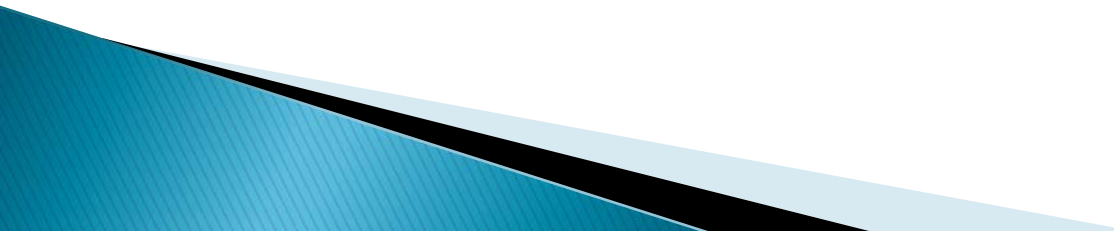


Budget Workshop

May 10, 2010

Agenda

- ▶ Food Service Meal Increase
 - ▶ Review of Checklist
 - Budget Assumptions
 - Health Insurance Plan Changes
 - ▶ Proposed Tax Rate
 - Operating
 - Debt Service
- 

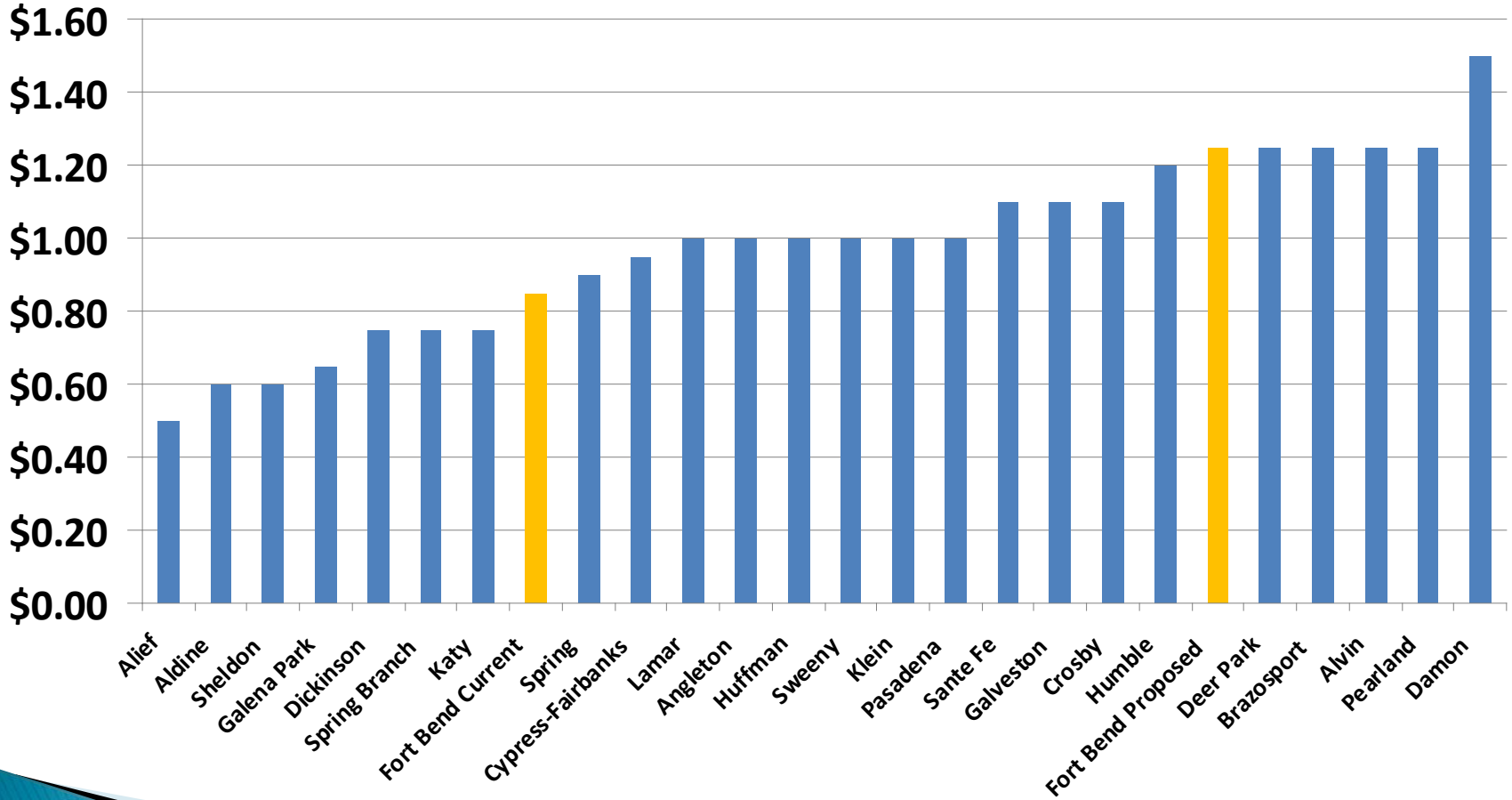
Meal Rate Increase



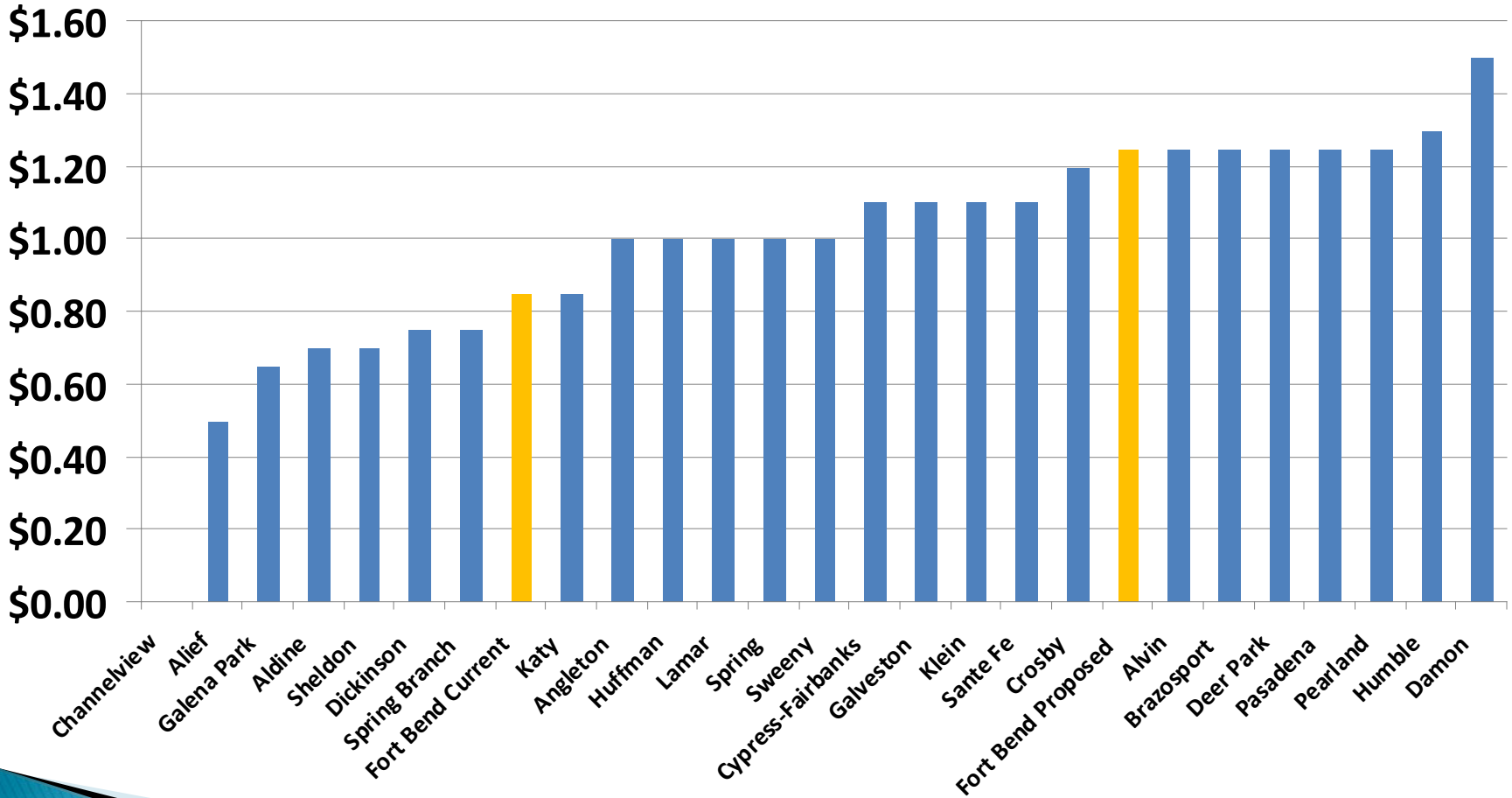
Proposed Meal Increase

	Current	Proposed	Different
Breakfast – Elementary	\$0.85	\$1.25	\$0.40
Breakfast – Secondary	\$0.85	\$1.25	\$0.40
Lunch – Elementary	\$1.35	\$1.75	\$0.40
Lunch – Secondary	\$1.55	\$2.00	\$0.45
Breakfast – Adult	\$1.00	\$1.75	\$0.75
Breakfast – Lunch	\$1.90	\$2.75	\$0.85

Elementary Breakfast



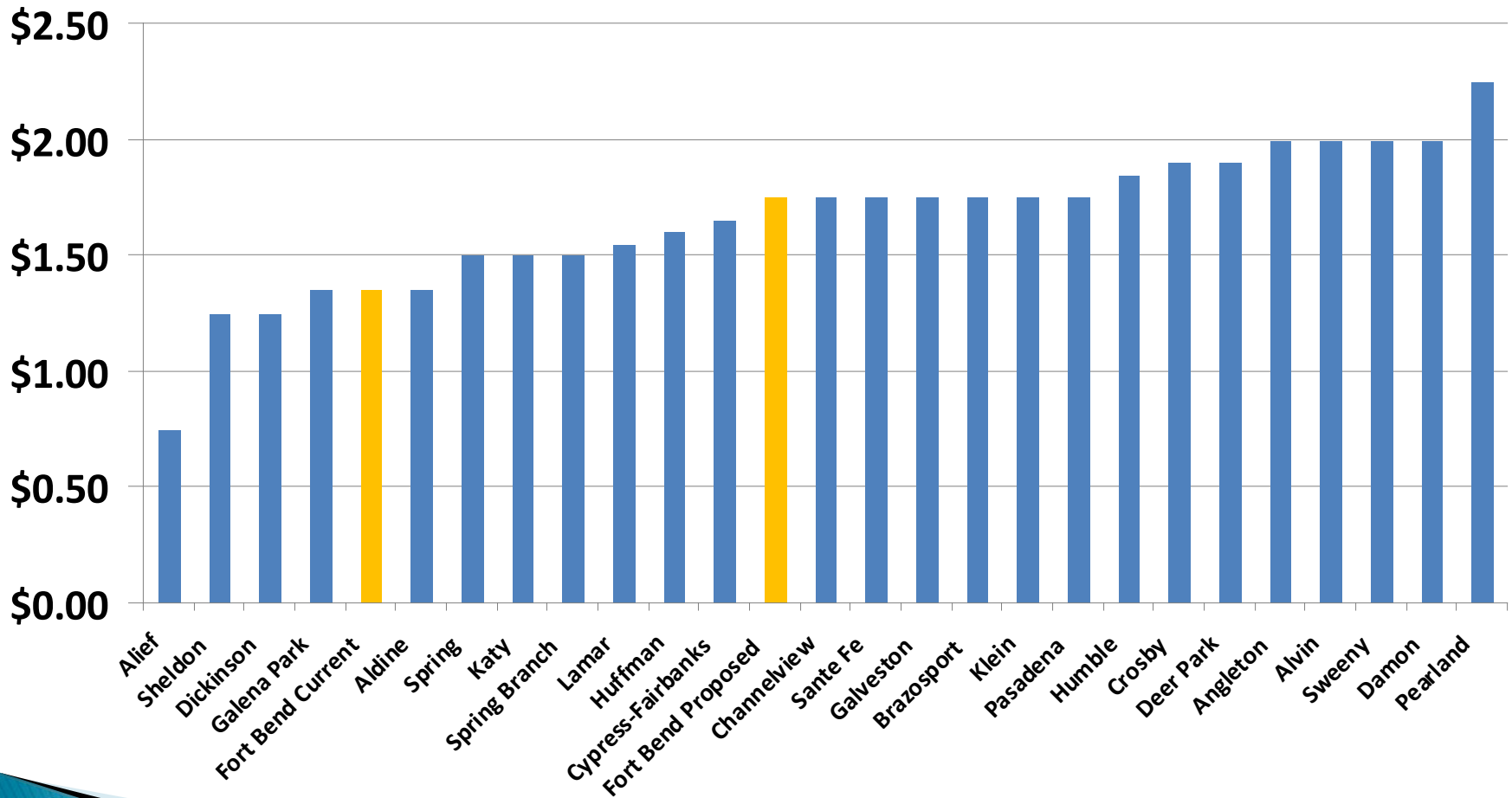
Secondary Breakfast



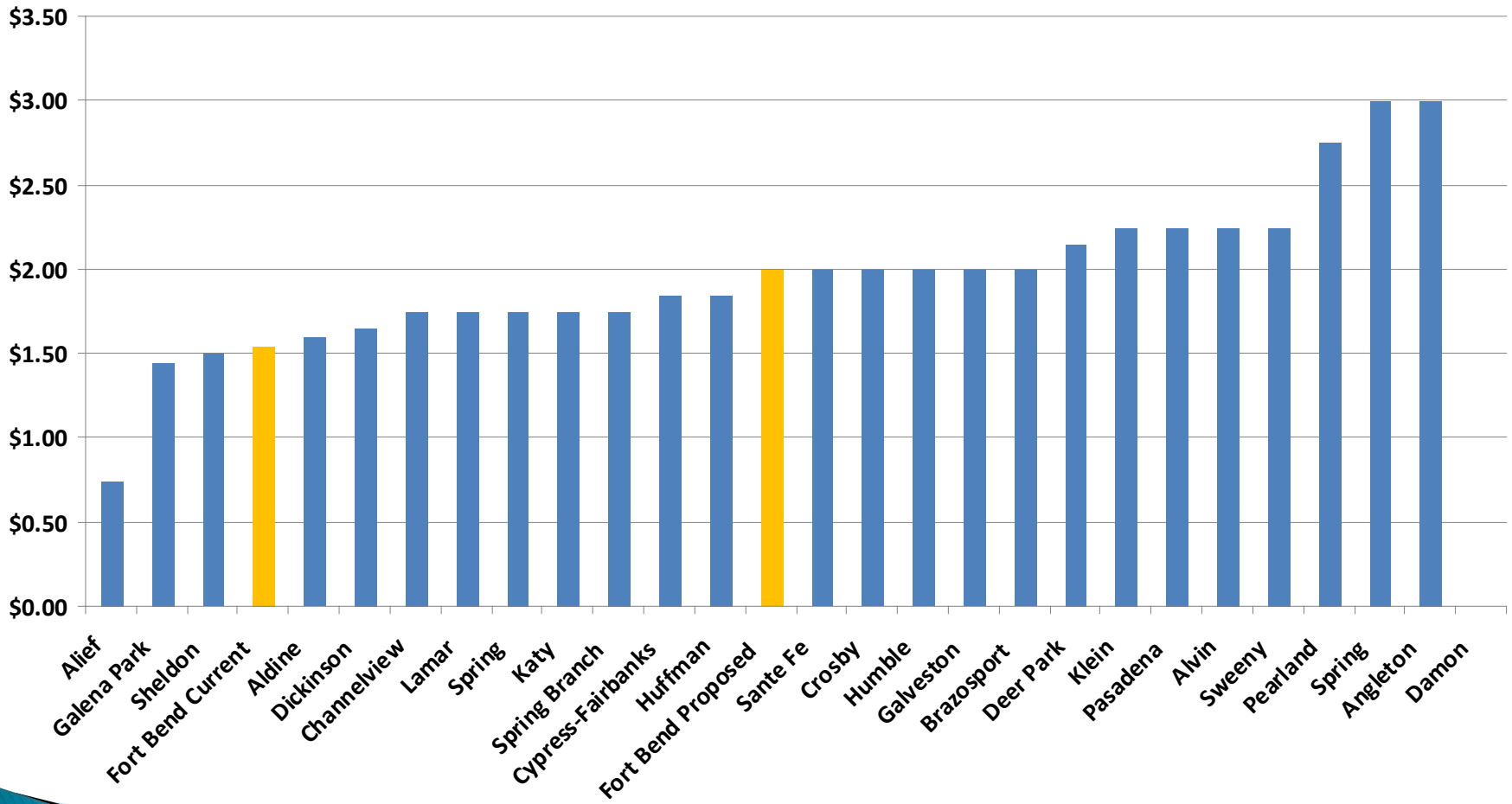
BREAKFAST MEAL PRICE SURVEY

District	No. of Schools	Number of Production Kitchens	District Enrollment	% of Free /Reduced Students	Breakfast Price Elementary	Breakfast Price Junior	Breakfast Price High School	Breakfast Price Staff	Breakfast Price Visitor
Channelview	11	11	8,639	79%	\$0.00	\$0.00	\$0.00	\$1.75	\$1.75
Alief	43	29	44,925	70%	\$0.50	\$0.50	\$0.50	\$1.00	\$1.50
Galena Park	24	24	21,000	73%	\$0.65	\$0.65	\$0.65	\$1.00	\$1.00
Aldine	70	68	61,600	82%	\$0.60	\$0.70	\$0.70	\$1.15	\$1.15
Sheldon	9	9	6,538	77%	\$0.60	\$0.70	\$0.70	\$1.50	\$1.50
Dickinson	9	9	8,200	59%	\$0.75	\$0.75	\$0.75	\$1.50	\$2.00
Spring Branch	44	44	32,347	54%	\$0.75	\$0.75	\$0.75	\$1.70	\$1.70
Fort Bend Current	68	67	69,220	35%	\$0.85	\$0.85	\$0.85	\$1.00	\$1.00
Katy	50	50	57,500	26%	\$0.75	\$0.85	\$0.85	\$1.25	\$1.25
Spring	32	32	34,171	63%	\$0.90	\$1.00	\$1.00	\$1.25	\$1.25
Lamar	32	32	23,828	48%	\$1.00	\$1.00	\$1.00	\$1.30	\$1.30
Angleton	9	8	6,295	60%	\$1.00	\$1.00	\$1.00	\$1.35	\$1.35
Huffman	5	3	3,055	30%	\$1.00	\$1.00	\$1.00	\$1.50	\$1.50
Sweeny	3	3	1,828	44%	\$1.00	\$1.00	\$1.00	\$1.75	\$1.75
Cypress-Fairbanks	78	75	100,800	38%	\$0.95	\$1.10	\$1.10	\$1.10	\$1.20
Sante Fe	6	4	4,553	24%	\$1.10	\$1.10	\$1.10	\$1.50	\$1.50
Klein	39	38	43,000	33%	\$1.00	\$1.10	\$1.10	\$1.50	\$1.50
Galveston	12	8	6,300	85%	\$1.10	\$1.10	\$1.10	\$1.75	\$1.75
Crosby	6	2	5,000	48%	\$1.10	\$1.20	\$1.20	\$1.75	\$1.75
Fort Bend Proposed	68	67	69,220	35%	\$1.25	\$1.25	\$1.25	\$1.75	\$1.75
Deer Park	14	14	12,438	43%	\$1.25	\$1.25	\$1.25	\$1.50	\$1.50
Pasadena	59	59	52,000	72%	\$1.00	\$1.25	\$1.25	\$1.60	\$1.60
Brazosport	20	17	12,747	57%	\$1.25	\$1.25	\$1.25	\$1.75	\$1.75
Alvin	21	20	16,200	47%	\$1.25	\$1.25	\$1.25	\$2.00	\$2.00
Pearland	23	22	17,572	24%	\$1.25	\$1.25	\$1.25	\$1.50	\$1.50
Humble	36	36	33,833	29%	\$1.20	\$1.25	\$1.30	\$1.55	\$1.55
Damon	1	1	156	68%	\$1.50	\$1.50	N/A	\$2.00	\$2.00
Updated 2009-10		Chart is Sorted by the Highlighted Column							

Elementary Lunch



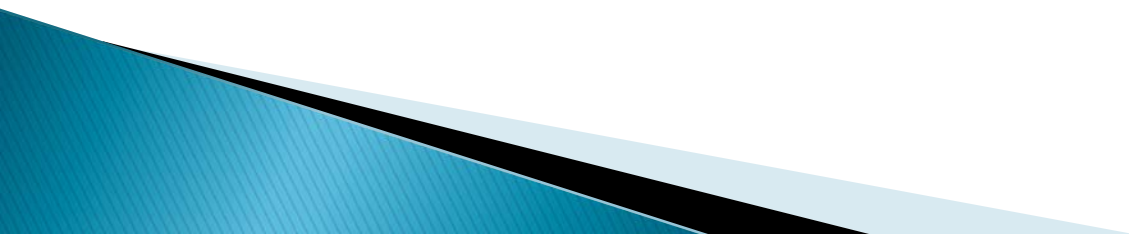
Secondary Lunch



LUNCH MEAL PRICE SURVEY

District	No. of Schools	Number of Production Kitchens	District Enrollment	% of Free /Reduced Students	Lunch Price Elementary	Lunch Price Junior High	Lunch Price High School	Lunch Price Staff	Lunch Price Visitor
Alief	43	29	44,925	70%	\$0.75	\$0.75	\$0.75	\$2.15	\$2.75
Galena Park	24	24	21,000	73%	\$1.35	\$1.45	\$1.45	\$2.35	\$2.35
Sheldon	9	9	6,538	77%	\$1.25	\$1.50	\$1.50	\$2.50	\$2.50
Fort Bend Current	68	67	69,220	35%	\$1.35	\$1.55	\$1.55	\$1.90	\$1.90
Aldine	70	68	61,600	82%	\$1.35	\$1.60	\$1.60	\$2.50	\$2.50
Dickinson	9	9	8,200	59%	\$1.25	\$1.65	\$1.65	\$3.00	\$3.50
Channelview	11	11	8,639	79%	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00
Lamar	32	32	23,828	48%	\$1.55	\$1.65	\$1.75	\$2.25	\$2.25
Spring	32	32	34,171	63%	\$1.50	\$1.50	1.75-3.00	\$2.75	\$2.75
Katy	50	50	57,500	26%	\$1.50	\$1.75	\$1.75	\$3.00	\$3.00
Spring Branch	44	44	32,347	54%	\$1.50	\$1.75	\$1.75	\$3.00	\$3.25
Cypress-Fairbanks	78	75	100,800	38%	\$1.65	\$1.85	\$1.85	\$2.15	\$2.15
Huffman	5	3	3,055	30%	\$1.60	\$1.85	\$1.85	\$2.50	\$2.50
Fort Bend Proposed	68	67	69,220	35%	\$1.75	\$2.00	\$2.00	\$2.75	\$2.75
Sante Fe	6	4	4,553	24%	\$1.75	\$1.75	\$2.00	\$2.50	\$2.50
Crosby	6	2	5,000	48%	\$1.90	\$2.00	\$2.00	\$2.75	\$2.75
Humble	36	36	33,833	29%	\$1.85	\$2.00	\$2.00	\$2.75	\$2.75
Galveston	12	8	6,300	85%	\$1.75	\$2.00	\$2.00	\$2.75	\$3.00
Brazosport	20	17	12,747	57%	\$1.75	\$2.00	\$2.00	\$3.00	\$3.00
Angleton	9	8	6,295	56%	\$2.00	\$2.00	2.00-3.00	\$3.00	\$3.50
Deer Park	14	14	12,438	43%	\$1.90	\$2.15	\$2.15	\$2.65	\$2.65
Klein	39	38	43,000	33%	\$1.75	\$2.00	\$2.25	\$2.75	\$2.75
Pasadena	59	59	52,000	72%	\$1.75	\$2.00	\$2.25	\$2.75	\$2.75
Alvin	21	20	16,200	47%	\$2.00	\$2.25	\$2.25	\$3.00	\$4.00
Sweeny	3	3	1,828	44%	\$2.00	\$2.25	\$2.25	\$3.50	\$3.50
Pearland	23	22	17,572	24%	\$2.25	\$2.50	\$2.75	\$3.10	\$3.10
Damon	1	1	156	68%	\$2.00	\$2.00	NA	\$3.25	\$3.25
Updated 2009-10					Chart is Sorted by the Highlighted Column				

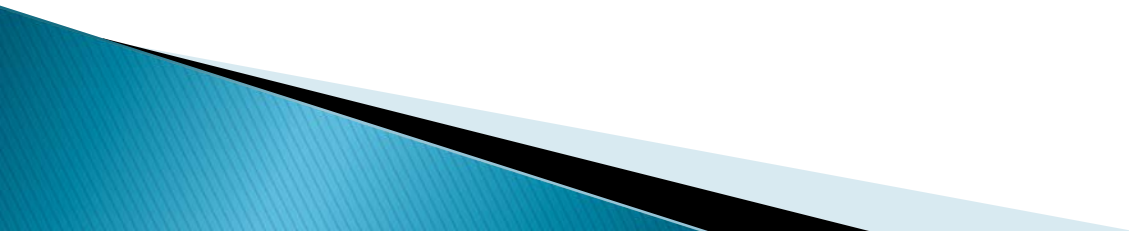
2010-11 Budget



Budget Assumptions

- ▶ **Property value of \$22.3 billion**
 - Less than \$500 million in new development
- ▶ **Maintain salaries at current level**
 - Pending Attorney General Opinion regarding step
- ▶ **Continued practice of re-employment of exiting employees to limit unemployment costs**
- ▶ **Health insurance plan design / rate changes effective at September 1st and January 1st**
 - Impact of health care reform not yet fully realized
- ▶ **Change in transportation routing and hazardous definitions**
- ▶ **Elimination of activity bus runs**
- ▶ **No significant change in fuel prices**

Checklist Review



2010-11 Budget Projection**General Fund****As of 5/10/2010**

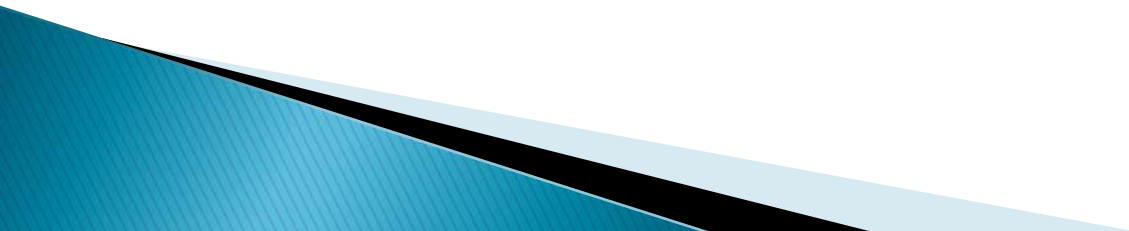
	2009-10	Adopted	2010-11	Projection	Increase / (Decrease)
<u>Projected Revenues</u>					
Local Tax Revenue		236,297,635		231,147,808	(5,149,827)
Delinquent Taxes, Penalty & Interest		8,800,000		8,300,000	(500,000)
Investment Earnings		2,500,000		1,500,000	(1,000,000)
Other Local Revenue		2,400,000		2,150,000	(250,000)
Athletic Revenues		650,000		675,000	25,000
Extended Day Revenue		7,811,740		7,185,650	(626,090)
Print Shop/Copier Funds		794,000		794,000	-
State Funding		199,295,074		206,428,047	7,132,973
Other State Revenue		300,000		300,000	-
TRS On-Behalf Payment		26,000,000		26,000,000	-
Federal Revenue		1,400,000		1,400,000	-
SHARS		2,025,000		2,525,000	500,000
Total Projected Revenues	\$	488,273,449	\$	488,405,505	132,056
<u>Salaries and Benefits</u>					
Personnel Salaries		366,585,837		366,585,837	-
Print Shop/Copier Funds				150,120	150,120
Positions for Growth				550,000	550,000
New Campus Positions		-		2,370,000	2,370,000
Extended Day Expenses		5,384,894		4,618,985	(765,909)
Substitutes		4,000,000		4,250,000	250,000
Benefits		64,100,000		64,546,231	446,231
Total Salaries and Benefits	\$	440,070,731	\$	443,071,173	3,000,442
<u>Expenditures (Other Than Salaries)</u>					
Non-Campus Budget		31,131,616		32,635,643	1,504,027
Extended Day		2,151,845		1,957,405	(194,440)
Print Shop/Copier Funds		655,000		504,880	(150,120)
Fuel		1,659,500		1,732,500	73,000
Utilities		16,989,104		17,655,011	665,907
Property/Casualty Insurance		2,183,050		2,090,250	(92,800)
Copier Lease		2,370,613		2,196,909	(173,704)
FBISD Central Appraisal District Fees		1,500,954		1,350,954	(150,000)
Campus Budgets (increase due to growth in enrollment)		7,757,442		8,027,849	270,407
Total Expenditures (Other Than Salaries)	\$	66,399,124	\$	68,151,401	1,752,277
Total Projected Expenditures before Savings	\$	506,469,855	\$	511,222,574	4,752,719
Net Surplus (Draw) on Fund Balance before Savings	\$	(18,196,406)	\$	(22,817,069)	\$ (4,620,663)
<u>Savings</u>					
Reduction in force				(19,802,069)	(19,802,069)
Lawn Care Outsourcing				(325,000)	(325,000)
Transportation Savings (Eliminate activity run)				(600,000)	(600,000)
Transportation Savings (Changing routing practices)				(1,600,000)	(1,600,000)
Discontinue UIL Student Insurance coverage				(190,000)	(190,000)
Summer 4 day work week				(300,000)	(300,000)
Total Projected Expenditures Savings		-		(22,817,069)	(22,817,069)
Net Surplus (Draw) on Fund Balance After Savings		(18,196,406)		-	18,196,406

Fort Bend Independent School District

2010-11 Budget Projection
General Fund
As of 5/10/2010

	2009-10	Adopted	2010-11	Projection	Increase / (Decrease)	
Increase in Fine Arts due to New High School Campus	-		40,000		40,000	In Non-campus budget.266
Increase in Athletics due to New High School Campus	-		30,000		30,000	In Non-campus budget.297
Increase in Curriculum due to New High School Campus	-		50,000		50,000	In Non-campus budget.302
Middle School IB Academy	-		28,500		28,500	In Non-campus budget.271
MHS IB Diploma	-		45,500		45,500	In Non-campus budget.271
Summer School (Elementary)	-		100,000		100,000	276 budget
Toyota Center fees increasing	-		40,000		40,000	In Non-campus budget.256
Increase in KickStart Program	-		30,000		30,000	276 budget Non-Campus budget
Increase for Ridge Point High School Career & Technology	-		80,000		80,000	In Non-campus budget.265
New Campus Start-up (not going to bond)	-		275,000		275,000	276 budget Non-Campus budget
Software System for Extended Day (one time purchase)	-		100,000		100,000	276 budget
Capital Outlay - Replacement of five police vehicles	-		150,000		150,000	276 budget
Overtime - Student System Implementation	-		250,000		250,000	276 budget
Maintenance - New Student System	-		300,000		300,000	276 budget
Decrease in Various Dept.					(14,973)	Various Dept.
					<u>1,504,027</u>	

Proposed Salary Schedule



Proposed Salary Schedule

Step	2008-09 Current Salary	2009-10 Salary Step & State	2010-11 Salary Step	Difference
0	44,000	44,500	44,500	500
1	44,500	45,440	44,500	-
2	45,063	46,003	45,440	378
3	46,093	47,033	46,003	(90)
4	46,608	47,548	47,033	425
5	47,226	48,166	47,548	322
6	47,741	48,681	48,166	425
7	47,947	48,887	48,681	734
8	48,544	49,484	48,887	343
9	49,023	49,963	49,484	461
10	50,007	50,947	49,963	(44)
11	50,196	51,136	50,947	750
12	50,635	51,575	51,136	501
13	51,222	52,162	51,575	353
14	51,693	52,633	52,162	469
15	52,396	53,336	52,633	237
16	53,079	54,019	53,336	257
17	54,026	54,966	54,019	(7)
18	54,971	55,911	54,966	(6)
19	55,666	56,606	55,911	245
20	56,399	57,339	56,606	208

Cannot pay less than 08/09 step - certain steps will be adjusted to comply with legislative requirement.

Adjusted Salary Schedule

Step	2008-09 Current Salary	2009-10 Salary Step & State	2010-11 Salary Step
0	44,000	44,500	44,500
1	44,500	45,440	44,500
2	45,063	46,003	45,440
3	46,093	47,033	46,093
4	46,608	47,548	47,033
5	47,226	48,166	47,548
6	47,741	48,681	48,166
7	47,947	48,887	48,681
8	48,544	49,484	48,887
9	49,023	49,963	49,484
10	50,007	50,947	50,007
11	50,196	51,136	50,947
12	50,635	51,575	51,136
13	51,222	52,162	51,575
14	51,693	52,633	52,162
15	52,396	53,336	52,633
16	53,079	54,019	53,336
17	54,026	54,966	54,026
18	54,971	55,911	54,971
19	55,666	56,606	55,911
20	56,399	57,339	56,606

Health Insurance



Impact of Health Care Reform

▶ Immediate

- Establishment of consumer ombudsman

▶ Effective the first plan year after September 23, 2010. For Fort Bend ISD, effective January 1, 2011.

- Restrictions on allowable annual benefit limits – *FBISD plan already complies*
- Expansion of child coverage up to age 26 if not eligible for other group coverage – *FBISD currently covers up to age 25*
- No lifetime benefit limit – *FBISD currently capped at \$2.0 million*
- Benefits for preventative services required with no cost sharing – *FBISD plan already complies*
- Coverage for emergency services at in-network cost-sharing level – *FBISD plan already complies*
- No pre-existing condition exclusion for children under age 19
- Annual review of premium rate increases
 - New reporting requirements
 - Possible grant funds available

Impact of Health Care Reform

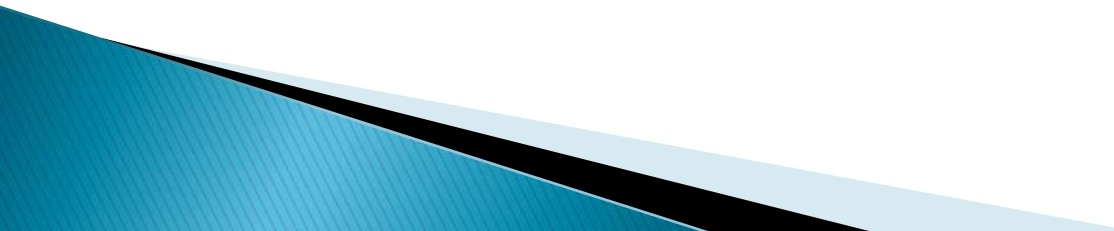
▶ 2012

- Uniform requirements for health plans

▶ 2014

- Establishment of Health Insurance Exchange
 - Individual requirement to purchase insurance
 - *Employer tax up to \$3,000 per FTE for employees who do not participate in health insurance plan*
- Elimination of pre-existing condition exclusion
- Elimination of all annual limits on coverage
- Rating restrictions / minimum benefit standards

History of Medical Plan Changes

- 2006 – no changes
 - 2007 – no changes
 - 2008 – increased employee contribution \$1.75 per pay period
 - 2009 – no changes
 - 2010 – increased Choice + PPO deductible from \$400 to \$500
 - 2010 – increased emergency room co-pay from \$150 to \$250
- 

Medical Plan Cost History

	2005-2006	2007-2006	2007 - 2008	2008-2009	2009-2010 (YTD 6 Months)	2009-2010 Projected Year End	2010-2011 Projected with no Changes
Enrollment	5,420	5,858	6,224	6,472	6,637	6,637	6,637
Plan Cost	\$31,786,673	\$36,178,168	\$41,466,024	\$43,768,795	\$24,893,329	\$49,786,658	\$53,102,358
Per Employee Per Month	\$489	\$515	\$555	\$563	\$625	\$625	\$667
Per Employee Per Month Contribution	\$181	\$184	\$187	\$189	\$191	\$191	\$191
Per Employee Per Month District Funding	\$340	\$340	\$340	\$340	\$340	\$340	\$340
Surplus/(Deficit)	\$33	\$9	(\$28)	(\$34)	(\$94)	(\$94)	(\$136)
Annual Surplus/(Deficit)	\$2,123,955	\$641,148	(\$2,091,264)	(\$2,640,576)	(\$3,743,268)	(\$7,486,536)	(\$10,811,394)

FBISD's medical plan cost is increasing consistent with national trend factors of 10–11%. Currently, \$5.0 million reserved general fund balance for health plan costs.

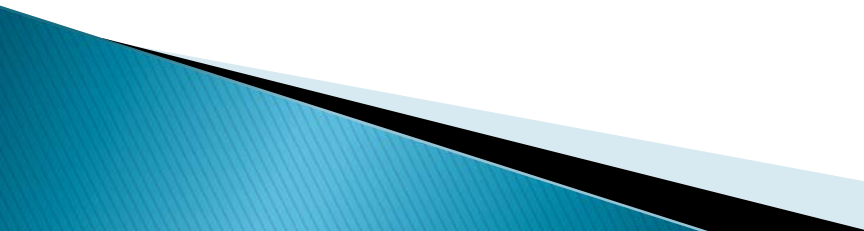
Health Insurance Changes Effective September 1st

- ▶ **Premium Designation Office Visit Copay Differential**
 - Better clinical outcomes = lower plan costs
 - Estimated savings of \$6 per employee per month
- ▶ **Emergency room cost modified to \$250 in-patient deductible plus co-insurance**
 - Estimated savings of \$1.50 per employee per month
- ▶ **Implement mandatory utilization of specialty drug program**

Health Insurance Changes Effective September 1st

	<u>CURRENT</u> Choice Plus PPO	<u>PROPOSED</u> Choice Plus PPO
Office Visit Copay	\$25 Primary Care \$35 Specialist	\$25 Premium Designated \$50 Non-Premium Designated
Emergency Room Copay	\$250	\$250 plus 20% of charges
Mandatory Utilization of Specialty Pharmacy	Employees may obtain through either retail pharmacy (pay 40%) or mail order (\$50 for 90 day supply)	45% – Max \$150 for 30-day supply

Health Insurance Changes Effective January 1st

- ▶ **Establish High/Low PPO Plans**
 - Consider elimination of iPlan/HRA fund, replace with high deductible plan
 - ▶ **PPO Deductible increased to \$600**
 - ▶ **PPO Out-of-pocket maximum increased to \$3,000**
 - ▶ **15% increase employee contribution each year for the next three years**
- 

Health Insurance Changes Effective January 1, 2011

	<u>CURRENT</u>	<u>PROPOSED</u>
Annual Deductible	Choice Plus PPO \$500 Individual \$1,000 Family	Choice Plus PPO \$600 Individual \$1,200 Family
Coinsurance	Plan Pays 80% / Employee Pays 20%	
Out of Pocket	\$2,500 per person	\$3,000 per person
Office Visit Copay	\$25 Primary Care \$35 Specialist	\$25 Primary Care \$35 Premium Designated Specialist \$50 Non-Premium Designated Specialist
Prescription Drugs	Retail (30 Day Supply) Employees pay 40%	Retail Generic 30% Preferred Brand 40% Non-Preferred Brand 50%
	Mail Order (90 Day Supply) \$30 Generic \$50 Brand	Mail Order (90 Day Supply) Generic 25% (Max/script \$30) Preferred Brand 35% (Max/script \$100) Non-Preferred Brand 45% (Max/script \$150)

Health Insurance Changes Effective January 1, 2011

Plan	Tier	Monthly Employee Contributions			
		Current	2011	2012	2013
Choice Plus	Employee	\$96.50	\$110.98	\$127.62	\$146.76
	Employee + Spouse	\$316.50	\$411.45	\$493.74	\$592.49
	Employee + Child(ren)	\$281.50	\$323.73	\$372.28	\$428.13
	Employee + Family	\$424.50	\$551.85	\$662.22	\$794.66
iPlan/Low Plan	Employee	\$53.50	\$56.18	\$58.98	\$61.93
	Employee + Spouse	\$188.50	\$207.35	\$228.09	\$250.89
	Employee + Child(ren)	\$163.50	\$179.85	\$197.84	\$217.62
	Employee + Family	\$253.50	\$278.85	\$306.74	\$337.41

Potential for the plan to remain in deficit situation depending upon experience and changes at national level. Continued monitoring necessary throughout the year.

Proposed Tax Rate

- ▶ **Rates finalized upon receipt of certified values in late August**
 - **Board action to adopt the tax rate in late September**
 - **Operating rate of \$1.04**
 - **Requires election to increase**
 - **Debt service rate of \$.30**
 - **Within the \$0.11 increase originally proposed to voters**

Current Tax Rates of Surrounding Districts

District	Operating	Debt	Total	District	Operating	Debt	Total
Katy	\$1.1266	\$0.4000	\$1.5266	Humble	\$1.1700	\$0.3500	\$1.5200
Galena Park	\$1.1834	\$0.2950	\$1.4784	Spring	\$1.0400	\$0.4200	\$1.4600
Needville	\$1.0400	\$0.4160	\$1.4560	Cy-Fair	\$1.0400	\$0.3900	\$1.4100
Lewisville	\$1.0400	\$0.3687	\$1.4087	North East	\$1.0400	\$0.3629	\$1.4029
Spring Branch	\$1.0900	\$0.3045	\$1.3945	Deer Park	\$1.1067	\$0.2600	\$1.3667
Klein	\$1.0400	\$0.3200	\$1.3600	Tomball	\$1.0100	\$0.3500	\$1.3500
Pasadena	\$1.0700	\$0.2800	\$1.3500	Alief	\$1.1250	\$0.2150	\$1.3400
Northside	\$1.0400	\$0.2975	\$1.3375	Plano	\$1.0400	\$0.2884	\$1.3284
La Porte	\$1.0400	\$.2850	\$1.3250	Fort Bend	\$1.0400	\$0.2650	\$1.3050
Aldine	\$1.1334	\$0.1672	\$1.3006	Lamar	\$1.0201	\$0.2776	\$1.2977
Conroe	\$1.0400	\$0.2450	\$1.2850	Goose Creek	\$1.0400	\$0.2421	\$1.2821
Stafford	\$1.0401	\$0.1900	\$1.2300				