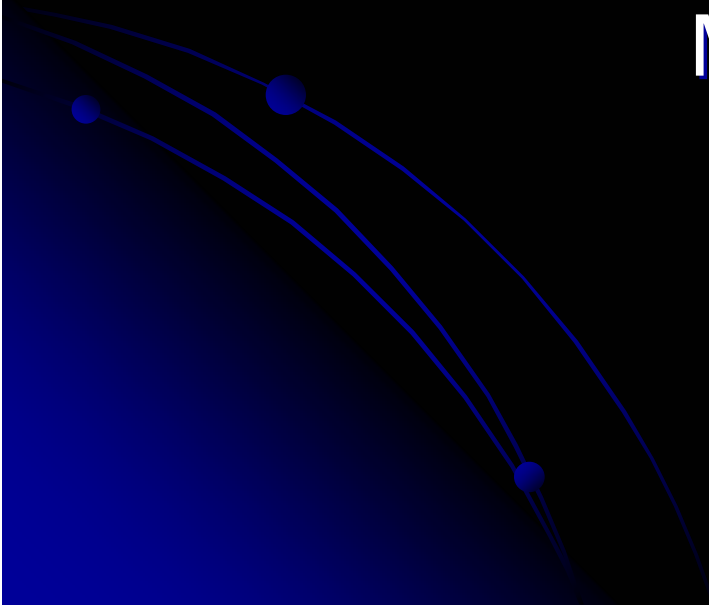
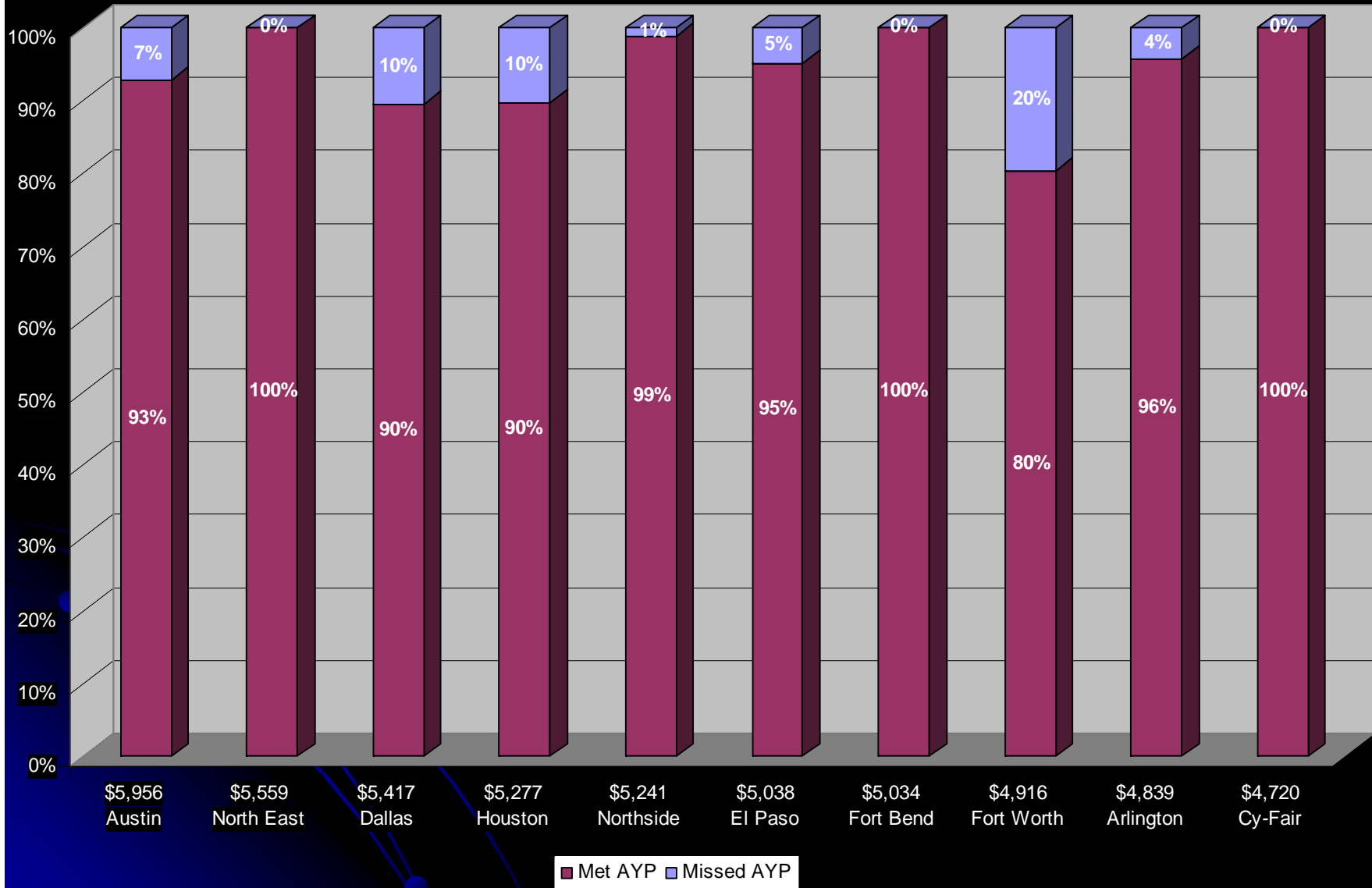


CFISD Financial Status

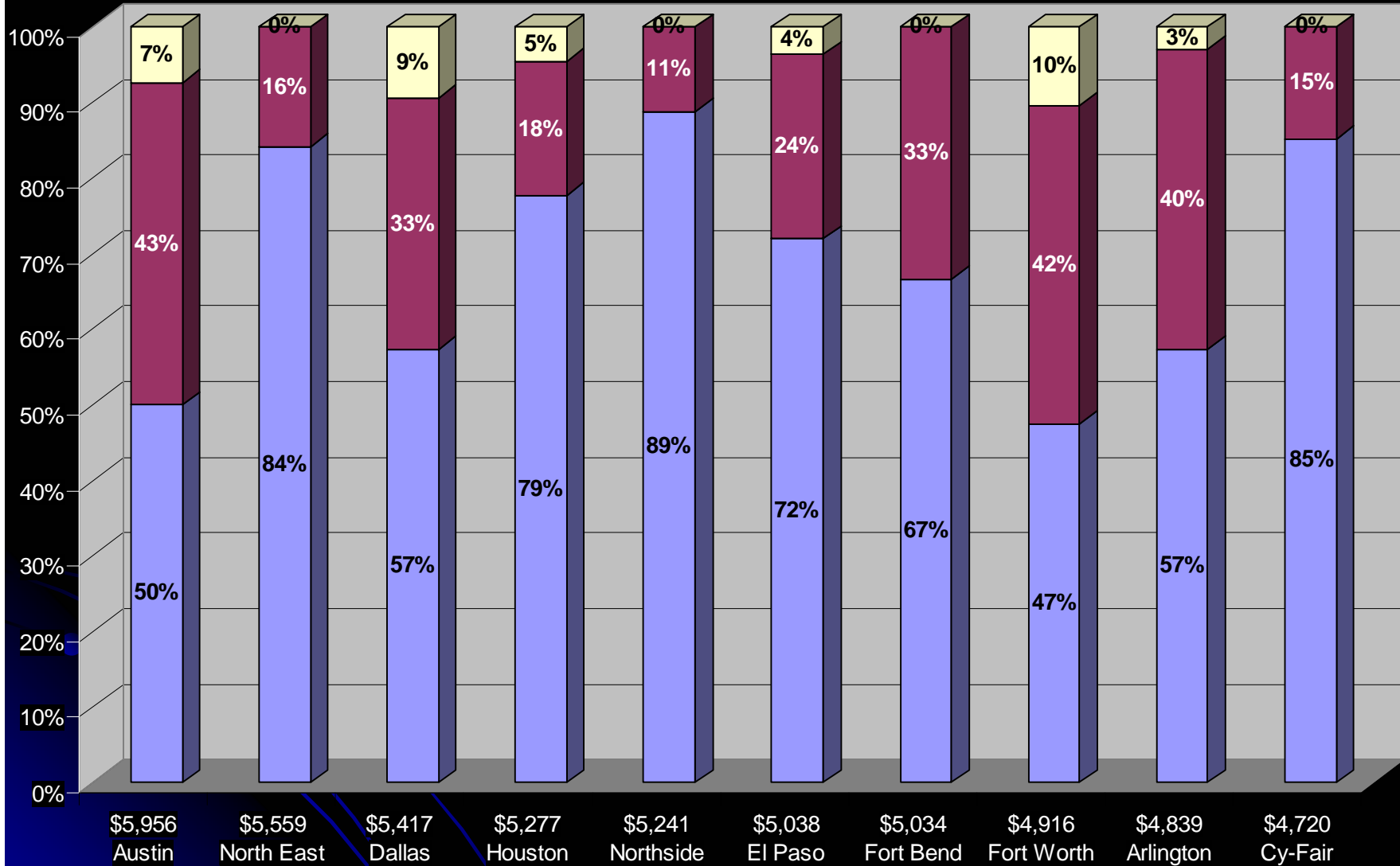
March 4, 2010



Federal Accountability Performance and Target Revenue per WADA Ten Largest Districts in Texas



State Accountability Performance and Target Revenue per WADA Ten Largest Districts in Texas




■ Recognized & Exemplary
 ■ Academically Acceptable
 ■ Academically Unacceptable

CFISD Demographics

	08-09	09-10
African American	15.7%	16%
Hispanic	38	39
White	37	36
Native American	0.3	0.2
Asian	9	9
Eco. Dis.	37.2	42

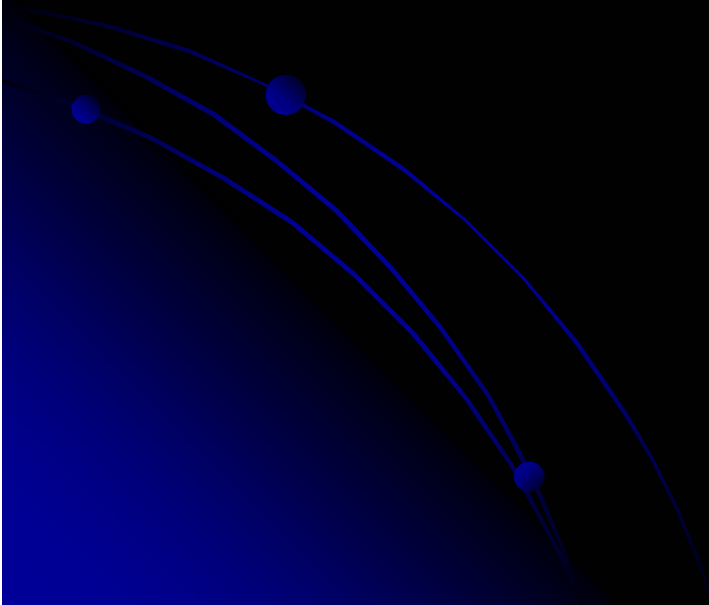
Budget Process- Identifying Reductions

- Efficiencies and cost reductions identified
 - Stakeholder input
 - Operational audits
 - Survey
 - Leadership Cy-Fair feedback
- 

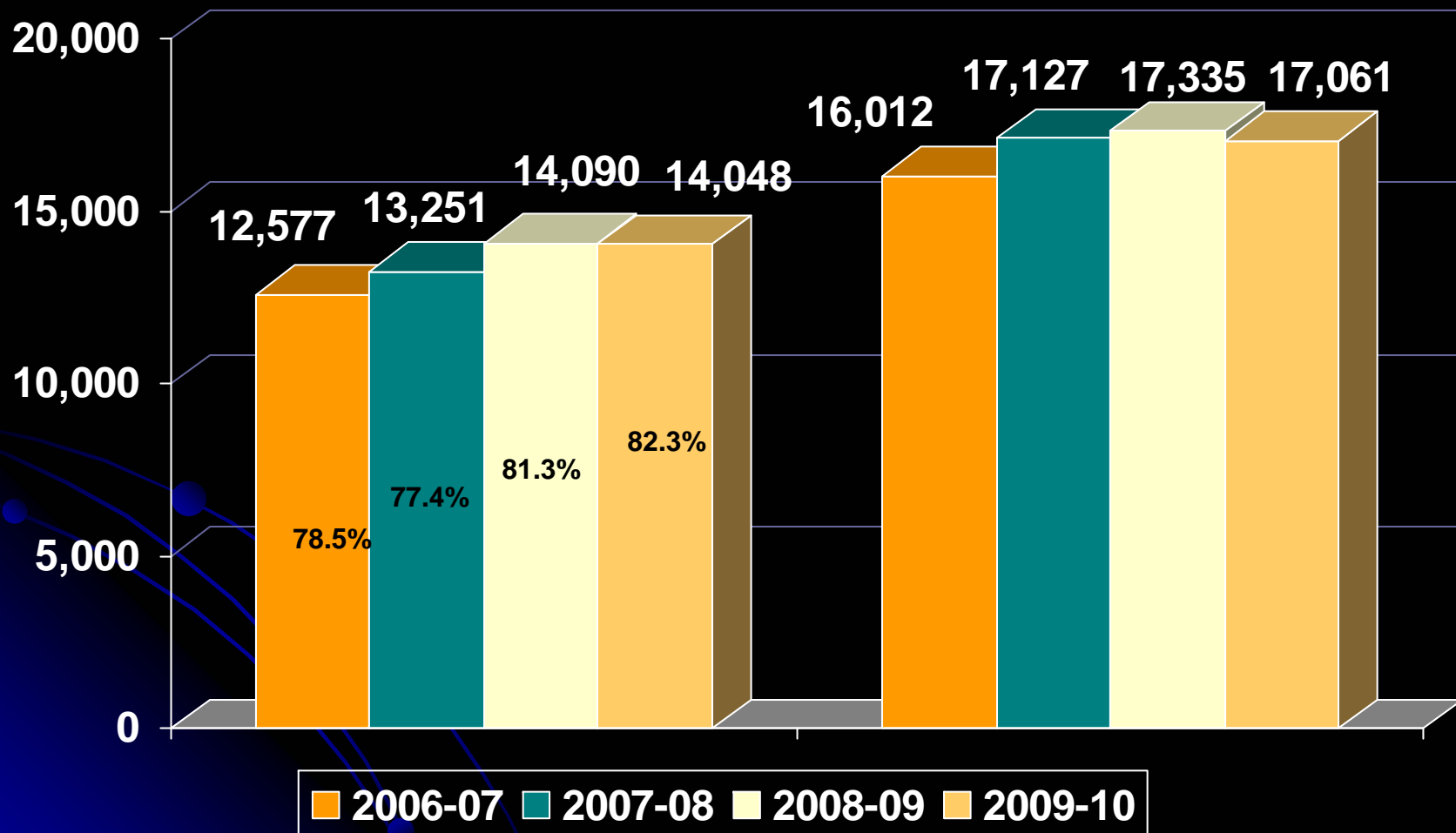
Budget Goals

- Reduce the budget sufficiently to ensure:
 - A balanced budget for 2010-11
 - Adopt a salary schedule that enables CFISD to retain and recruit quality staff members
 - "I am convinced that nothing we do is more important than hiring and developing people. At the end of the day, you bet on people, not on strategies. --Larry Bossidy
 - "If we weren't still hiring great people and pushing ahead at full speed, it would be easy to fall behind and become a mediocre company." --Bill Gates
 - Minimize the loss of jobs for existing personnel
- Make decisions that ensure solvency for the next three to five years

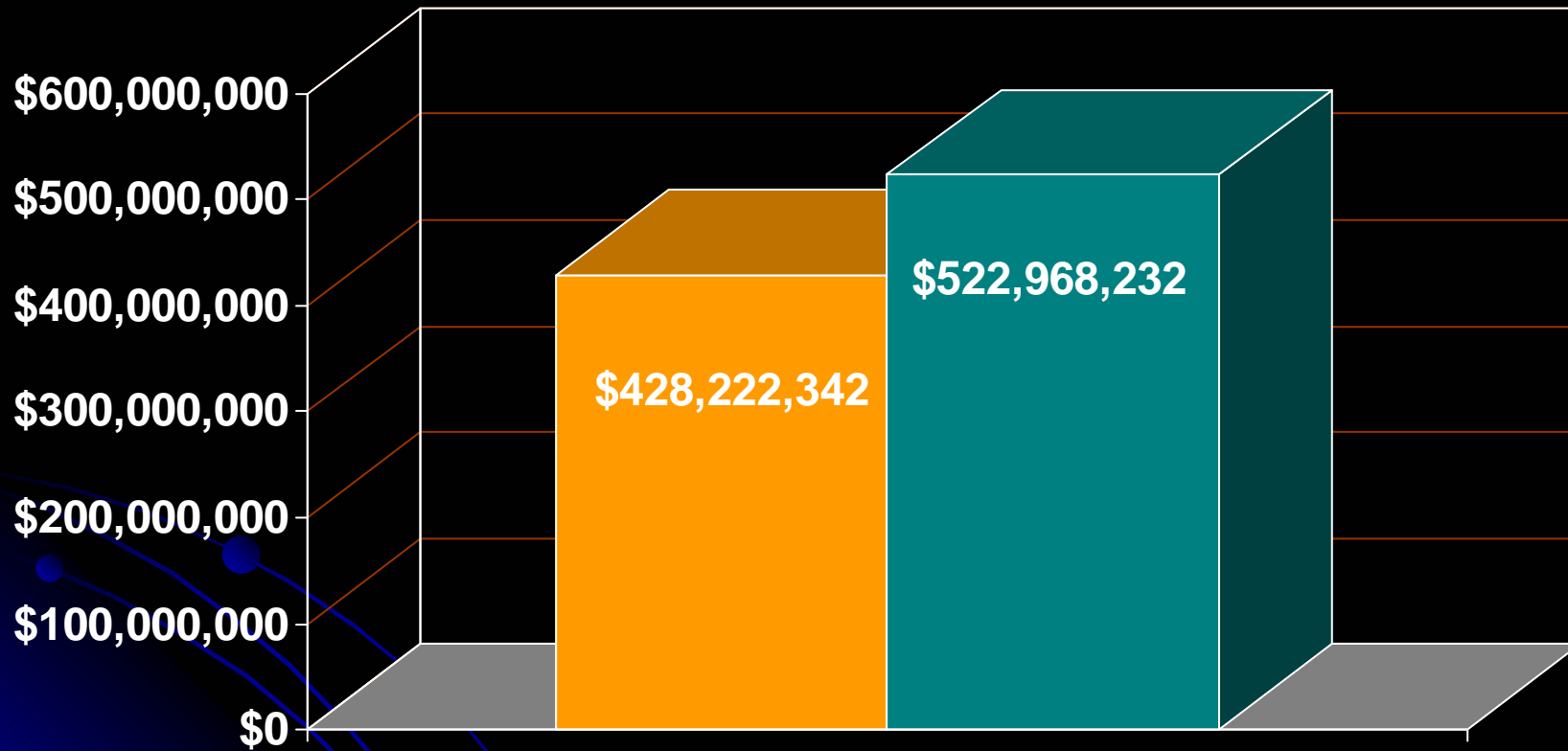
CFISD: An Economic Stimulator



Number of CFISD Employees Living in Cy-Fair/Total Employees



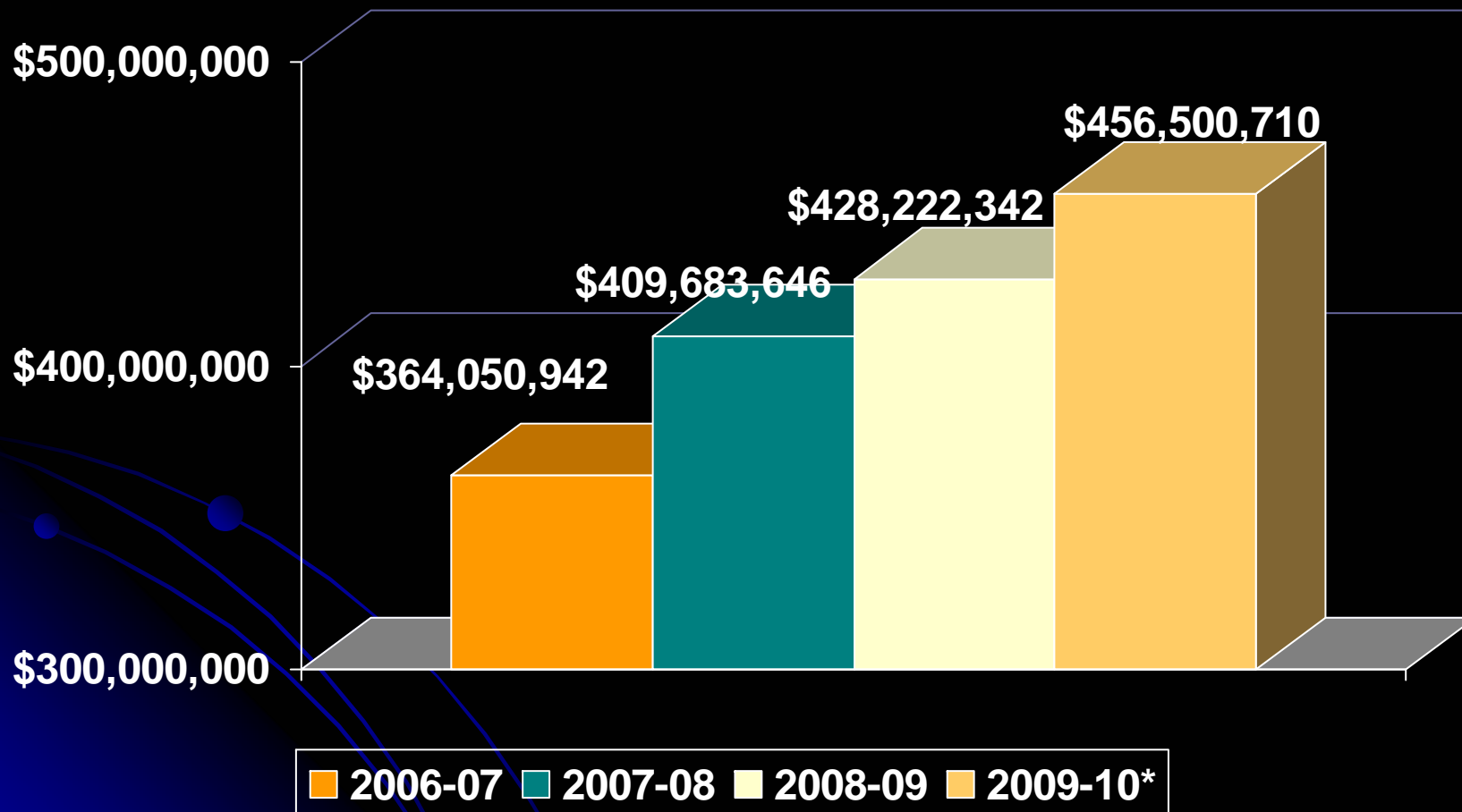
Salaries for Employees Living in Cy-Fair / Total Salaries 2008-2009



CFISD Area Employee Salaries Total CFISD Salaries

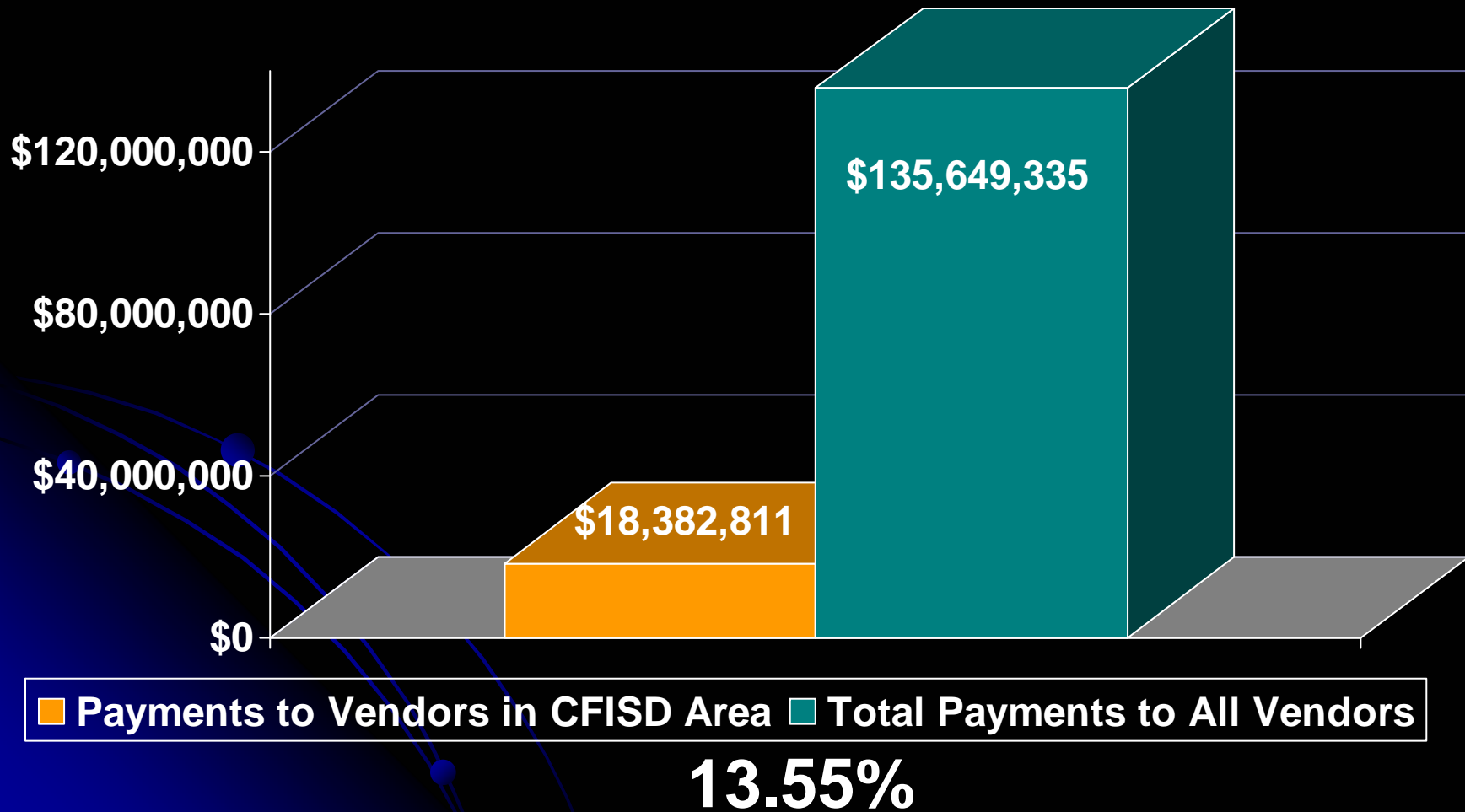
81.90%

Salaries for Employees Living in Cy-Fair

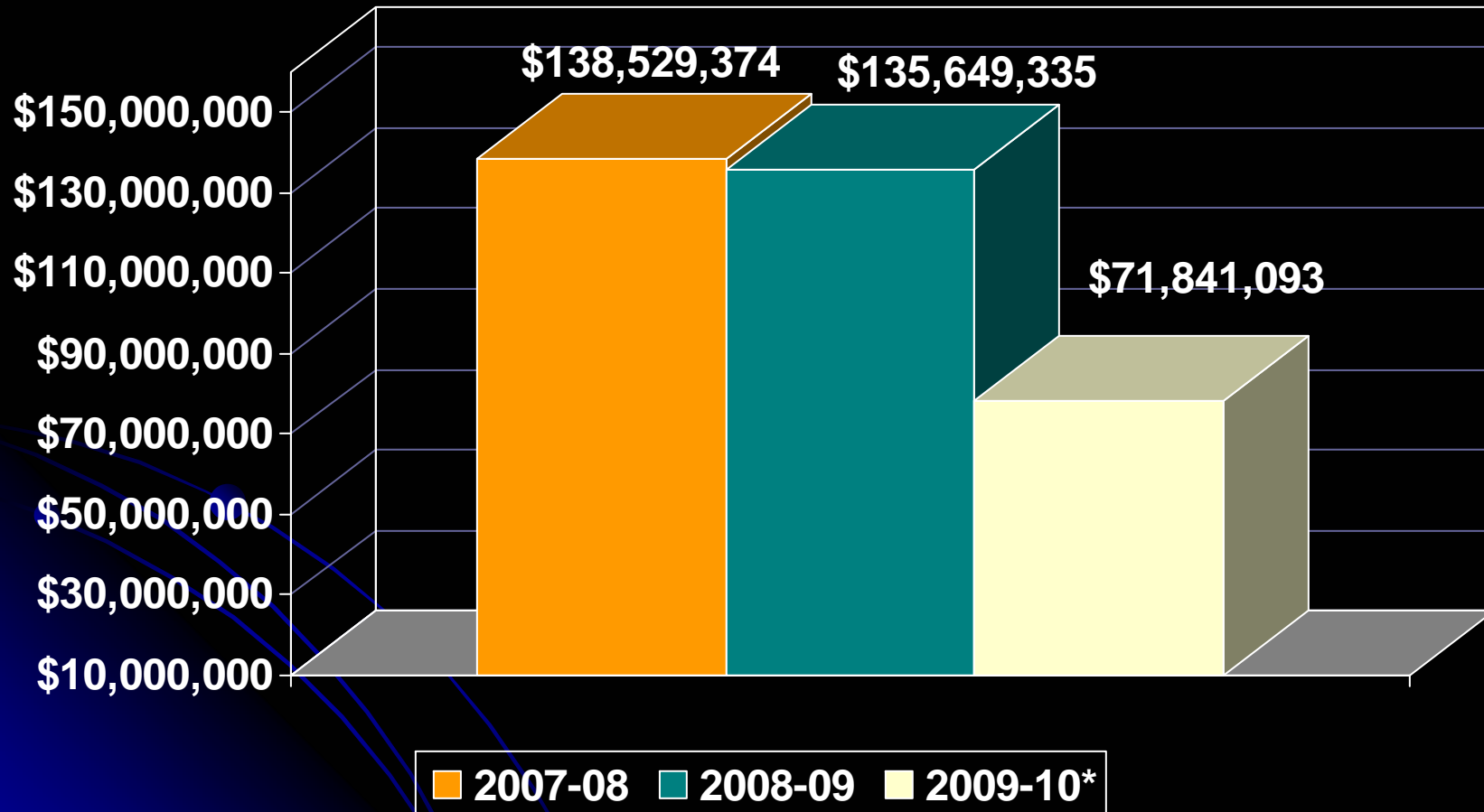


* Annualized

Cy-Fair Area Vendors / All Vendors (Non-Construction) 2008-2009

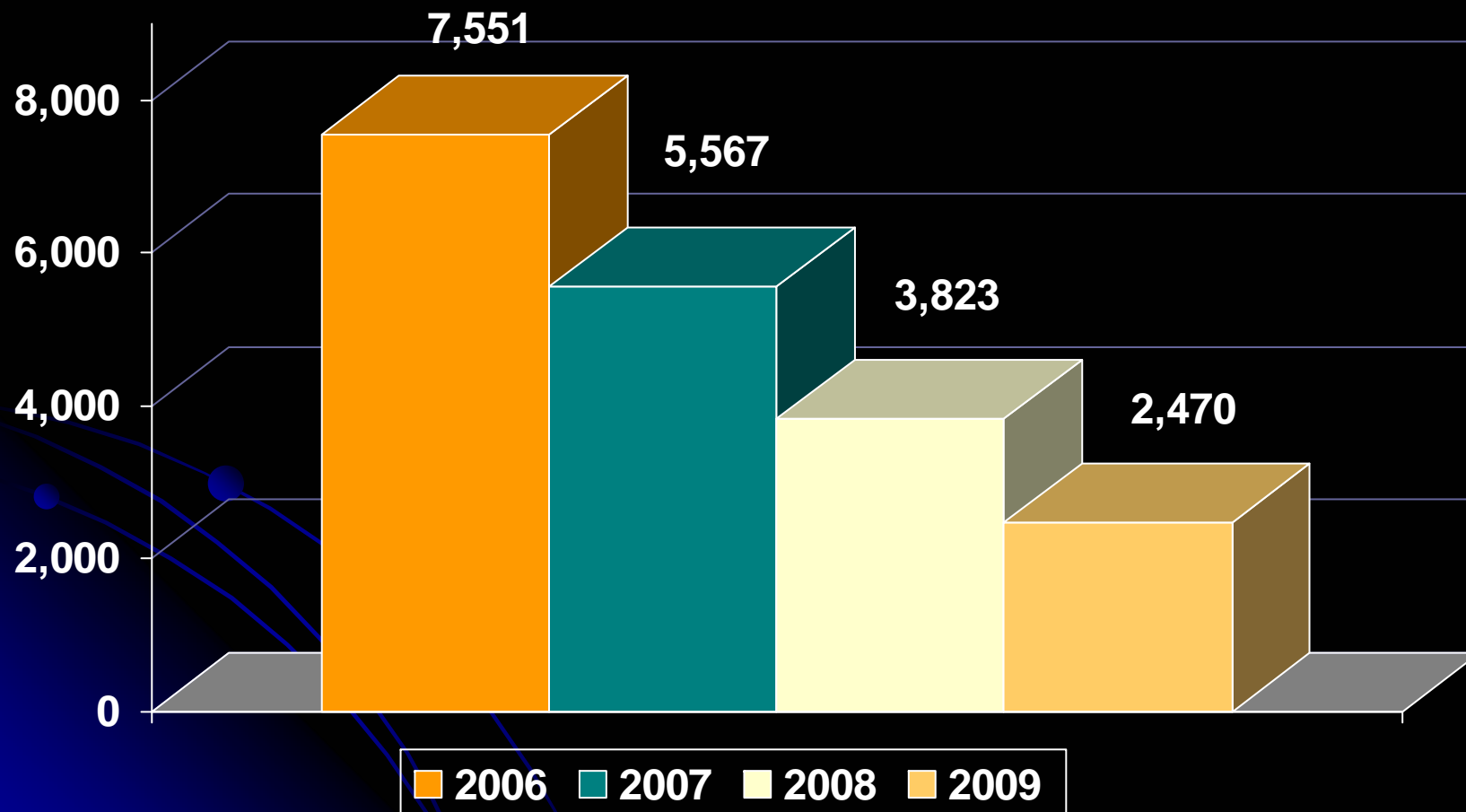


All Vendors (Non-Construction) 2007-08 through 2009-10

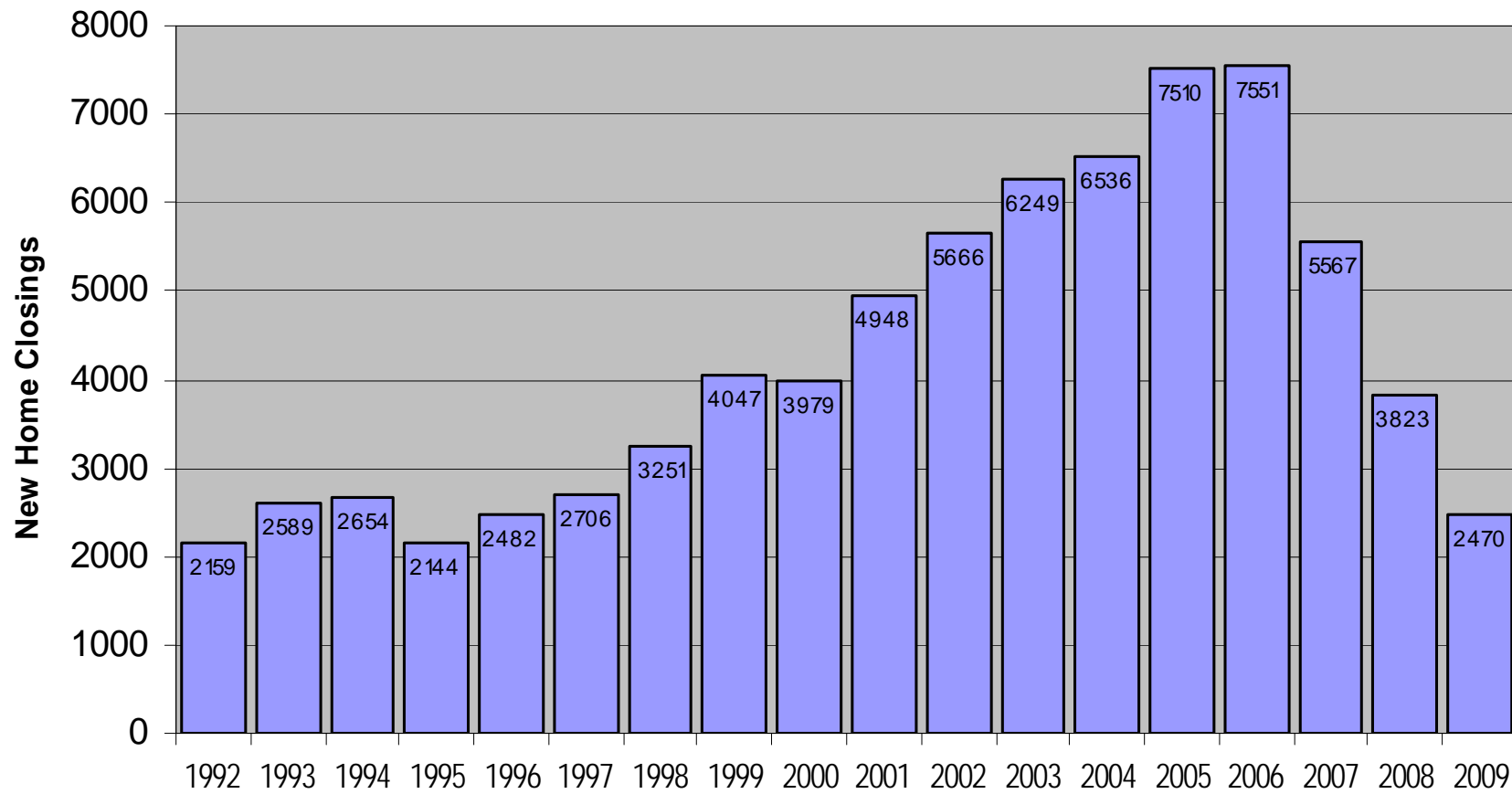


* 8 Months expenditures as of February 11, 2010

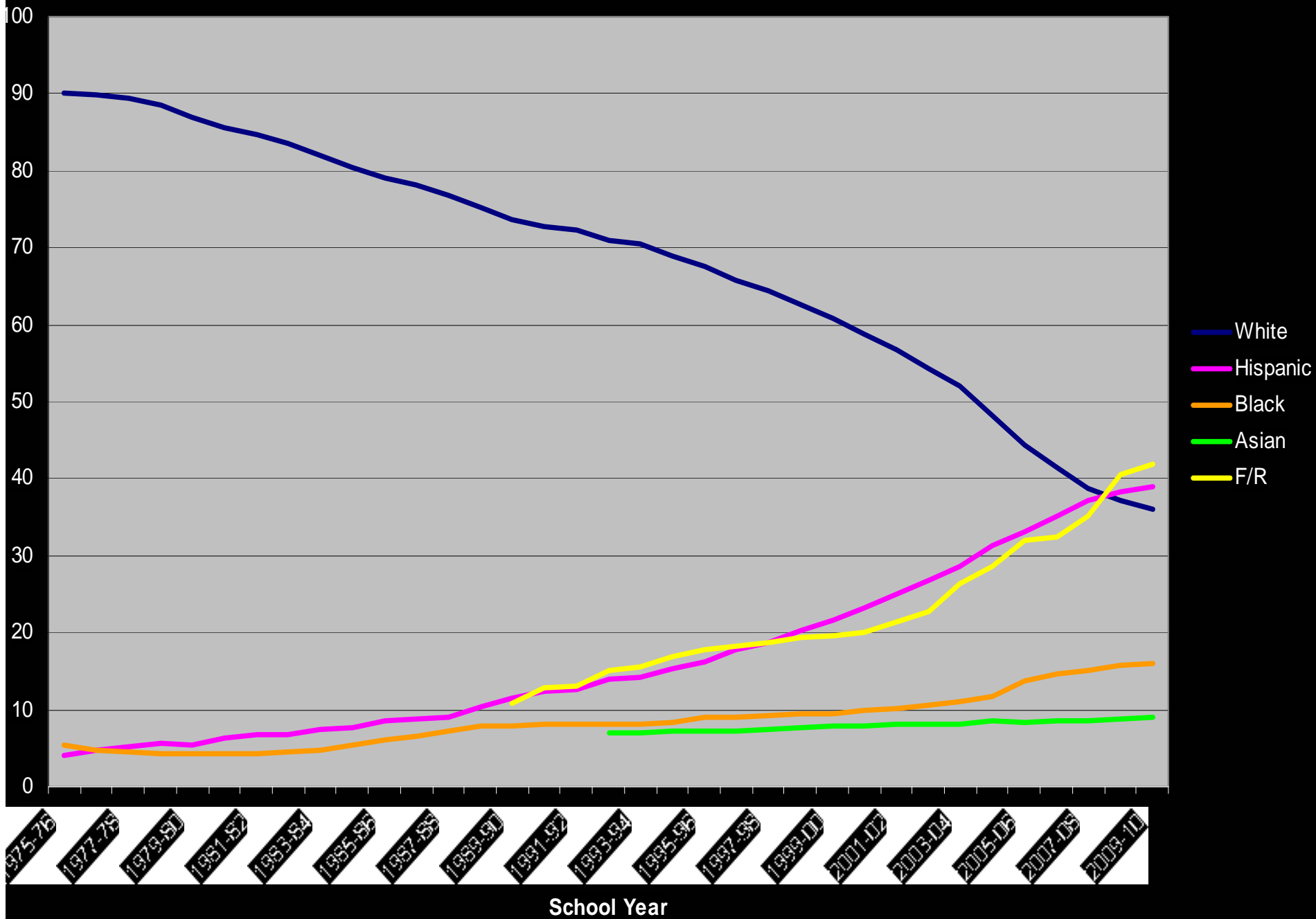
New Home Closing Trends in Cy-Fair Area



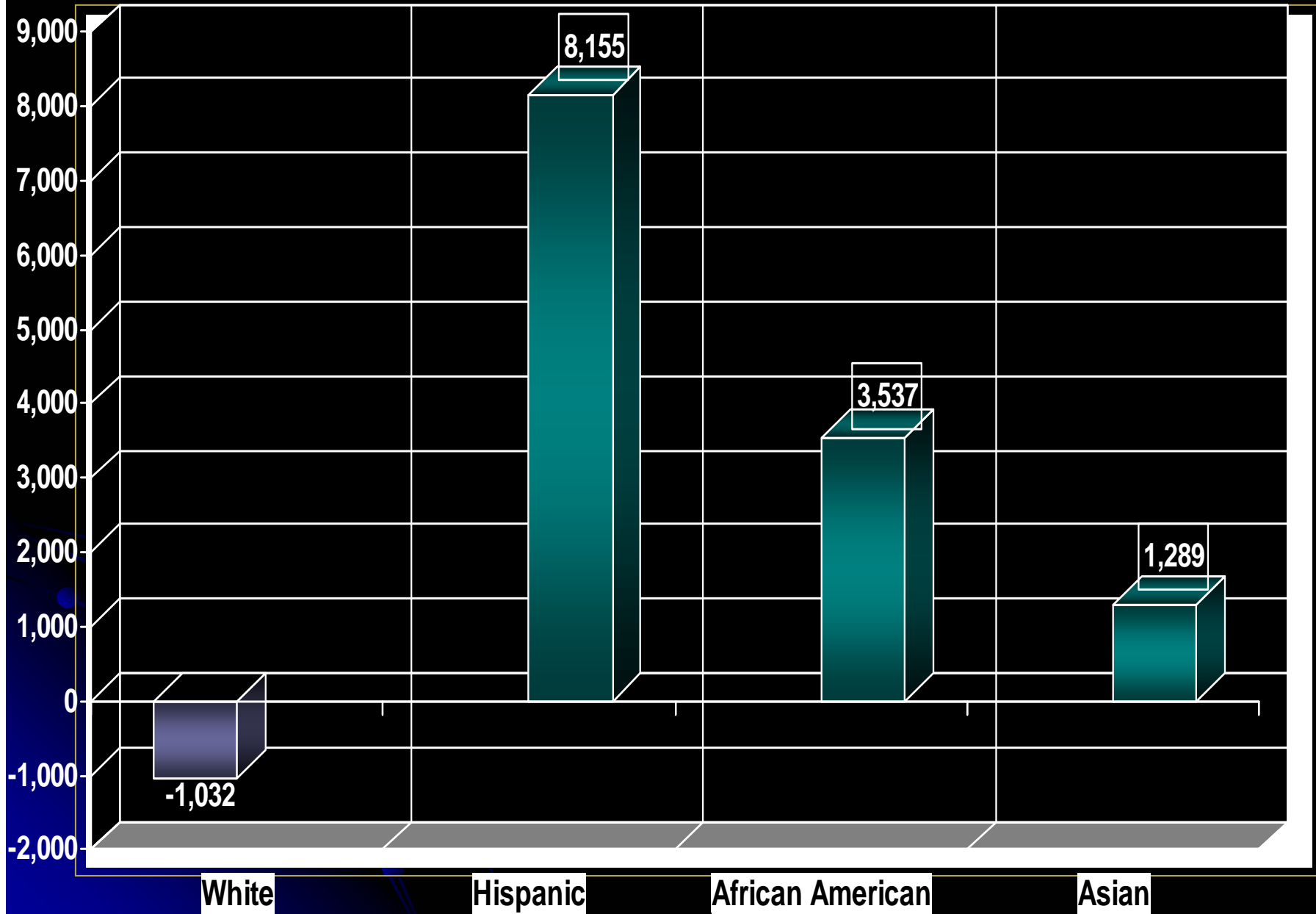
New Home Closings in Cy-Fair



Demographic Changes in Cy-Fair ISD



3 Year's Growth



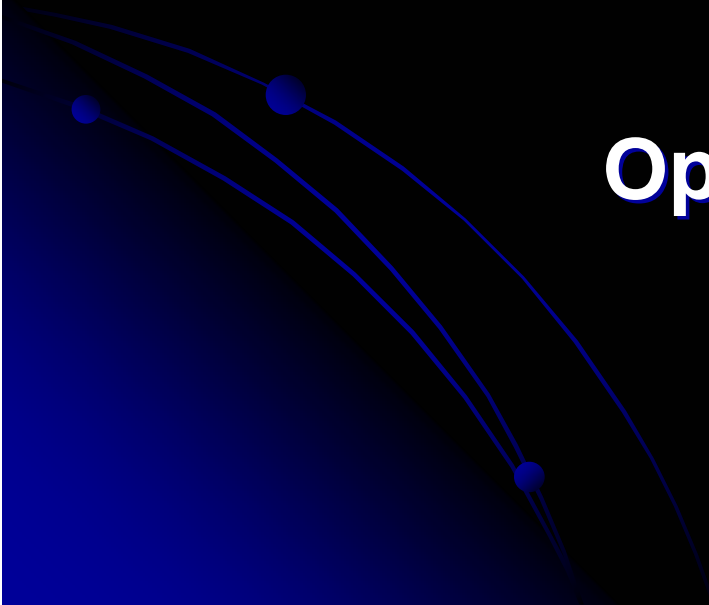
Community Assessment Report Prepared by TIP Strategies September 2009

- SWOT (Strengths, Weaknesses, Opportunities, Threats) Exercise, p. 5
- *The Cy-Fair School District is very strong and one of the area's primary assets. The high quality schools attract many families to the area. However, a major threat to the area is the possible deterioration of the school district. To remain a major relocation destination for families in the Houston Metro area, Cy-Fair must devote resources to maintaining its high quality school district.*

Cypress-Fairbanks ISD

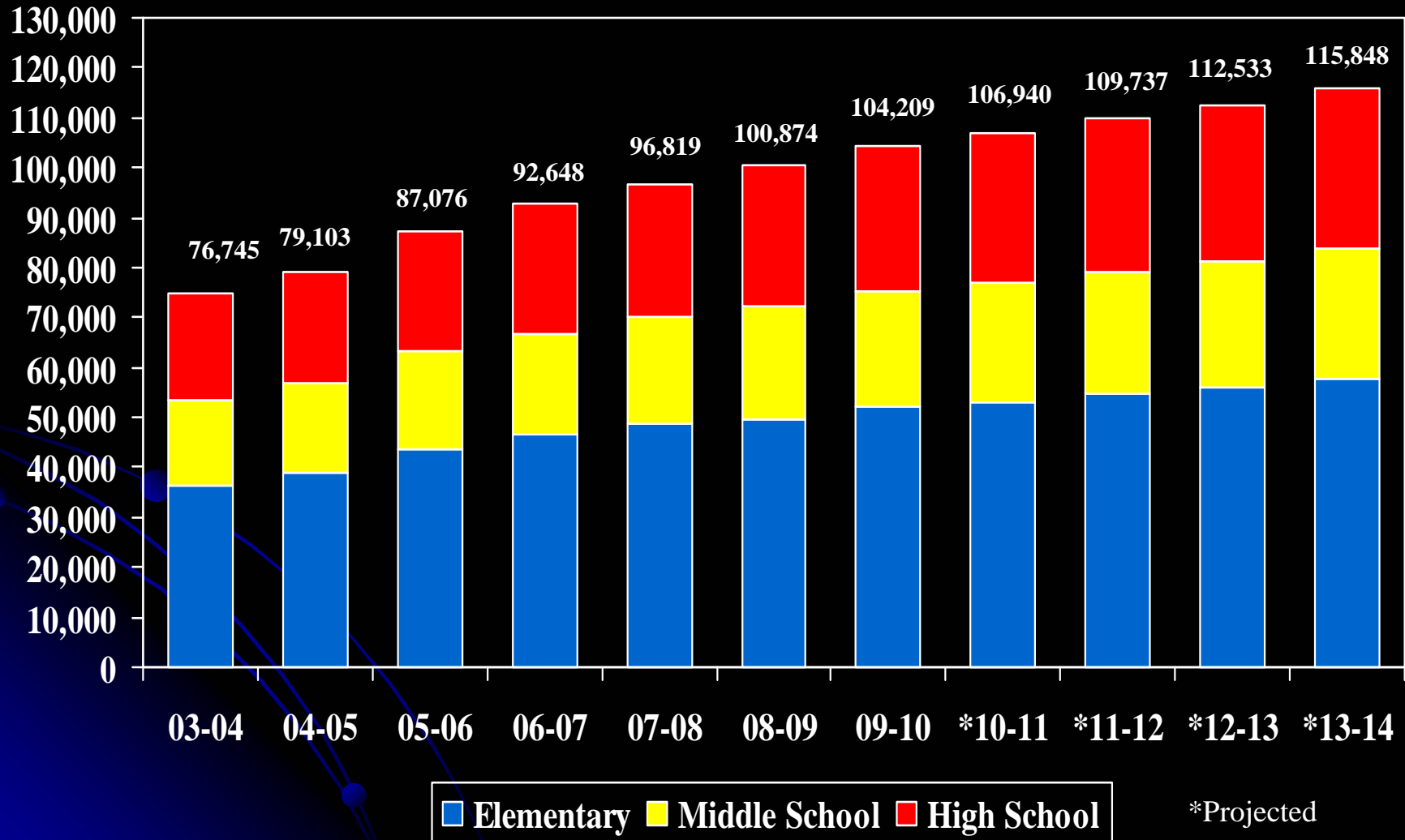
2010-2011

Operating Budget



CYPRESS-FAIRBANKS ISD

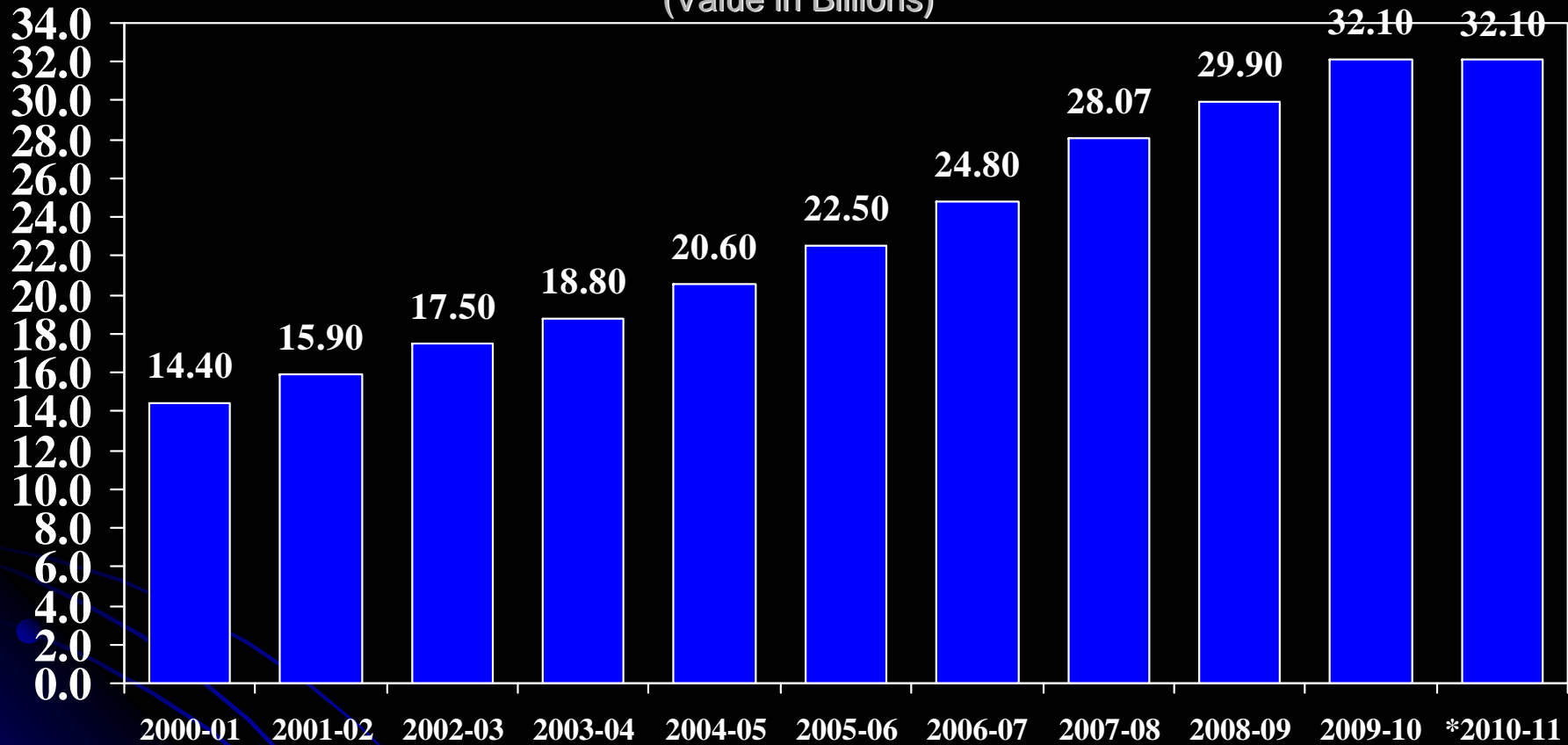
Enrollment 2003-2004 Projected to 2013-14



CYPRESS-FAIRBANKS ISD

Net Taxable Value 2000-01 to 2010-11

(Value in Billions)



Key Point: Growth in property helps to minimize the I & S tax rate; however, property growth reduces state funding in the General Fund dollar for dollar.

*Projected

Administrative Cost Ratio

District	Ratio
Tomball	7.26%
Spring	6.75%
Houston	5.25%
Klein	5.10%
Spring Branch	4.65%
Cy-Fair	4.55%
Katy	4.29%

Data Source: Texas Education Agency

Target Revenue

District	Target Revenue	Additional \$\$ Per Student
Cy-Fair	\$4,720	
Spring	4,998	\$278
Klein	5,022	302
Houston	5,277	557
Katy	5,465	745
Spring Branch	5,473	753
Tomball	6,031	1,311

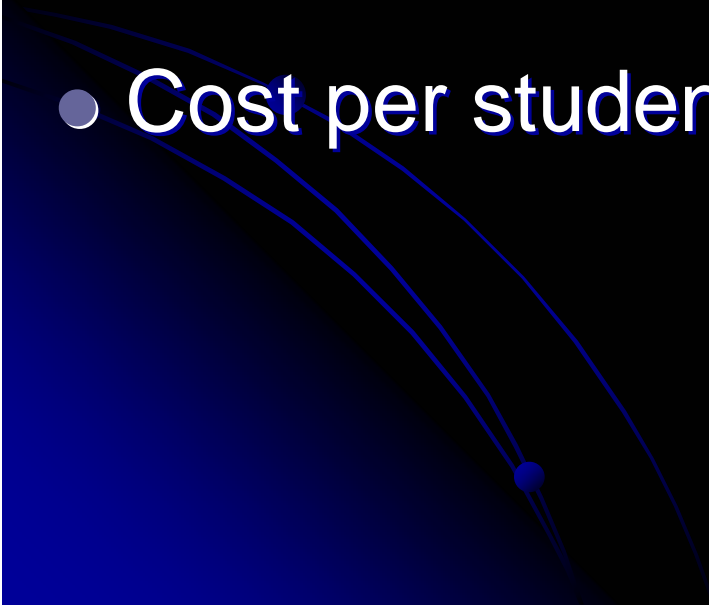
Data Source: Texas Education Agency

2009-10 Cost per Student (Adopted Budget)

District	Cost per Student	Excess CFISD
Cy-Fair	\$6,494	
Klein	6,384	(\$110)
Spring	7,184	690
Katy	7,403	909
Houston	7,805	1,311
Spring Branch	8,012	1,518
Tomball	8,289	1,795

Data Source: 2009-10 District Adopted budgets

Target Revenue v. Cost per Student

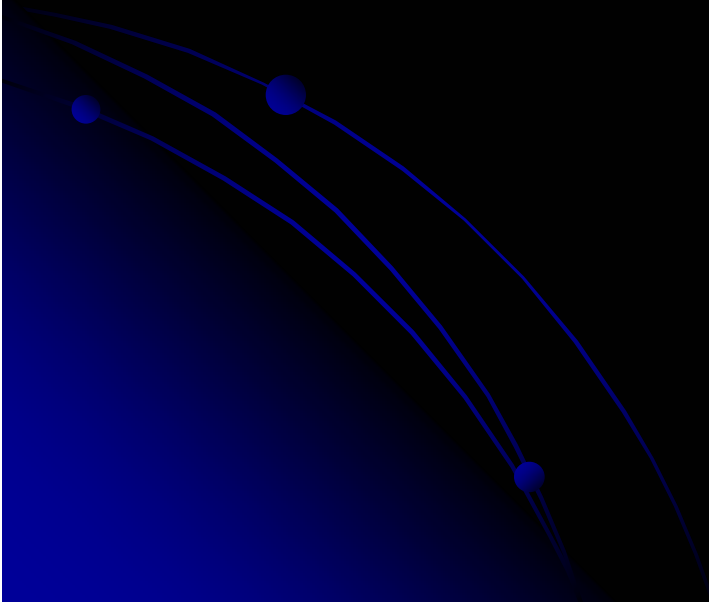
- Target revenue is per WADA
 - Target revenue is the basic allotment for state and tax revenue
 - Plus additional state, local revenue
 - Cost per student is per enrollment
- 

Target Revenue v. Cost per Student

Revenue Category	Amount (In Millions)
122,498 WADA x \$4,720	\$578
Tier II State Funding	\$14
Other state revenue	\$28
Tax collections for 4 cents	\$13
Miscellaneous revenue	\$45
Total	\$678

Target Revenue v. Cost per Student

- 2009-10 Adopted budget = \$678 million
- 2009-10 projected enrollment = 104,421
- Cost per student = \$6,494



Volatility of Budget Projections

- Enrollment

- Unanticipated attendance issues (H1N1)
- H1N1 = \$5 million
- TEA only provides relief for $\geq 10\%$
- 1% variance = \$7 million

- Special populations

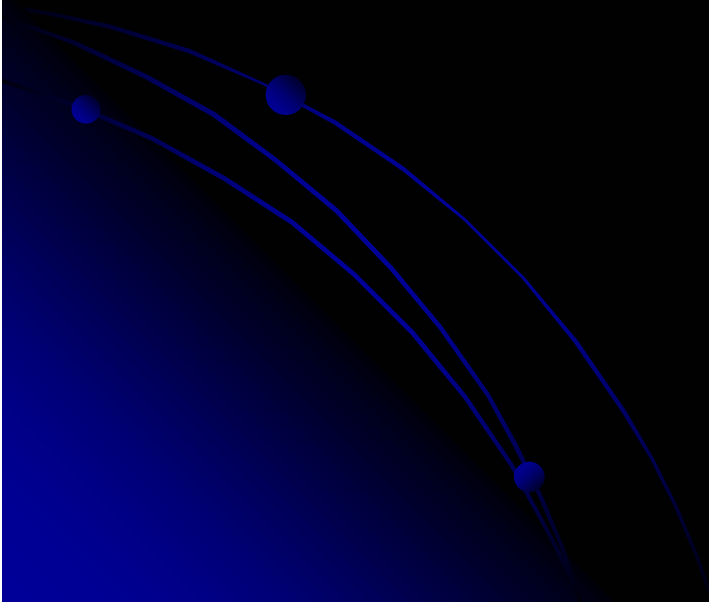
- Weighted students
- WADA
- 1% variance = \$6 million

Volatility of Budget Projections

- Property values
 - 1% variance = \$5 million
- Tax collection rate
 - 1% variance = \$5 million
- Legislative sessions every two years
 - Creates uncertainty regarding school finance
 - Legislative unfunded mandates

History of Budget Reductions

- 2006-07 - \$13.6 million
- 2008-09 - \$27.5 million
- 2009-10 - \$14.9 million
- Total - \$56.0 million

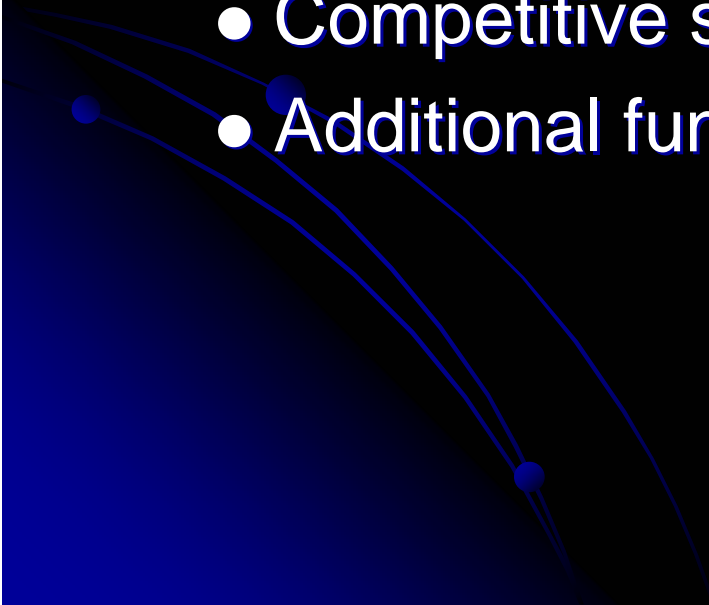


Five-Year Budget Projections (In Millions)


	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue	734.366	\$756.060	\$775.578	\$795.725	\$814.497
Expend	736.083	765.771	803.723	853.137	875.584
Deficit	(\$1.717)	(\$9.711)	(\$28.145)	(\$57.412)	(\$61.087)

Expenditures do not include a pay raise in any year

The 2010-11 Budget Challenge

- \$10 million budget deficit
 - Includes:
 - 2 new elementary schools
 - Staffing for student enrollment growth
 - Competitive salaries
 - Additional funding for health insurance
- 

Budget Reduction Plan Process

- Began in July to identify reductions
 - Stakeholder input
 - Survey
 - Staffing review
 - Operational performance review
 - Leadership Cy-Fair
- 

What the Future Holds

- Minimum \$10 million budget reduction in 2010-11
- Anticipate no additional funding from the state for 5 years
 - Continue budget reductions for 2011-2012, 2012-13, and 2013-2014
- Make plans now for next 3-5 years
- Tax rate election – only option for additional revenue

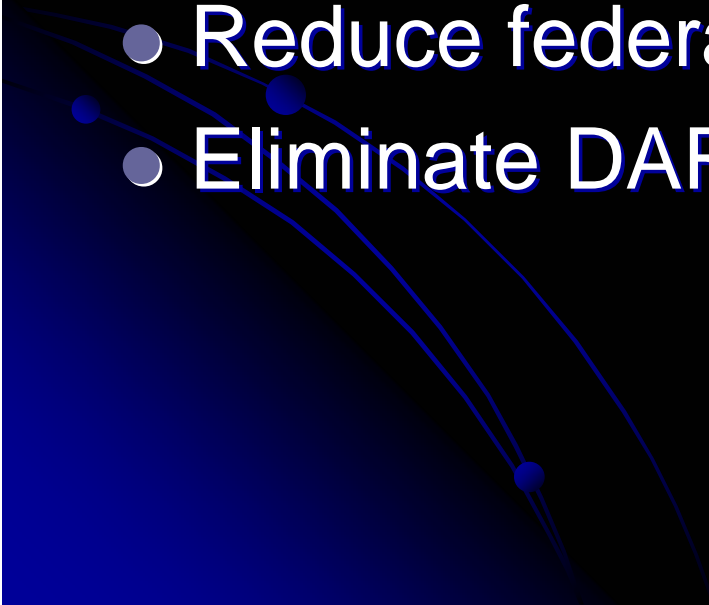
Budget Plan Goal

- Balanced Budget
- Preserve quality of instruction and services
- Salary schedule to retain & recruit quality staff
- Reduce spending
- Minimize loss of jobs for existing personnel
- Provide long term solutions

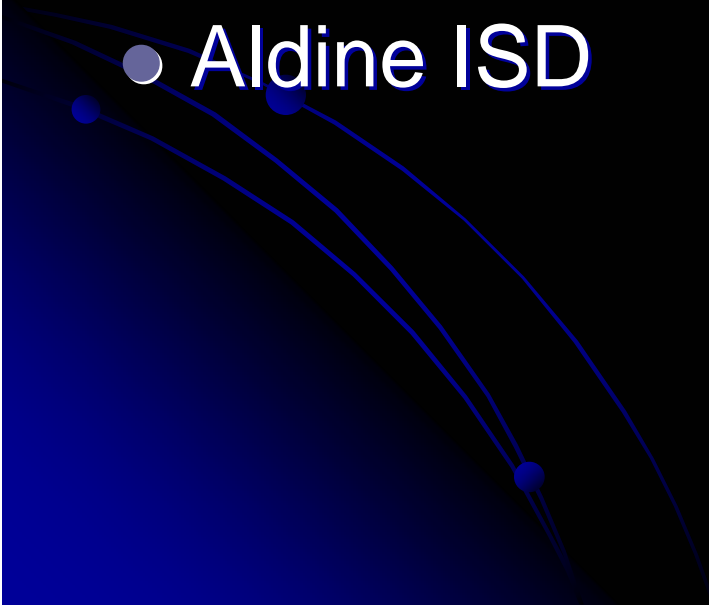
The Plan

- Provide a 5.5% salary increase for teachers
- Provide a 5% salary increase for all others
- Implement consultant recommendations
- Change special education service model
- Implement secondary teaching schedule based on 6 of 7 model
- Food Service pay for electricity & maintenance
- Increase sq.ft. per custodian cleaned

The Plan

- Reduce custodians at support facilities through attrition
 - Reduce parts specialists through attrition
 - 4-tier bus schedule
 - Reduce federal funds annual rollover
 - Eliminate DARE
- 

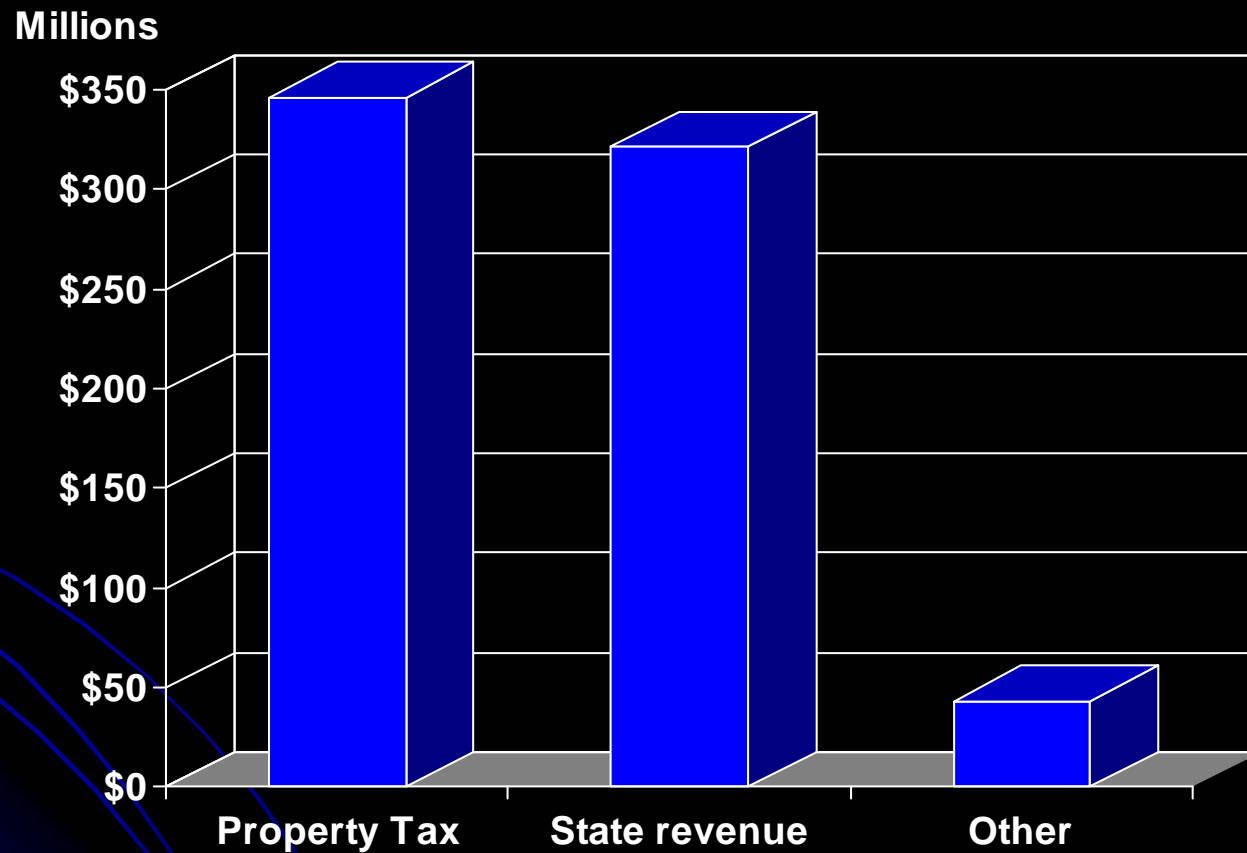
Budget Challenges For Other Districts

- Houston ISD
 - Austin ISD
 - Spring Branch ISD
 - Fort Bend ISD
 - Aldine ISD
- 

Revenues 2010-2011

Source	Budget	Percent
Tax Revenues	\$346,456,442	48.7%
State Revenues	321,412,273	45.2%
Misc./Federal	43,200,000	6.1%
<hr/>		
Total	\$711,068,715	100.0%
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Revenues 2010-2011

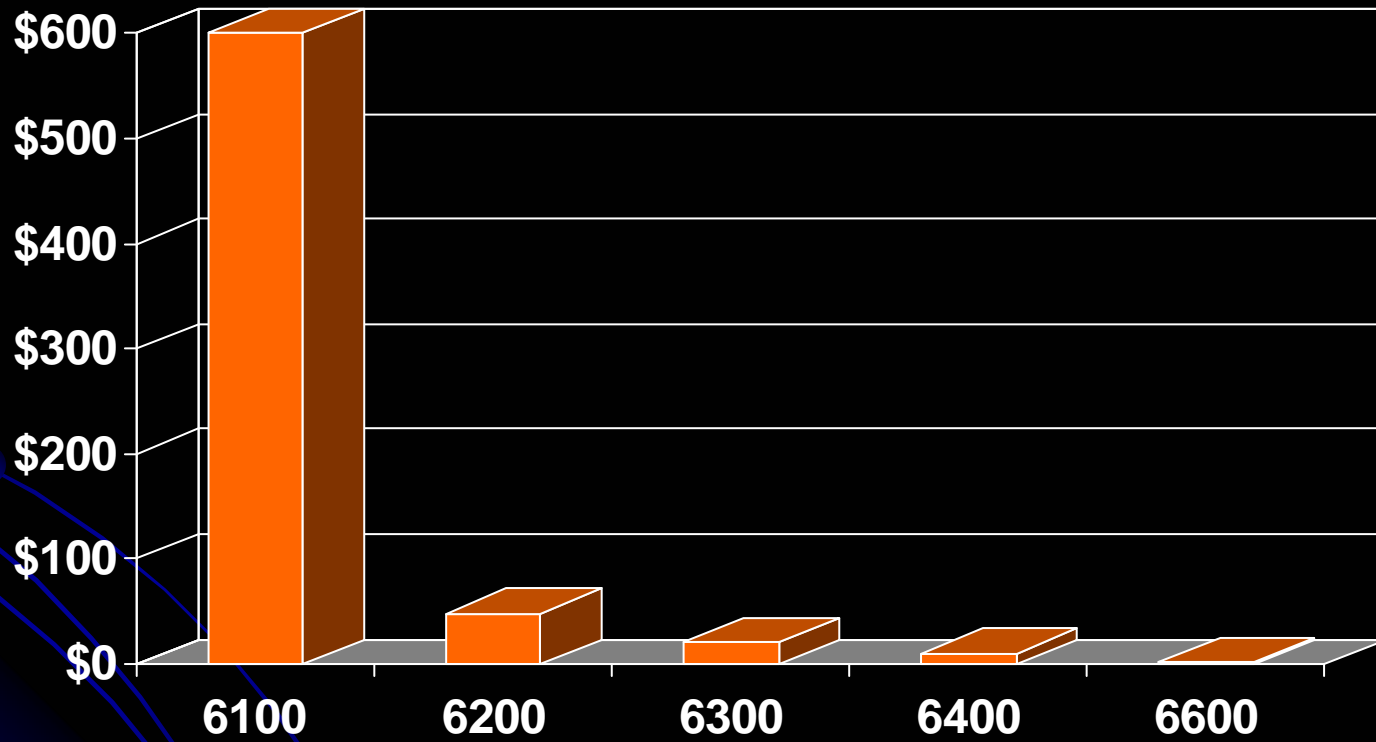


Expenditures 2010-2011

Object	Budget	Percent
Payroll Costs	\$631,214,315	88.77%
Purchased & Contracted Svc.	47,897,439	6.74%
Supplies & Materials	20,617,487	2.90%
Other Operating	9,839,474	1.38%
Capital Outlay	1,500,000	0.21%
Total	\$711,068,715	100.00%

Expenditures 2010-2011

Millions



Debt Service

- Principal & Interest \$131,091,898
- Tax Rate \$0.39

