Date for Budget Hearing 	<ul style="list-style-type: none"> • Budget Hearing • Final Amendment • Budget Adoption




FBISD 2017 - 18
BUDGET



Questions



INSPIRE EQUIP IMAGINE





Overview of Outstanding Debt

February 6, 2017 Board Meeting

2016-17 SCHOOL YEAR



Futures beyond
what they
can imagine!

**INSPIRE
EQUIP
IMAGINE**

FBISD

2017 - 18

BUDGET

Summary Statistics of Outstanding Debt

Summary Statistics

Principal Composition

Total Outstanding Principal	\$ 835,985,328
Total Fixed Rate	754,345,328 90.23%
Total Variable Rate	81,640,000 9.77%
Total Interest Payments	420,248,324
Callable Principal (%)	75.57%
Percent of Principal Retired	
w/in 5 years	25.61%
w/in 10 years	56.46%
w/in 15 years	85.56%
w/in 20 years	97.49%
w/in 25 years	100.00%
Final Maturity	8/1/2040

Noncallable	24.43%
Callable & Advance Refundable	62.00%
Callable & Partially Advance Refundable	7.96%
Callable & Non-Advance Refundable	5.61%

Underlying Ratings

Voted Authorization

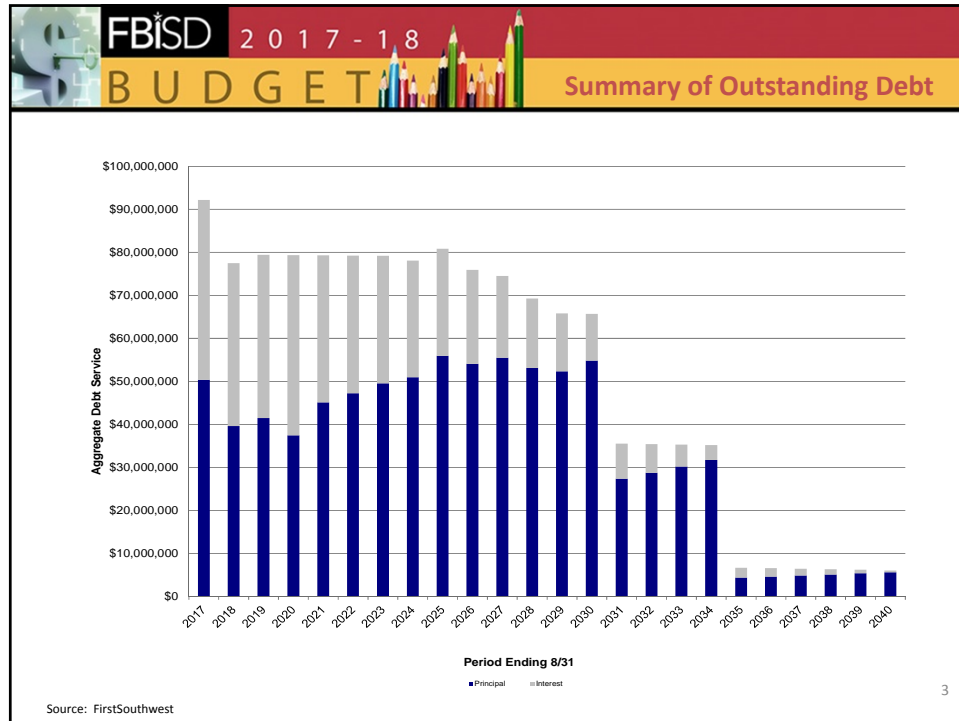
Fitch	AA+
S&P	AA+

Date	Amount	Issued	Balance
11/6/2007	\$ 428,000,000	\$ 380,000,000	\$ 48,000,000
11/4/2014	\$ 484,000,000	\$ 85,000,000	\$ 399,000,000
	\$ 912,000,000	\$ 465,000,000	\$ 447,000,000

Source: FirstSouthwest

2

Source: FirstSouthwest



3

FBISD 2017-18 BUDGET **Summary of Outstanding Debt**

The following table shows the District's callable bonds as of August 31, 2016:

Bond Issue	Callable Principal	Call Date	Call Feature
Unlimited Tax School Building & Refunding Bonds, Series 2008	\$159,620,000	8/15/2018	100.000% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2009	28,390,000	2/15/2019	0.000% Adv Refundable
Unlimited Tax School Building Bonds, Series 2009	166,730,000	8/15/2019	100.000% Adv Refundable
Unlimited Tax School Building & Refunding Bonds, Series 2010	66,580,000	8/15/2020	80.032% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2012	46,870,000	8/15/2022	0.000% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2014	46,145,000	8/15/2024	100.000% Adv Refundable
Variable Rate Unlimited Tax School Building Bonds, Series 2015A	33,155,000	AID	100.000% Adv Refundable
Variable Rate Unlimited Tax School Building Bonds, Series 2015B	48,485,000	AID	100.000% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2016A	35,755,000	8/15/2024	100.000% Adv Refundable

- The District's Unlimited Tax School Building and Refunding Bonds, Series 2008 are callable on August 15, 2018
- As we get closer to the August 15, 2018 call date, the refunding becomes more efficient as we limit the length of the escrow fund, which will mitigate negative arbitrage
- We will continue to monitor this and any other refinancing opportunity for the District

Source: FirstSouthwest

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FBISD 2017 - 18
BUDGET

Commercial Paper Takeout

- The District established a Commercial Paper Program on November 3, 2016
- Currently, the District has \$66 million outstanding in commercial paper; which when combined with the District's outstanding variable rate bonds, represents approximately 16.38% of total debt outstanding
- The District's currently outstanding commercial paper notes are at rates ranging from 0.78% to 1.69%
- As of 3/09/17, the District has saved approximately \$1.345 million in interest expense

Interest Expense Comparison					
Period Ending	Commercial Paper Notes			Fixed Rate	Interest
	Series A	Series B	Total Interest Expense	Issue - Total Interest Expense	Expense Difference
3/9/2017	\$ 100,783	\$ 2,744	\$ 103,527	\$ 1,448,265	\$ (1,344,738)

- The District anticipates additional issuances of commercial paper notes in the next three months; therefore, the District will need to issue refunding bonds in order to restore the commercial paper program's capacity

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FBISD 2017 - 18
BUDGET

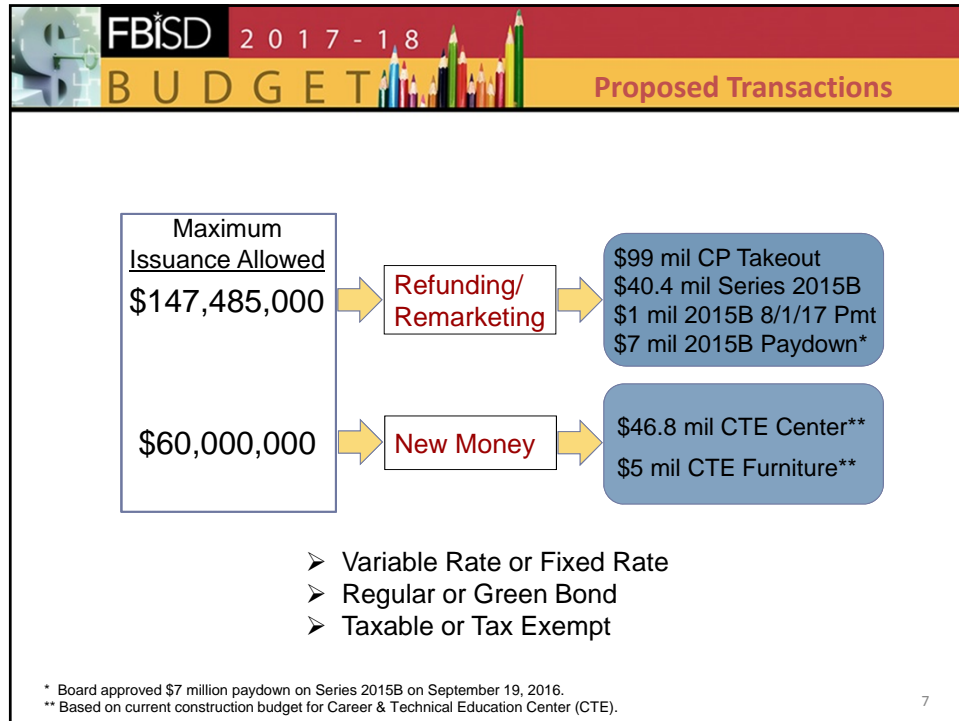
Green Bonds

Green Bonds – A First for Texas School Districts

- Fixed income security whose proceeds finance environmentally friendly projects
- A global concept which saw \$93.4 billion in issuance in 2016, a 120% increase from 2015
- Issued by banks, corporations, and United States municipalities beginning in 2013
- Several universities have issued Green Bonds for LEED certified buildings including the University of Texas, MIT, Columbia University, Indiana University and the University of Cincinnati
- The goal is to attract more investors to invest in the District's bonds. Many investors and institutions want to limit their investments to Green projects
- More investor interest in FBISD Bonds helps to lower our costs of debt
- Offering Statement would define green bond project and reporting requirements

Source: Siebert Cisneros Shank & Co., L.L.C.

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FBISD 2017 - 18 BUDGET

Projected Issuance

Voted Authorization
(after Proposed 2017 Transactions)

Date	Amount	Issued*	Balance
11/6/2007	\$ 428,000,000	\$ 380,000,000	\$ 48,000,000
11/4/2014	\$ 484,000,000	\$ 235,800,000	\$ 248,200,000
	\$ 912,000,000	\$ 615,800,000	\$ 296,200,000

* The issued amounts shown could vary slightly from final numbers between the 2007 and 2014 Bond depending on amounts and timing of construction pay applications for Thornton Middle School.

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FBISD 2017 - 18
BUDGET

Commercial Paper Takeout

FEBRUARY

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Series 2017 Refunding Bonds

Board Meeting to Approve Parameter Order	February 13, 2017
Submit PSF Guarantee	February 25, 2017
Conference Calls with Rating Agencies	March 22, 2017
Post POS	March 28, 2017
Receive Ratings	March 29, 2017
Pricing	April 4, 2017
Bond Purchase Agreement Signed	April 5, 2017
Closing	May 3, 2017

Source: FirstSouthwest
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FBISD 2017 - 18
BUDGET

Remarketing

- The Initial Rate Period for the District's Variable Rate Unlimited Tax School Building Bonds, Series 2015B ends on July 31, 2017
- The Series 2015B Bonds
 - Initial Tender Date – 8/1/2017 (two-year)
 - Initial Rate – 2.00% coupon at a 1.07% yield
 - Stepped Rate – 8.00%
- The District will remarket the Series 2015B into a new Term Rate Period, which will be between one to five years

Source: FirstSouthwest
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FBISD 2017 - 18
BUDGET

Remarketing-Proposed Activities

JUNE						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Series 2015B Remarketing

Board Meeting to Approve Conversion Order	February 13, 2017
Reoffering Memorandum	June 12, 2017
Post POS	July 3, 2017
Pricing	July 11, 2017
Bond Purchase Agreement Signed	July 12, 2017
Closing	August 1, 2017

Source: FirstSouthwest

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FBISD 2017 - 18
BUDGET

2014 Bond

Weighted Average Analysis

Debt:


Weighted Average Maturity	13.13 years
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Assets:

Weighted Average Useful Life	30.17 years
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Per the Board Resolution adopted on 8/25/2014, the weighted average of maturity of the debt issued will not exceed the weighted average economic life of the assets by more than 120%.

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FBISD 2017 - 18

BUDGET



Questions



INSPIRE EQUIP IMAGINE

