



BUDGET WORKSHOP

April 23, 2012

AGENDA

- School Finance Update
- 2012/13 Budget Update
- Staffing
- Benefits
- Property Casualty Insurance Update
- Proposed Meal Price Increase



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SCHOOL FINANCE & LEGISLATIVE UPDATE

STATE BUDGET CONTEXT

- Improved economy since Comptroller's last revenue estimate
- Increasing balances in Economic Stabilization Fund
- On-going structural deficit in school finance funding - continued use of one-time funding sources and property tax relief shortfall
- Competing demands from various areas within state government



REVENUE ESTIMATE

- Biennial Revenue Estimate January 2011
 - \$77.3 billion anticipated revenue
- May 2011
 - Comptroller added \$1.2 billion to estimate
 - Other changes (speed-ups, etc.) added \$1.7 billion
- Certification Revenue Estimate December 2011
 - \$82.7 billion anticipated revenue
 - Increase of \$2.5 billion from May



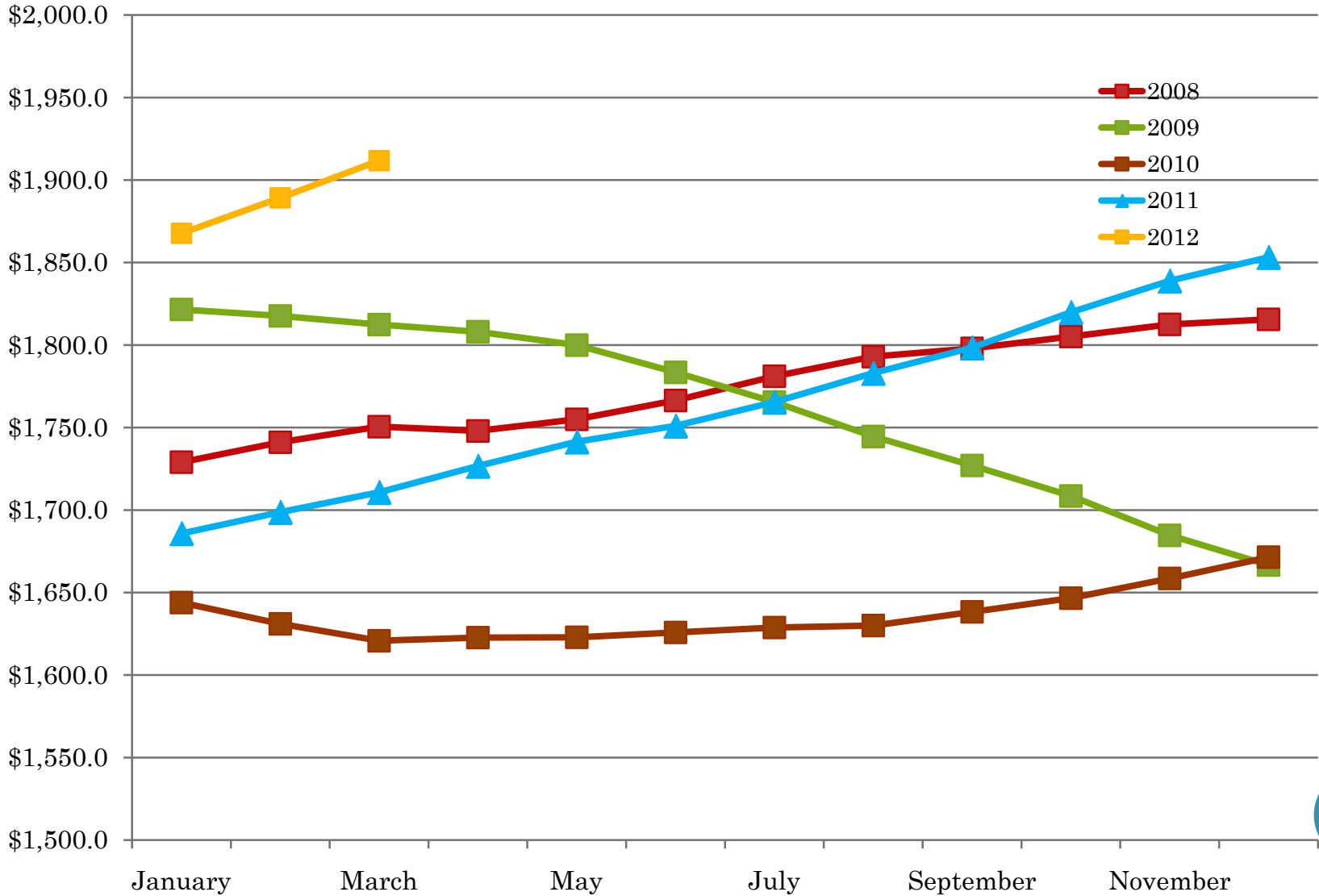
MAJOR REVENUE SOURCES

Revenue Source	Current Official 2012 Growth Estimate	Current Trend
Motor Vehicle	8.5%	18.3%
Sales Tax	5.4%	12.8%
Franchise Tax (collections begin in May)	?	?
Natural Gas Production	16.7%	65.1%
Oil Production	-10.0%	53.9%



IMPROVED STATE ECONOMY

1-Year Moving Average Sales Tax Collections



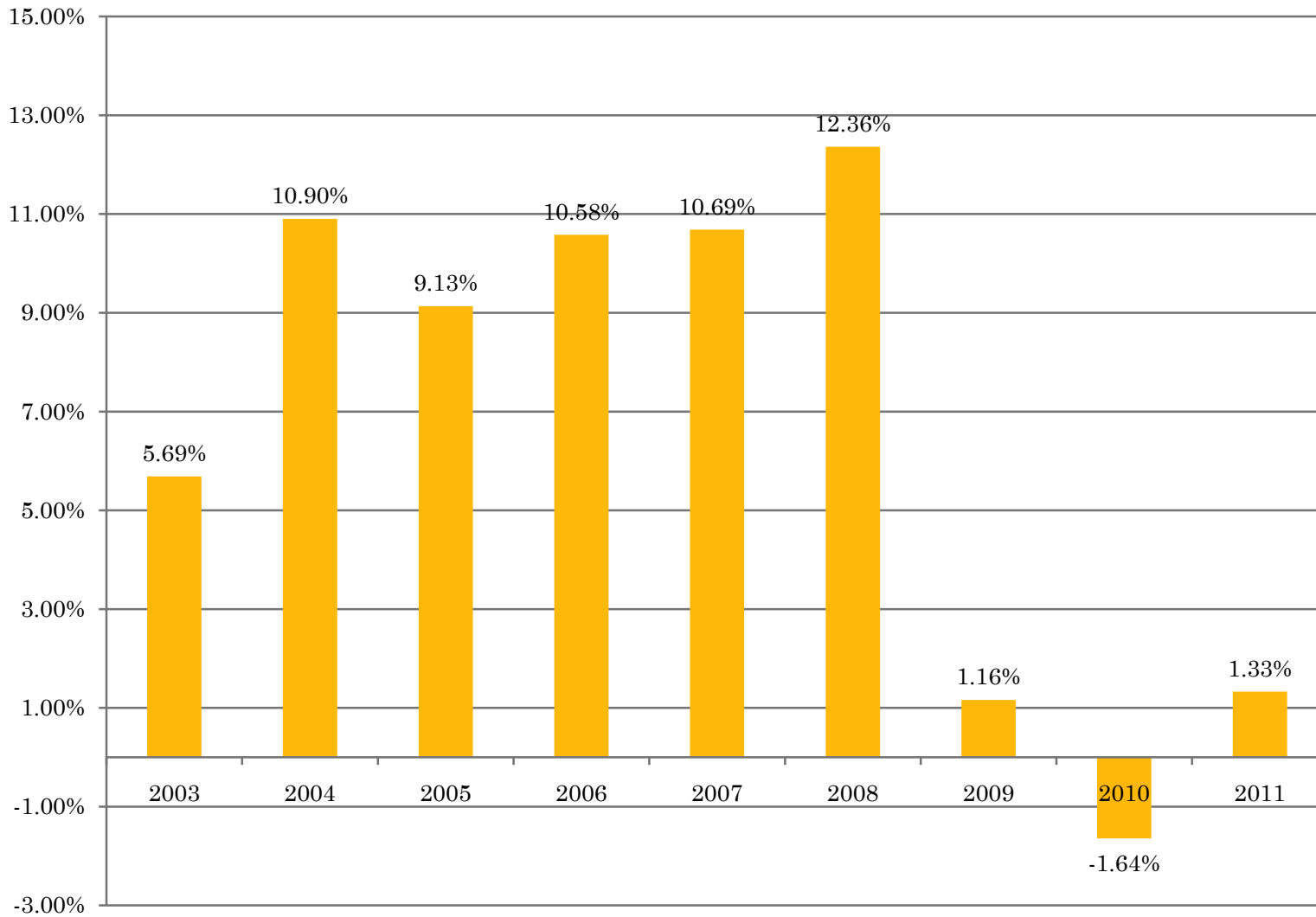
STATE STRUCTURAL DEFICIT—PROPERTY TAX RELIEF

○ 2010-11 School Year Impact of Property Tax Relief (in billions)

- M&O tax revenue at 2006 rates \$23.9 B
- Reduced M&O property tax - \$17.2 B
- School district M&O tax relief \$ 6.7 B
 - Reduced by \$1.1 B due to increased values/rate increases
- State revenue offset - \$ 2.2 B
 - \$1.3 B from margins tax
- Shortfall to be financed \$ 4.5 B



Property Value Growth/Decline



ECONOMIC STABILIZATION FUND

- Rainy Day Fund estimates growing
 - \$7.3 billion currently estimated by end of 2013
 - \$6.5 billion estimated at the end of the legislative session





OTHER LEGISLATIVE ISSUES

FEDERAL FUNDS

- Possibility of sequestration early in 2013
- 9.1% cut to education programs
 - Child Nutrition unaffected
 - Potential Loss of \$2.0 million in federal funding for Title 1 and Special Education programs



OTHER POTENTIAL REFORMS AT STATE LEVEL

- Implement Tax and Expenditure Limitations
 - State and local spending only to increase by the sum of population growth plus inflation
- Move future state employees into a Defined Contribution retirement plan



TRS – PENSION STUDY

- 82nd Legislature asked TRS to study current system and explore the impact of potential changes including:
 - Retirement eligibility
 - Final average salary
 - Benefit multiplier
 - Creation of hybrid defined benefit and defined contribution plan
- Report due September, 2012



TRS CARE

- TRS shall conduct a study of the current Texas Public School Retired Employees Group Insurance Program. The study shall include a comprehensive review of potential plan design and other changes that would improve the long-term sustainability of the health insurance program.

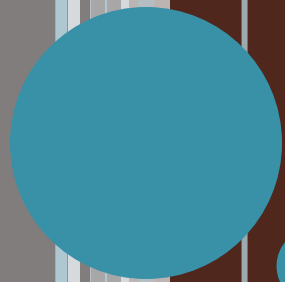


TRS-CARE FUND BALANCE

- TRS-Care reaches insolvency in 2014
- Report will present wide variety of alternatives
- Report due to Gov., Lt. Gov., and Legislature Sept. 1, 2012

Year	Fund Balance
2011	\$890,870,306
2012	\$733,390,518
2013	\$300,176,016
2014	(\$106,711,189)
2015	(\$640,984,405)
2016	(\$1,316,703,036)
2017	(\$2,148,181,900)





UPDATE ON LITIGATION

LITIGATION TIMING

- Five Groups Have Filed
 - Texas Taxpayers and Student Fairness Coalition, et al. (Equity Center)
 - Fort Bend ISD, et al. (Thompson)
 - Coalition of Revenue Contributing Schools, et al. (Texas School Coalition)
 - Edgewood ISD, et al. (MALDEF)
 - Texans for Real Efficiency and Equity in Education
- Discovery Process Underway
- District Court Hearing – October 22
- Decision Expected Prior to the Beginning of the Legislative Session in January with an Anticipated Appeal (hopefully to Supreme Court)
- Supreme Court Could Direct Brief Rehearing After the 2013 Legislative Session
- Supreme Court Decision -2013-2014

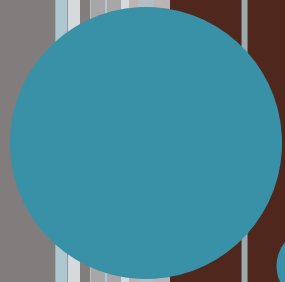


STATUS OF LITIGATION

○ Causes of Action:

- **Adequacy**: Rising standards and funding cuts leave insufficient revenue to provide the **general diffusion of knowledge** required by the state constitution.
- **Meaningful Discretion**: Remaining tax rate capacity is insufficient to offset for funding cuts, and provide meaningful discretion to enrich learning.
- **Efficiency/Equity**: Target revenue disparities in combination with unequalized funds produces unconstitutional student / taxpayer inequity.
- **Rationality**: The state has failed to provide a rational system based on appropriate cost adjustments and structure





2012/13 PROPOSED BUDGET



Additional Revenue	\$15,475,545
Salary & Benefits	
Additional Staffing Due to Growth	\$4,230,000
EduJobs Positions (approved October, 2011)	\$1,600,000
Proposed Salary Increase (2%)	\$6,900,000
Property Casualty Insurance Increase (October, 2011)	\$850,000
Truancy Court – (approved October, 2011 as part of EduJobs)	\$300,000
Mentor Teacher Program	\$175,000
AVID – Willowridge HS (net of Title 1)	\$117,545
International Baccalaureate - Missouri City Middle School	\$18,000
21 st Century (<i>5th Year of Program, FBISD responsibility</i>)	\$85,000
Athletics – Costs Associated with 4A competition	\$250,000
KickStart Program (3 campuses)	\$150,000
HVAC – major maintenance needs	\$400,000
Fort Bend County Appraisal District Fees (est.)	\$150,000
Departmental / Campus Budget Increases	\$250,000
Proposed Budget	<hr/> \$15,475,545



STAFFING ASSUMPTIONS

- Maintain elementary class sizes at 24:1 with hard cap of 25:1
- Maintain secondary class size ratios at 22:1 and 23:1 (*lower class size ratios at at-risk campuses*)
- Expand reading recovery program by three positions to ensure full-time staff coverage
- Expand special education aides to meet the needs of the population
- Addition of technology positions approved by board in December, 2011
- Addition of HVAC positions necessary to transition to in-house maintenance



Revenue

Local Revenue	\$ 258,941,675
State Revenue	\$ 212,192,257
Federal Revenue	\$ 5,470,188
Projected 2012-13 Total Budget Revenue	<u>\$ 476,604,120</u>

Expenditures

Salary & Benefits	\$ 393,602,985
2% Proposed Salary Increase	\$ 6,900,000
Additional Staffing Due to Growth & Program Expansion	\$ 4,230,000
Return of Positions Funded Under EduJobs to Local Budget	\$ 1,600,000
Campus Allocations	\$ 7,350,099
Support Services & Central Allocations	\$ 37,133,385
Utilities	\$ 17,146,511
Fuel	\$ 3,841,140
Property Casualty Insurance	\$ 2,900,000
Appraisal District Fees	\$ 1,900,000
Projected 2012-13 Total Expenditures	<u>\$ 476,604,120</u>

Projected 2012-13 Net Surplus/(Deficit)

\$ -



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UPDATE ON WHITE FLEET NEEDS

UPDATE ON WHITE FLEET NEEDS

Department	Number / Type Vehicles	Mileage	Estimated Cost
Transportation	9 Vans (replace with Suburbans)	140,000-163,000	\$286,983
Transportation	4 Trucks	120,000	\$63,776
Police	5 Vehicles	100,000-128,000	\$172,657
Facilities	Vans (1/2 and 3/4 ton), Dump Truck, Pickup (10 total)	127,000-225,000	\$284,091
Warehouse	Box Truck		\$28,440
Total			\$835,947





UPDATE ON INSURANCE PROGRAMS

PROPERTY CASUALTY

Renewals

	Clear Creek	Deerpark	FBISD
Assets Insured	\$1.2 Billion	\$480 Million	\$1.8 Billion
Named Storm & Flood Limits	\$50 Million	\$100 Million	\$75 Million
Named Storm & Flood Deductible – per location	2% TIV	5% TIV	3% TIV
Current Premium	\$3.3 Million		\$2.8 Million
Renewal	\$6.3 Million	\$1.6 Million	
Premium / Asset Ratio	.53%	.32%	.40%
	May 1 st	May 1 st	September 1 st



School District Comparison

Calendar Year Deductible and Copays

	FBISD	Alief ISD	Klein ISD	Katy ISD	Conroe ISD	Spring Branch ISD	CY-Fair ISD
Calendar Year Deductible	<p>Open Access PPO Plan \$750 Individual \$1,500 Family</p> <p>Choice Plan: \$2,000 Individual \$4,000 Family</p>	<p>PCP/HMO Plan: \$750 Individual \$2,250 Family</p> <p>CPOS Plan: \$1,000 Individual \$3,000 Family</p>	<p>ActiveCare 1 HD: \$2,400 Individual & Family</p> <p>ActiveCare 1: \$1,200 Individual \$3,000 Family</p> <p>ActiveCare 2: \$750 Individual \$2250 Family</p> <p>ActiveCare 3: \$300 Individual \$900 Family</p>	<p>Consumer Basic: \$2,250 Individual \$4,500 Family</p> <p>Consumer Plus: \$1,750 Individual \$3,500 Family</p> <p>POS Premium: \$0 Individual \$0 Family</p>	<p>PCP Basic, Low and High \$500 Individual \$1,000 Family</p> <p>HDHP \$2,000 Individual</p>	<p>ActiveCare 1 HD: \$2,400 Individual & Family</p> <p>ActiveCare 1: \$1,200 Individual \$3,000 Family</p> <p>ActiveCare 2: \$750 Individual \$2250 Family</p> <p>ActiveCare 3: \$300 Individual \$900 Family</p>	<p>ActiveCare 1 HD: \$2,400 Individual & Family</p> <p>ActiveCare 1: \$1,200 Individual \$3,000 Family</p> <p>ActiveCare 2: \$750 Individual \$2250 Family</p> <p>ActiveCare 3: \$300 Individual \$900 Family</p>
Office Visit Co-pay (In-Network)	<p>Open Access PPO Plan: \$25 PCP \$35 Specialist</p> <p>Choice Plan: 30% after deductible</p>	<p>PCP/HMO Plan: \$30 PCP / \$40 Specialist</p> <p>CPOS Plan: PCP = \$30 Tier 1 Specialist = \$40 Tier 2 Specialist = \$60</p>	<p>ActiveCare 1-HD: 20% after deductible</p> <p>ActiveCare 1: 20% after deductible</p> <p>ActiveCare2: \$30 PCP / \$50 Specialist</p> <p>ActiveCare3: \$20 PCP \$30 Specialist</p>	<p>Consumer Basic: 25% after deductible</p> <p>Consumer Plus: 20% after deductible</p> <p>POS Premium: \$20 / \$40 Specialist</p> <p>Consumer Basic & Consumer Plus have tiered network Specialist coinsurance</p>	<p>PCP Basic \$35 PCP \$45 Specialist</p> <p>PCP Low \$30 PCP \$40 Specialist</p> <p>PCP High \$25 PCP \$35 Specialist</p> <p>HDHP 30% after deductible</p>	<p>ActiveCare 1-HD: 20% after deductible</p> <p>ActiveCare 1: 20% after deductible</p> <p>ActiveCare2: \$30 PCP \$50 Specialist</p> <p>ActiveCare3: \$20PCP \$30 Specialist</p>	<p>ActiveCare 1-HD: 20% after deductible</p> <p>ActiveCare 1: 20% after deductible</p> <p>ActiveCare2: \$30 PCP \$50 Specialist</p> <p>ActiveCare3: \$20 PCP \$30 Specialist</p>

The TRS plan has increased deductibles and premiums in the past year.

School District Comparison

- FBISD offers the richest medical plan options of Houston-area districts observed:
 - Most of the FBISD deductibles and copays are at the same level or lower than comparable.
 - The FBISD member coinsurance percentages are at the same level or lower than comparable plans

School District Comparison

Monthly Employee Contributions

	FORT BEND ISD	Alief ISD	Klein ISD	Katy ISD	Conroe ISD	Spring Branch ISD	Cy-Fair ISD
	Open Access Plan	PCP/HMO Plan	Active Care 1-HD	Consumer Basic	PPC Basic	Active Care 1-HD	ActiveCare 1-HD
EE Only	\$123	\$34	\$37	\$90	\$94	\$137	\$62
EE + Child(ren)	\$356	\$310	\$198	\$303	\$336	\$298	\$159
EE + Spouse	\$400	\$387	\$378	\$431	\$440	\$553	\$267
Family	\$537	\$663	\$570	\$577	\$650	\$770	\$440
	Choice Plan	CPOS II Plan	ActiveCare 1	Consumer Plus	PPC Low	ActiveCare 1	ActiveCare 1
EE Only	\$68	\$81	\$75	\$116	\$140	\$10	\$97
EE + Child(ren)	\$207	\$514	\$269	\$341	\$424	\$169	\$224
EE + Spouse	\$239	\$582	\$416	\$474	\$556	\$288	\$302
Family	\$321	\$1034	\$467	\$630	\$820	\$467	\$346
	Alternate Plan		ActiveCare 2	POS Premium	PPC High	ActiveCare 2	ActiveCare 2
EE Only	\$40		\$184	\$664	\$254	\$10	\$196
EE + Child(ren)			\$440	\$1332	\$634	\$285	\$380
EE + Spouse			\$662	\$1618	\$914	\$450	\$526
Family			\$735	\$2287	\$1274	\$660	\$591
			ActiveCare 3		HDHP	ActiveCare 3	ActiveCare 3
EE Only			\$334		\$140	\$434	\$333
EE + Child(ren)			\$681		\$424	\$781	\$600
EE + Spouse			\$1003		\$556	\$1178	\$838
Family			\$1111		\$820	\$1311	\$934

Medical/Rx Plan Cost History

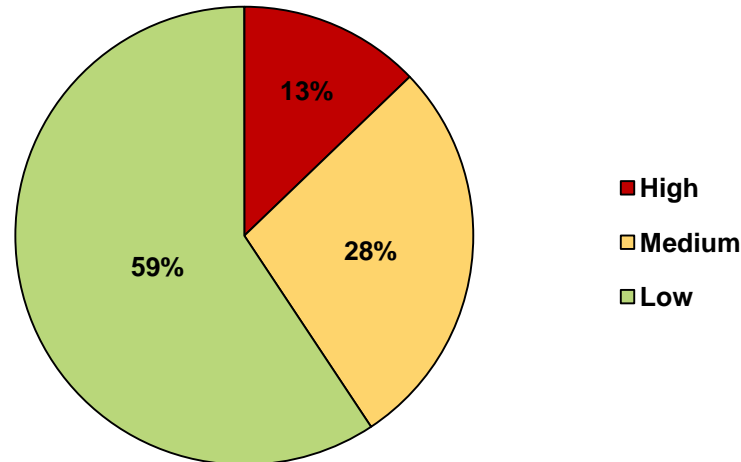
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012 (YTD 7 Months)	2011-2012 Projected Year End	2012-2013 Projected with No Changes
Enrollment	6,224	6,472	6,646	6,341	5,961	5,910	5,839
Plan Cost	\$41,466,024	\$43,466,024	\$51,186,792	\$49,599,716	\$27,070,999	\$45,921,889	\$50,378,892
Per Employee Per Month	\$555	\$563	\$642	\$652	\$649	\$648	\$719
Per Employee Per Month Contribution	\$187	\$189	\$192	\$213	\$231	\$235	\$245
Per Employee Per Month District Funding	\$340	\$340	\$340	\$340	\$340	\$340	\$350
Surplus/(Deficit)	(\$28)	(\$34)	(\$110)	(\$99)	(\$78)	(\$73)	(\$124)
Annual Surplus/(Deficit)	(\$2,091,264)	(\$2,640,576)	(\$8,772,720)	(\$7,513,449)	(\$3,254,706)	(\$5,177,160)	(\$8,688,432)

Current contributions do not include biometric screening surcharge. Beginning on April 15th, a \$40 increase will be added to those employees' contributions who did not participate in the screenings.

Biometric Screening Results

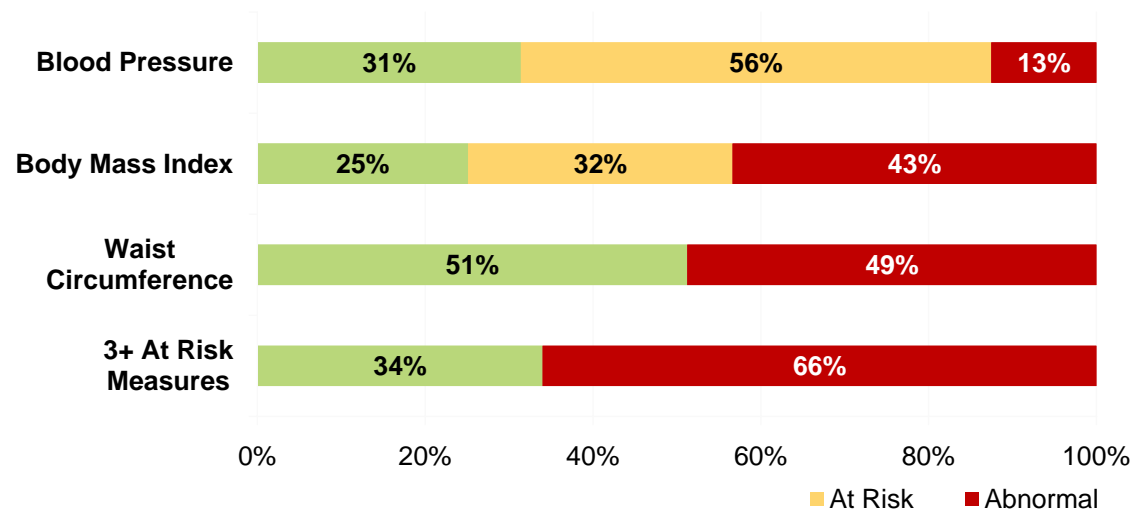
- Cigna Onsite conducted over 80 screening sessions
- 86% of employees participated
 - 5,864 total screenings completed
- 13% of employees completing screenings are considered to be high risk

Population by Health Risk Level



Next Steps for Successful Wellness Program

- Screenings identified key areas of concern
- Wellness initiatives are being created to target these areas



- Results were provided by campus and tailored wellness programs will be implemented to meet needs of specific locations



**PROPOSED MEAL PRICE
INCREASE**

EQUITY IN SCHOOL LUNCH PRICES

Hunger Free Kids Act of 2010 effective July 1, 2011

- Requires school districts participating in National School Lunch Program to provide same level of support for lunches served to students who do not receive free and reduced lunch
- Districts charging less than \$2.46 are required to either gradually increase prices or provide additional non-Federal support for its lunches.
 - School Districts must calculate an adjusted average price by multiplying current rate by 3.14 percent



EQUITY IN SCHOOL LUNCH PRICES

Price increases will be federally mandated to be increased a minimum of 10 cents each school year; or,

Meal prices can be increased to accommodate the federal mandate in an attempt to avoid annual increases



EQUITY IN SCHOOL LUNCH PRICES OPTION CHOSEN BY FBISD

- Three-year phase in
 - 2011/12 – raise meal prices to \$2.00/\$2.25 for elementary & secondary respectively
 - 2012/13 – raise meal prices to \$2.25/\$2.50 for elementary & secondary respectively
 - 2013/14 and beyond – to be determined according to the Consumer Price Index and law





CALENDAR



CALENDAR

- May 7th
 - Approval of 2012/13 Salary Schedules & Allocations
- May 21st
 - Budget Hearing
- June 11th
 - Budget Adoption

