



Cypress-Fairbanks Independent School District

*George R. Hobson.
Associate Superintendent*

June 29, 2005

The Honorable Corbin Van Arsdale
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768-2910

Dear Representative Van Arsdale:

In order to function within the restrictions imposed on us by the current public school finance system, while providing Cypress-Fairbanks ISD students with the quality of education that is expected by our community, our district was forced to make decisions that impacted staffing and services over the past four years. These decisions were made as a stop gap measure until a more efficient and adequate finance system was designed by the legislature. The intent was to sustain our school system for the short term. These decisions were not intended for the long term.

The following measures have been taken to operate as efficiently as possible as we waited on an inevitable new system:

- Budget reductions and cost avoidances in the amount of \$30.9 million since 2000-2001
- \$21 million fund balance reduction in 2001-2002
- \$13 million fund balance reduction (projected) in 2004-2005

The district has operated at the state M&O Tax rate cap of \$1.50 for the past three years while absorbing almost \$65 million in budget cuts, cost avoidances, and depletion of the fund balance in order to balance the budget and provide a quality education to our students.

During this time of tough financial challenges, consider the changes that have taken place. Since 2001-2002, the district has grown by 32% and opened 13 schools including four new schools this fall. The number of economically disadvantaged students has doubled. (This coming year, almost one-third of our student population is projected to be economically disadvantaged.) Students with limited-English proficiency (LEP) have increased by 75% in that same time period and our special education population has increased by 12%. Additionally, in the midst of financial challenges and more challenging students to educate, the accountability for student academic performance has increased dramatically.

You asked how CFISD would be impacted should HB 2 fail. Under the current system, CFISD would have a budget deficit again in 2005-2006 as we have experienced for the past 3 years. However and probably more importantly, if HB 2 defines the "new" finance system that we have been waiting for, it would also result in annual budget deficits.

So, is CFISD poised to provide the children of this district the education that they expect and deserve under the propositions of HB 2? A deficit is a deficit, not a long term solution to the problem.

I sent initial information on the financial impact of HB 2 to your office on June 27. Attached is an updated analysis on both the House and Senate proposals based on data we received from Moak, Casey and Associates, LLP on June 28.

We appreciate your seeking input on the impact that your decisions will make on our district, and we are counting on you and others who represent us to design a financial system that is adequate and efficient. Please feel free to contact me for any additional information that you need.

Sincerely,

George Hobson
Associate Superintendent for Business Services

Enclosure

cc: Senator Florence Shapiro
 Representative Ken Paxton
 Representative Jerry Madden
 Representative Craig Eiland
 Representative Bob Griggs
 Representative Peggy Hamric
 Senator Jon Lindsay
 Senator Tommy Williams
 Senator John Whitmire
 Senator Kyle Janek
 Senator Royce West
 Senator Kip Averitt
 Senator Steve Ogden
 Senator Todd Staples
 Senator Leticia Van de Putte
 Senator Judith Zaffirini
 Representative Joe Crabb

 Representative Robert Talton
 Representative Bill Callegari
 Representative Gary Elkins
 Representative Dwayne Bohac
 Representative Kent Grusendorf
 Representative Rene Oliveira
 Representative Dan Branch
 Representative Diane Delisi
 Representative Harold Dutton, Jr.
 Representative Rob Eissler
 Representative Scott Hochberg
 Representative Bill Keffer
 Representative Anna Mowery
 David Anthony, superintendent of schools
 CFISD Board of Trustees
 Araminta Everton

**Cypress-Fairbanks Independent School District
2005-2006 Projected Budget under CSHB 2 and CSSB 2**

Information is subject to change as proposed legislation changes.

| Revenue | Projection 2005-2006 CSHB 2 | Projection 2005-2006 CSSB 2 |
|----------------------------|--|--|
| Tax Revenue | | |
| (\$1.15 M & O Rate) House | \$254,551,185 | |
| (\$1.20 M & O Rate) Senate | | \$265,618,627 |
| State Revenue | | |
| (House) | \$227,676,519 | |
| (Senate) | | \$220,486,084 |
| Misc./Federal Revenue | \$6,965,000 | \$6,965,000 |
| Total Revenue | \$489,192,704 | \$493,069,711 |

Expenditures

| | | |
|---|----------------------|-----------------------|
| 6100 Payroll Costs | \$441,464,281 | \$441,464,281 |
| Incentive Pay 1% Prof. Sal. | \$3,000,000 | \$3,000,000 |
| Salary Increase \$2,000 (House) | \$5,312,156 | |
| * Salary Increase \$3,000 (Senate) | | \$13,312,156 |
| * \$500 pass-through (Support Staff) | | \$2,566,000 |
| 6200 Purchase & Contracted Services | \$28,699,846 | \$28,699,846 |
| 6300 Supplies & Materials | \$12,969,855 | \$12,969,855 |
| 6400 Other Operating | \$4,469,445 | \$4,469,445 |
| 6600 Capital Outlay | \$0 | \$0 |
| Total Expenditures | \$495,915,583 | \$506,481,583 |
| Surplus/(Deficit) | (\$6,722,879) | (\$13,411,872) |

* Salary Increase for Teachers, Nurses, Counselors and Librarians