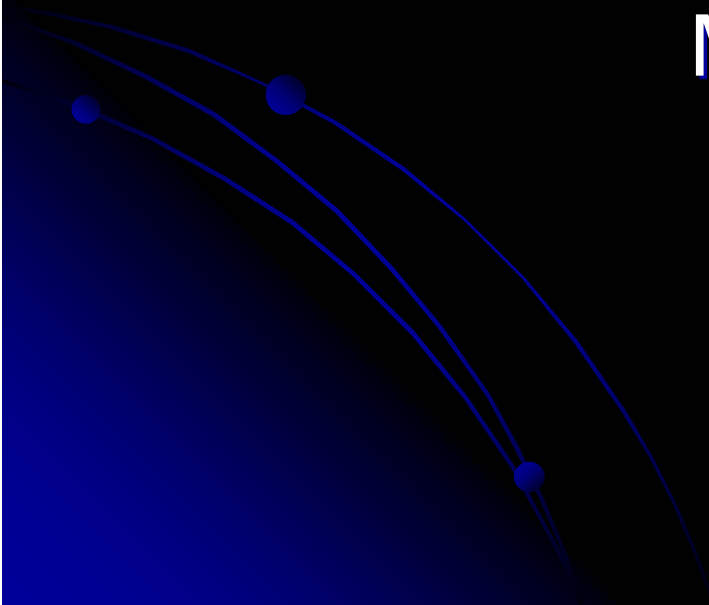
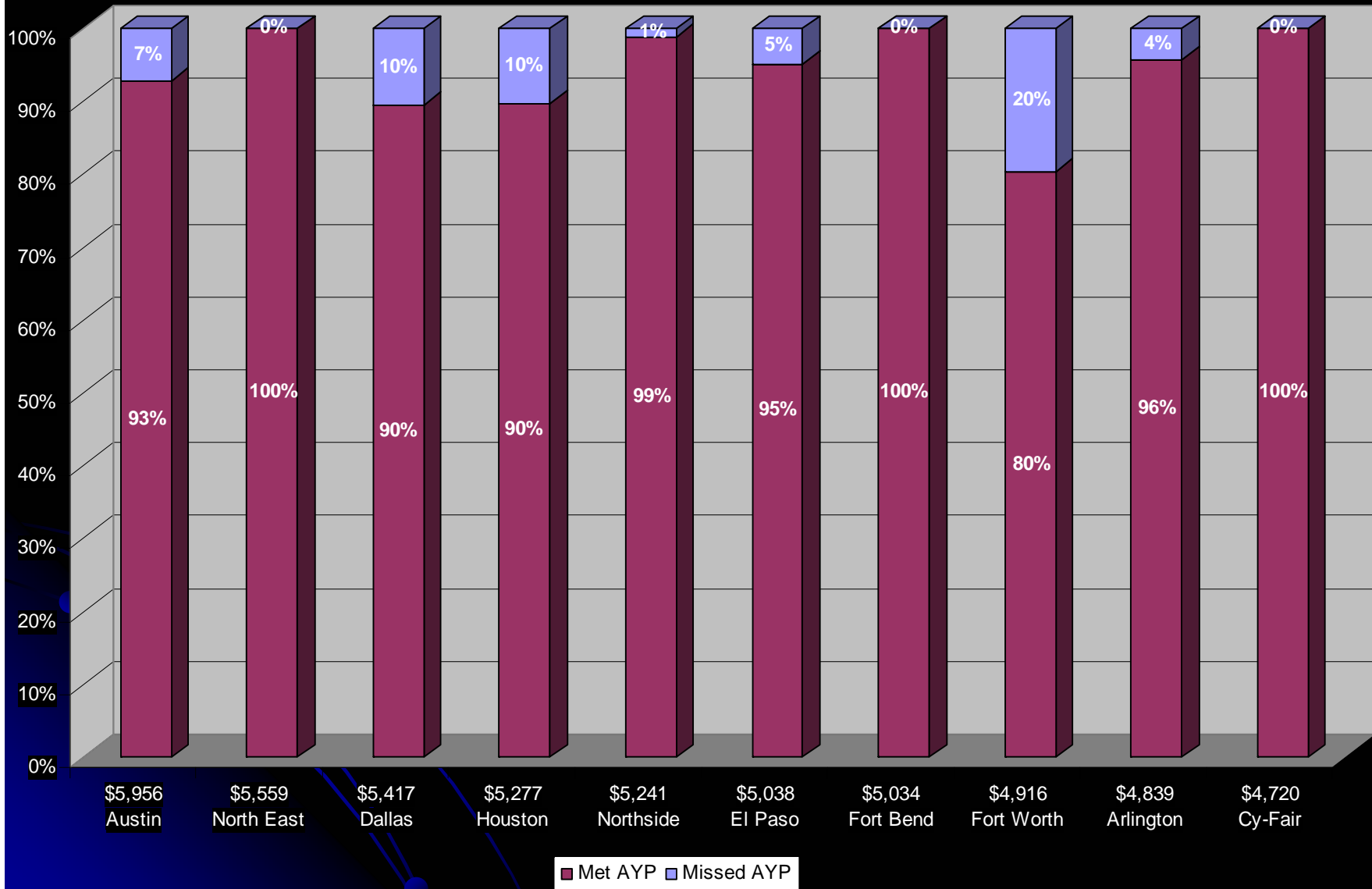


# CFISD Financial Status

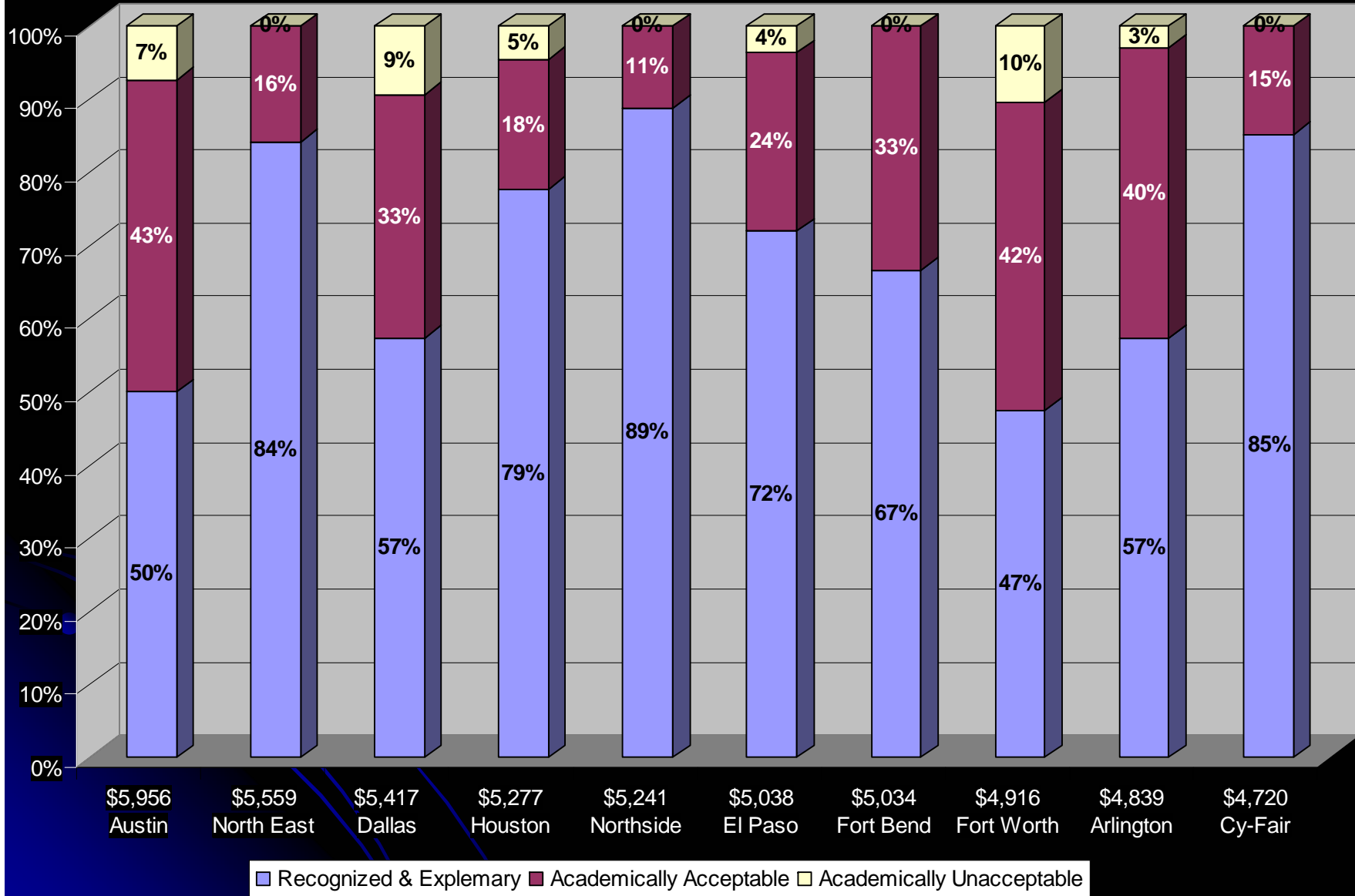
March 4, 2010



## 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



# CFISD Demographics

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

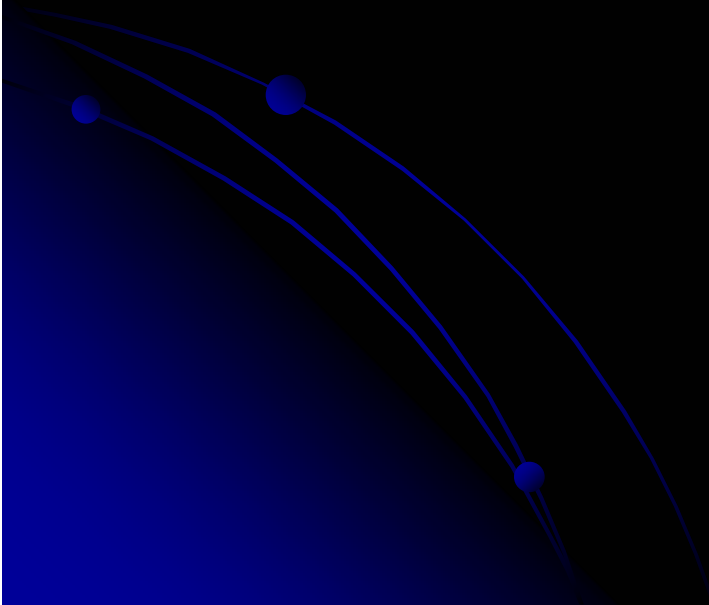
# Budget Process- Identifying Reductions

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

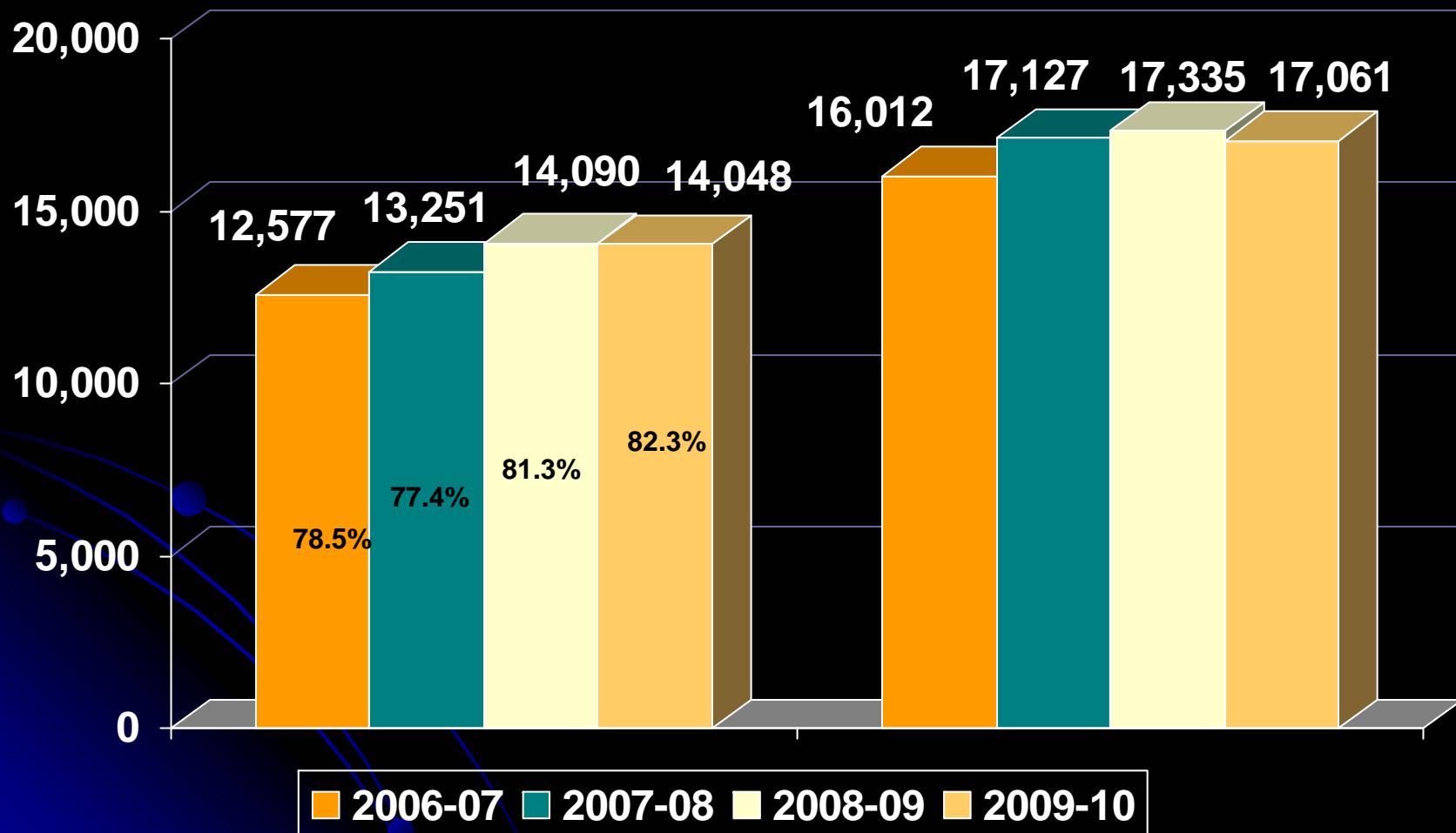
# Budget Goals

- 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

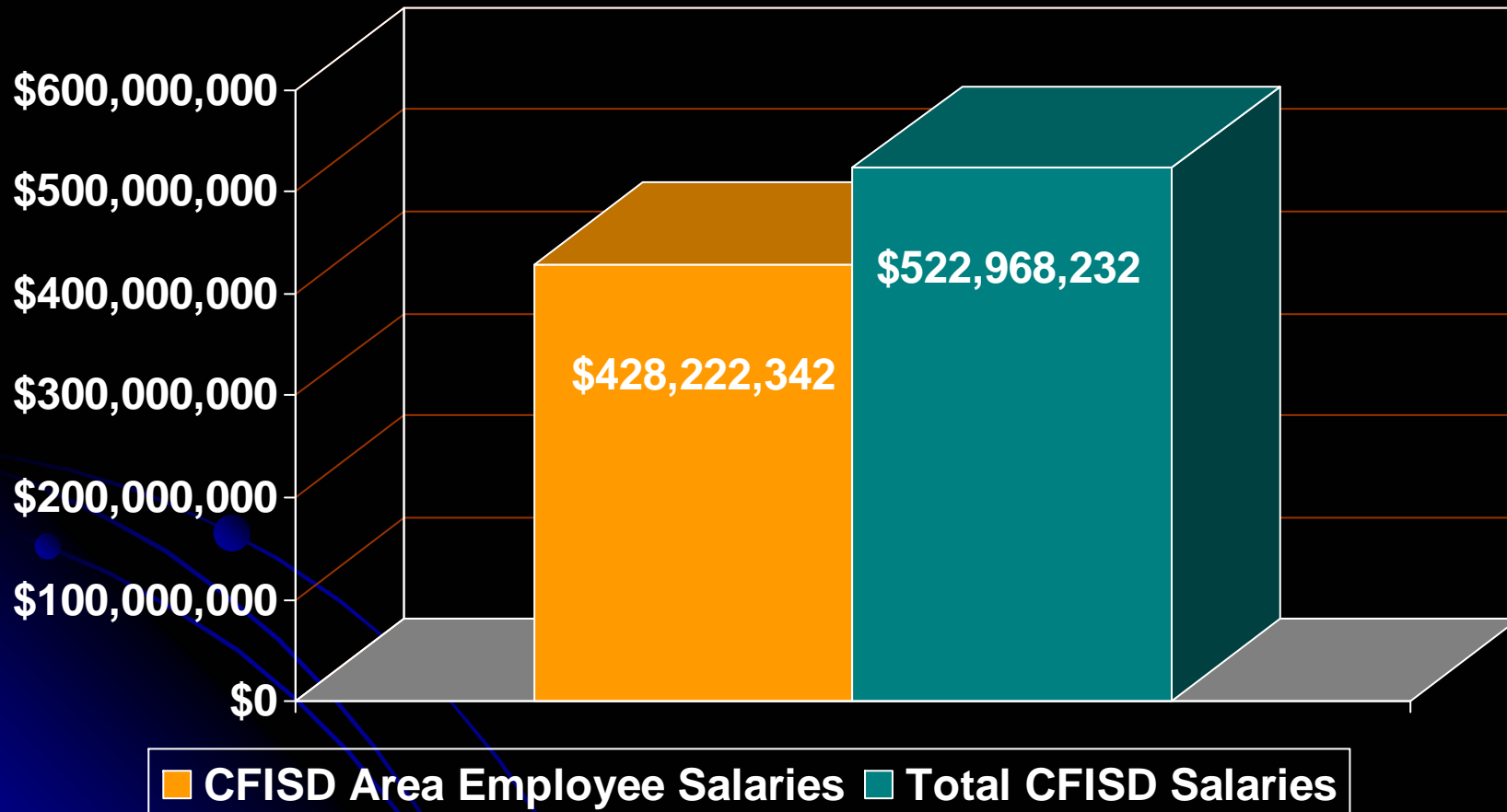


# Number of CFISD Employees Living in Cy-Fair/Total Employees



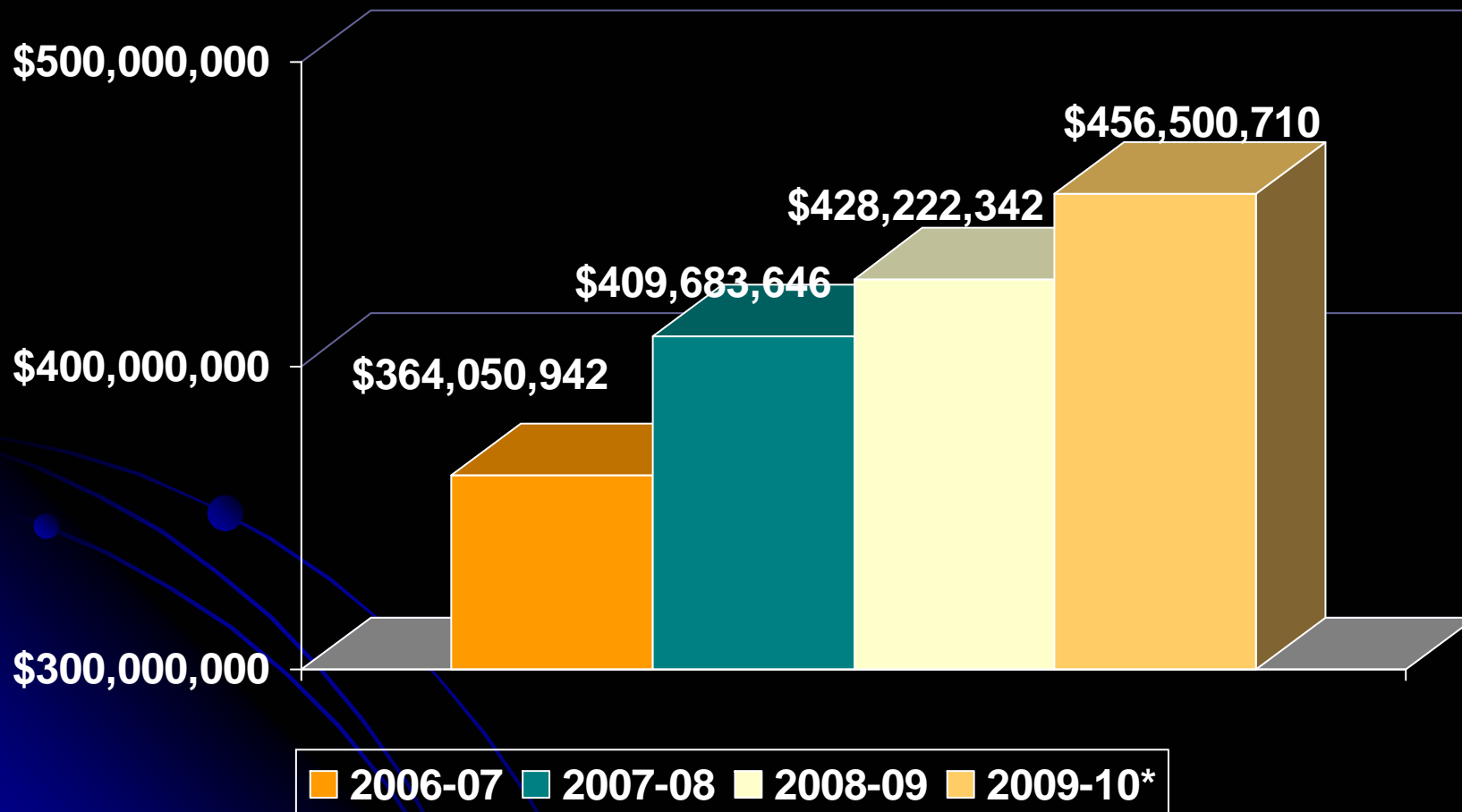


# Salaries for Employees Living in Cy-Fair / Total Salaries 2008-2009



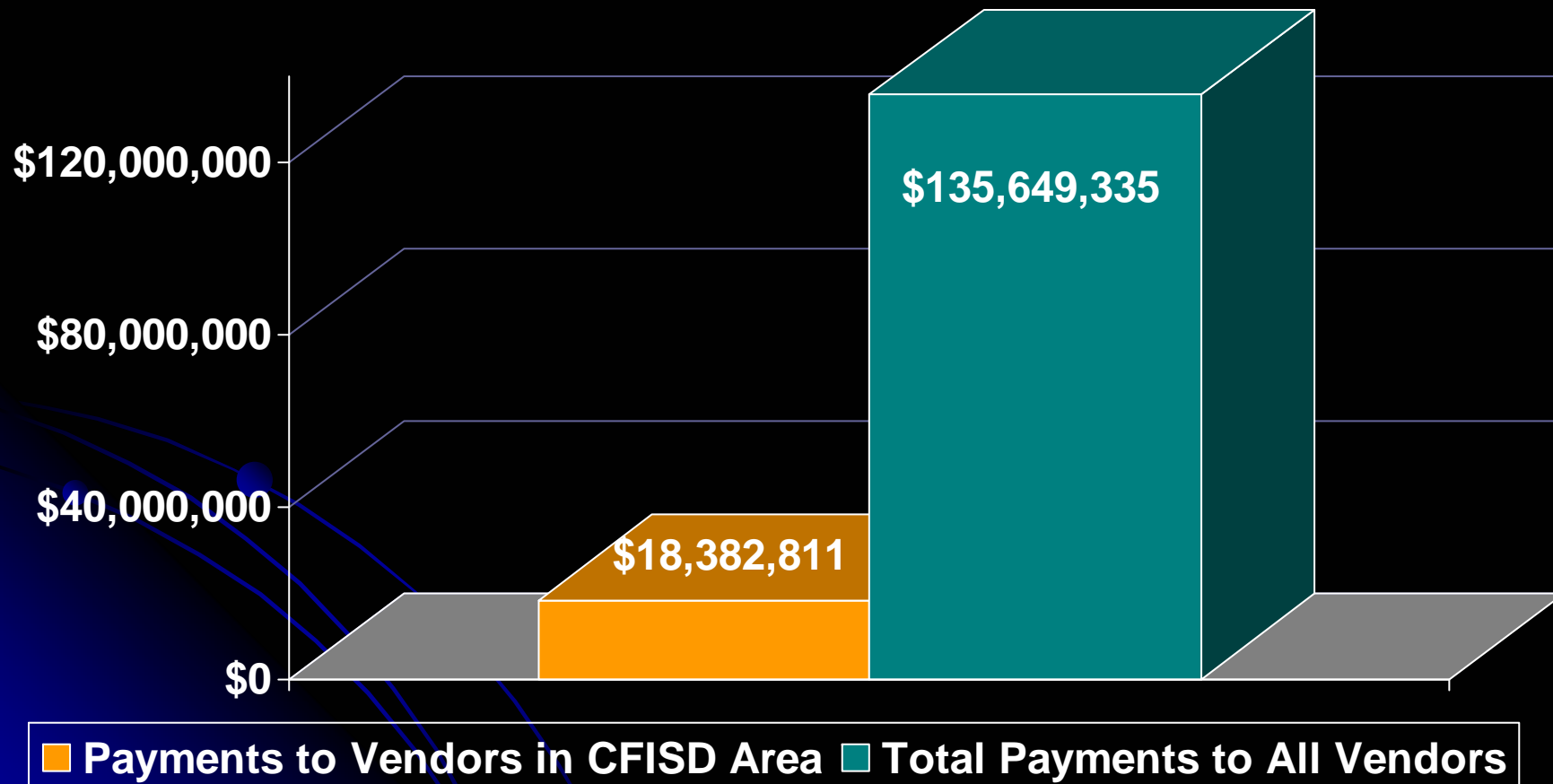
**81.90%**

# Salaries for Employees Living in Cy-Fair



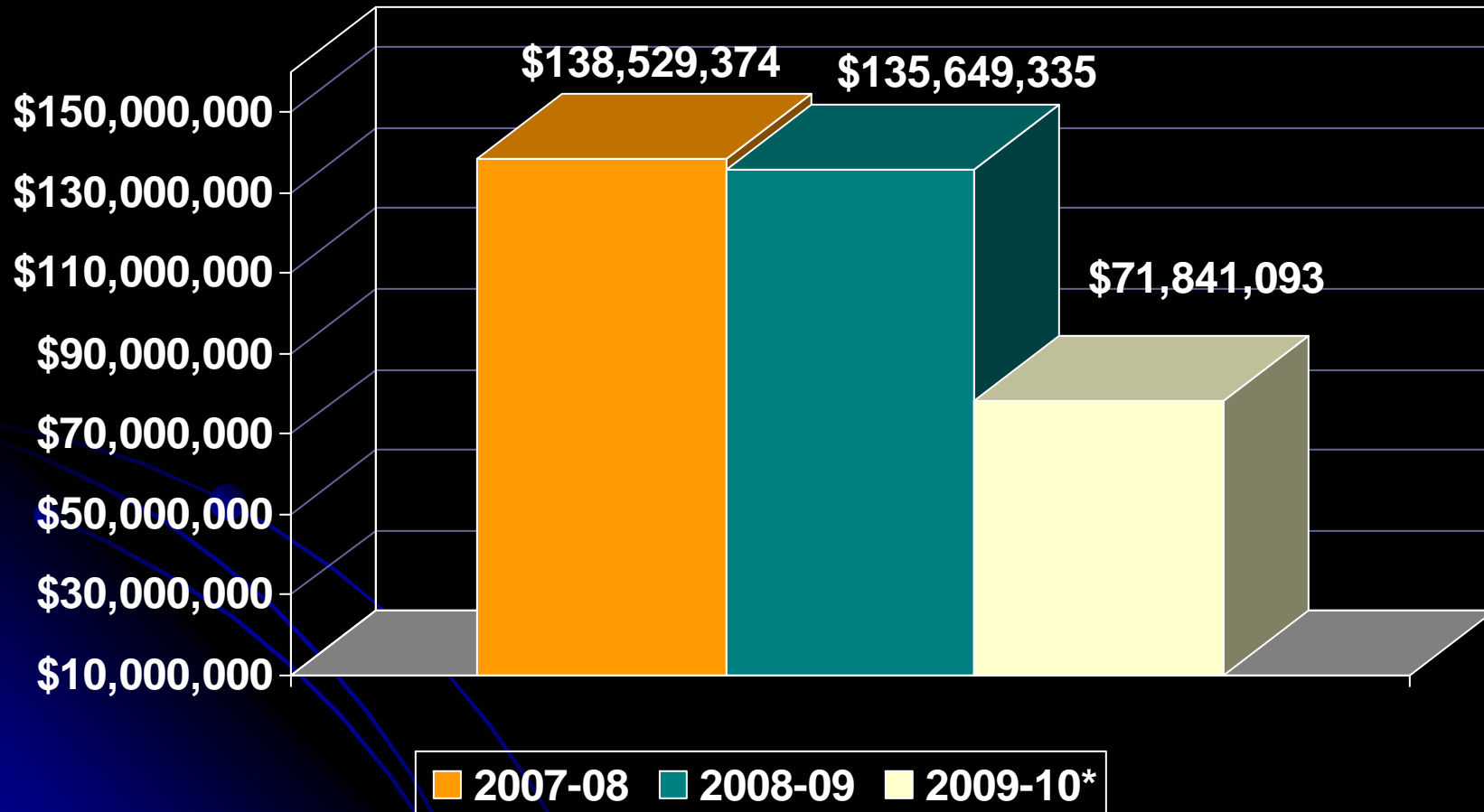
\* Annualized

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



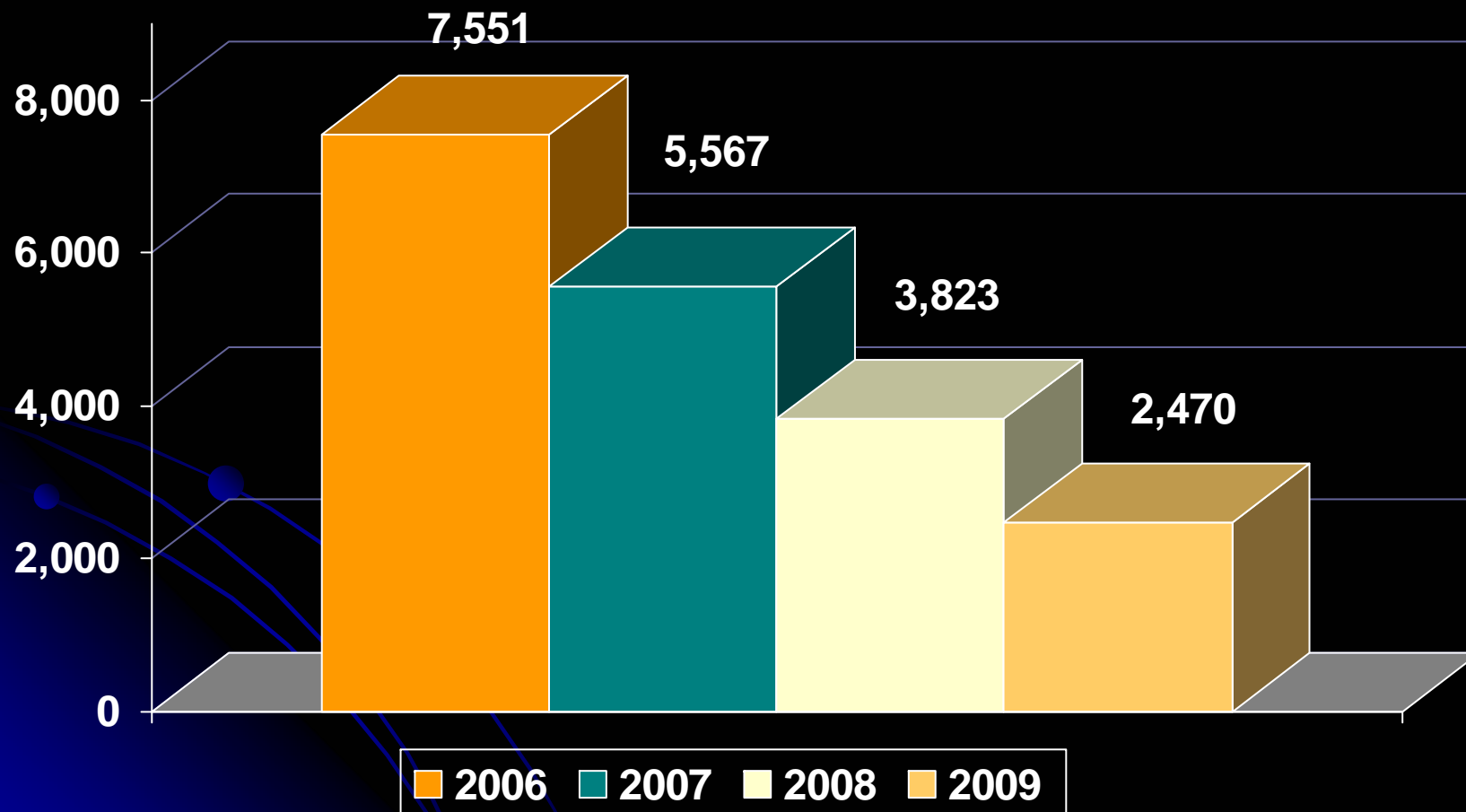
**13.55%**

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

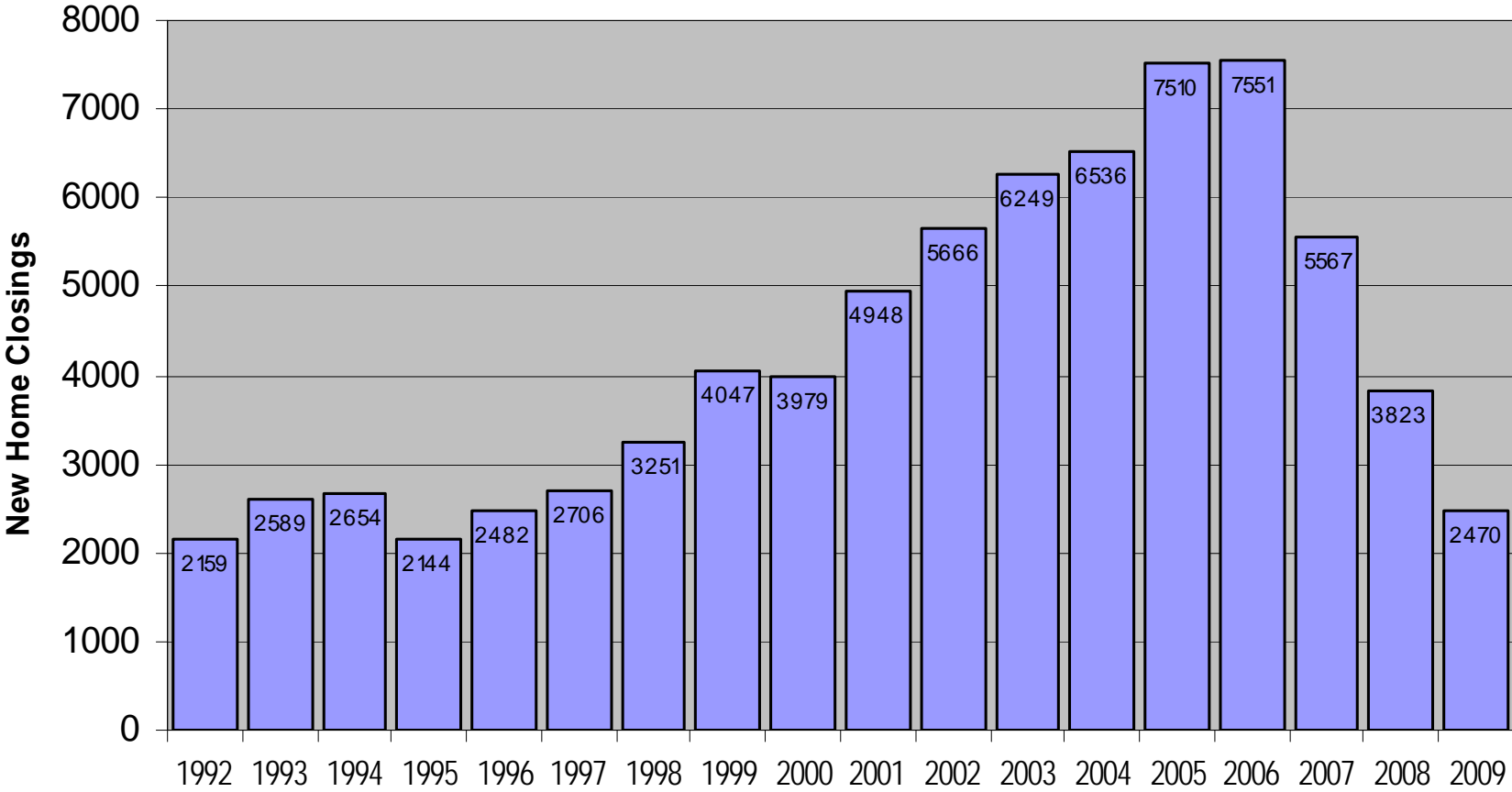


\* 8 Months expenditures as of February 11, 2010

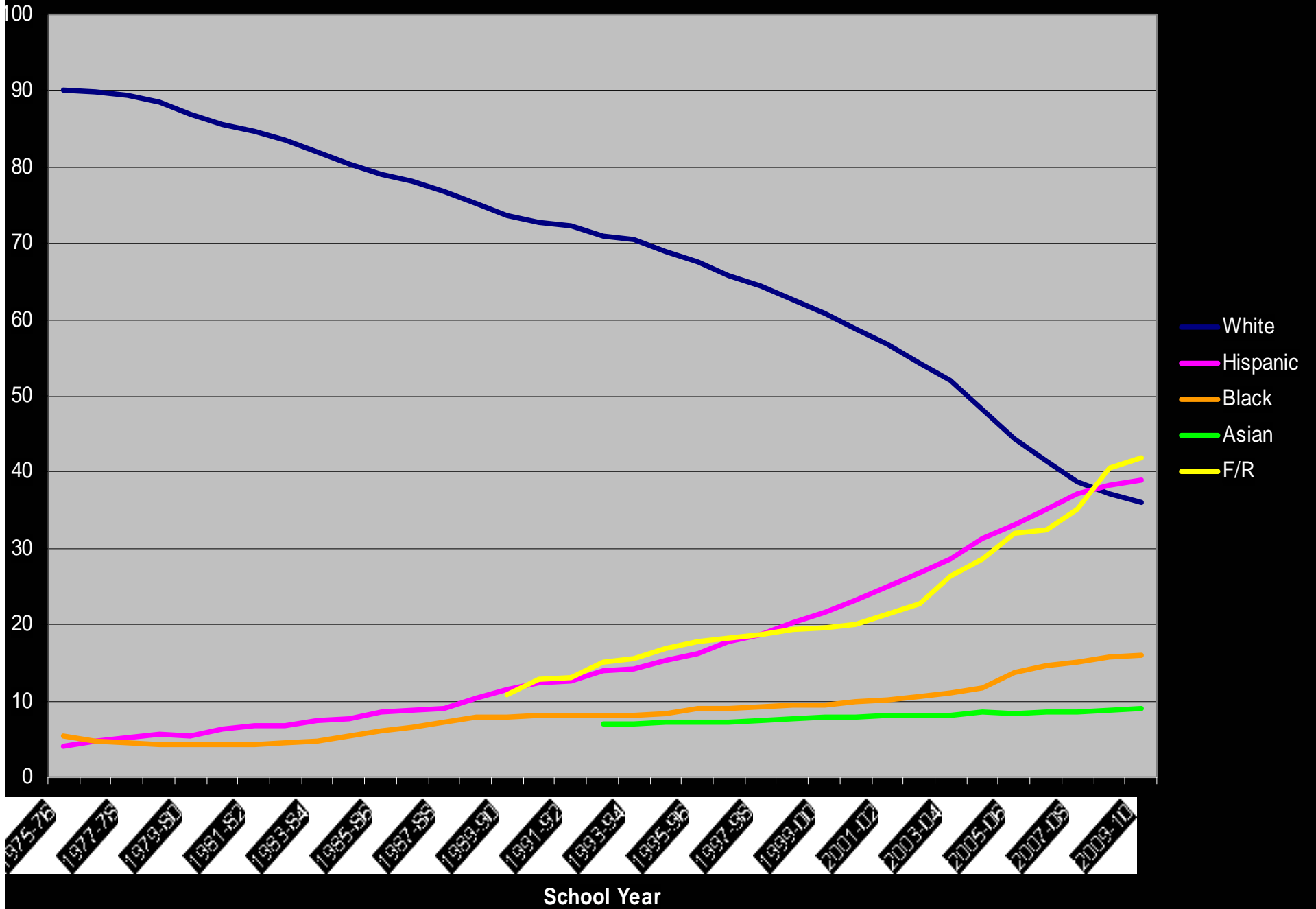
# New Home Closing Trends in Cy-Fair Area



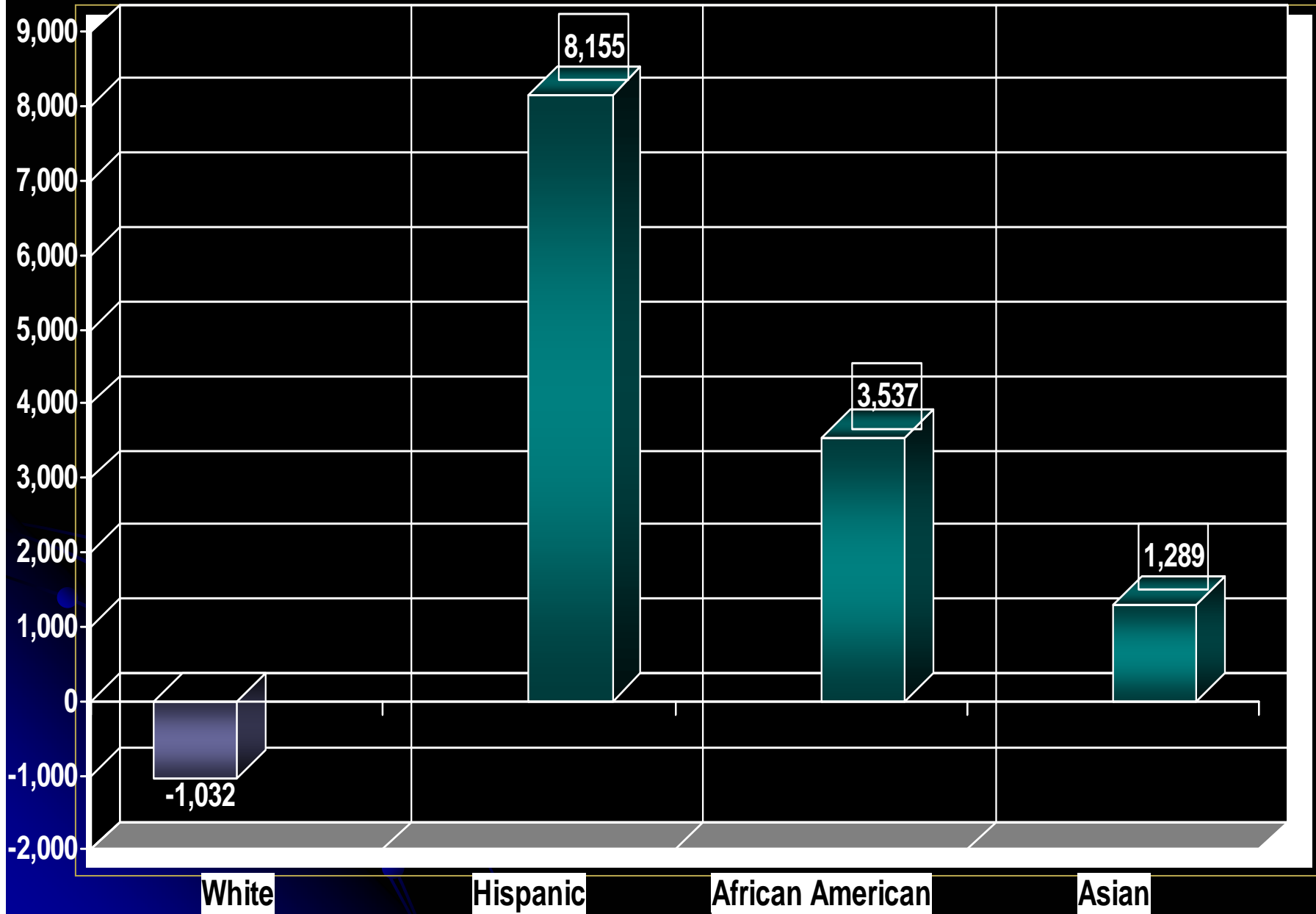
# New Home Closings in Cy-Fair



# Demographic Changes in Cy-Fair ISD



# 3 Year's Growth





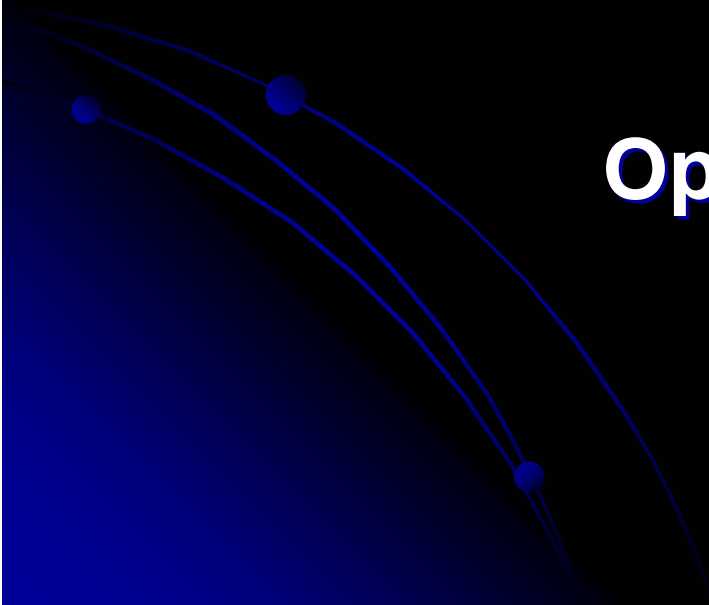
# Community Assessment Report Prepared by TIP Strategies September 2009

- 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

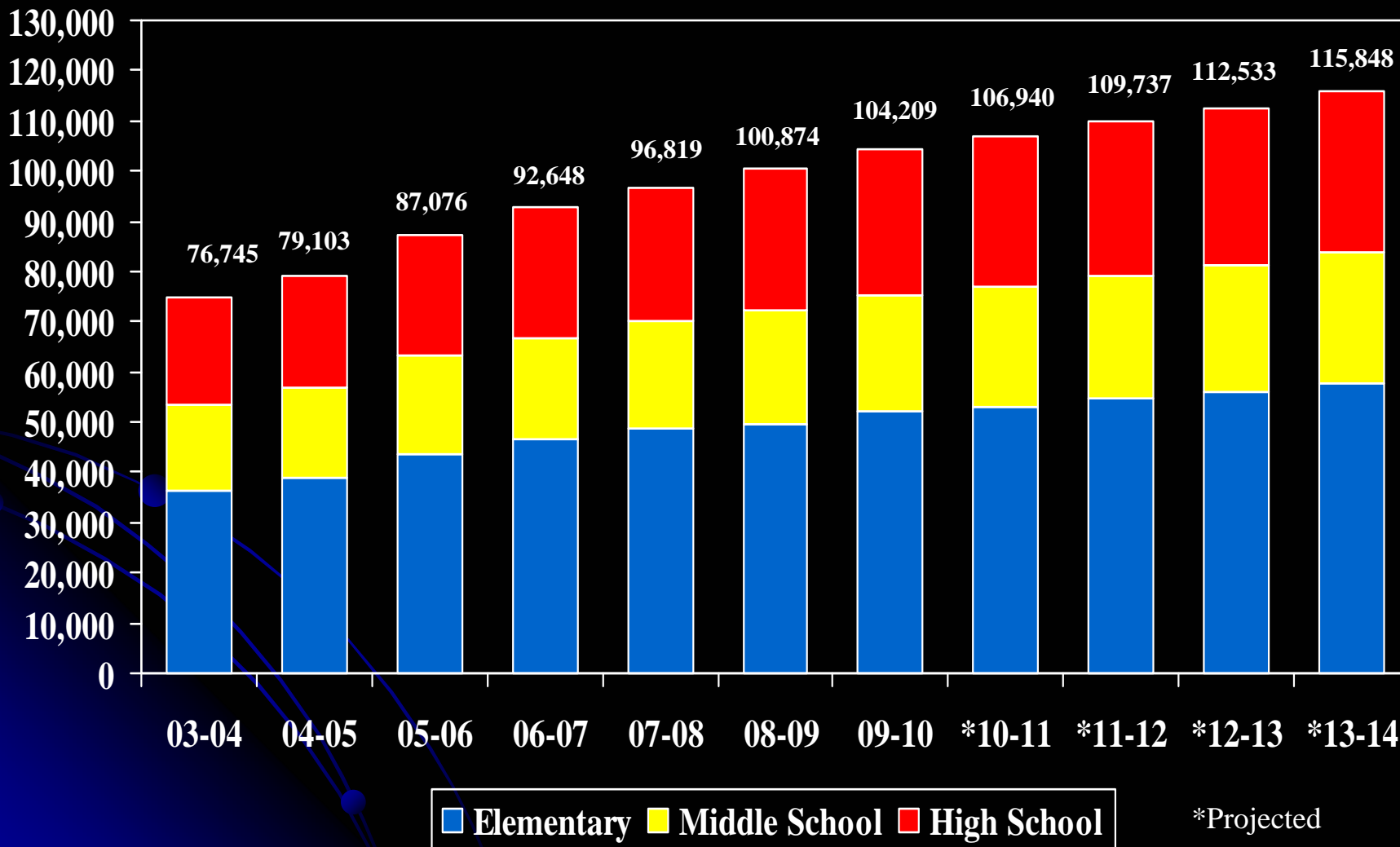
**2010-2011**

**Operating Budget**



# CYPRESS-FAIRBANKS ISD

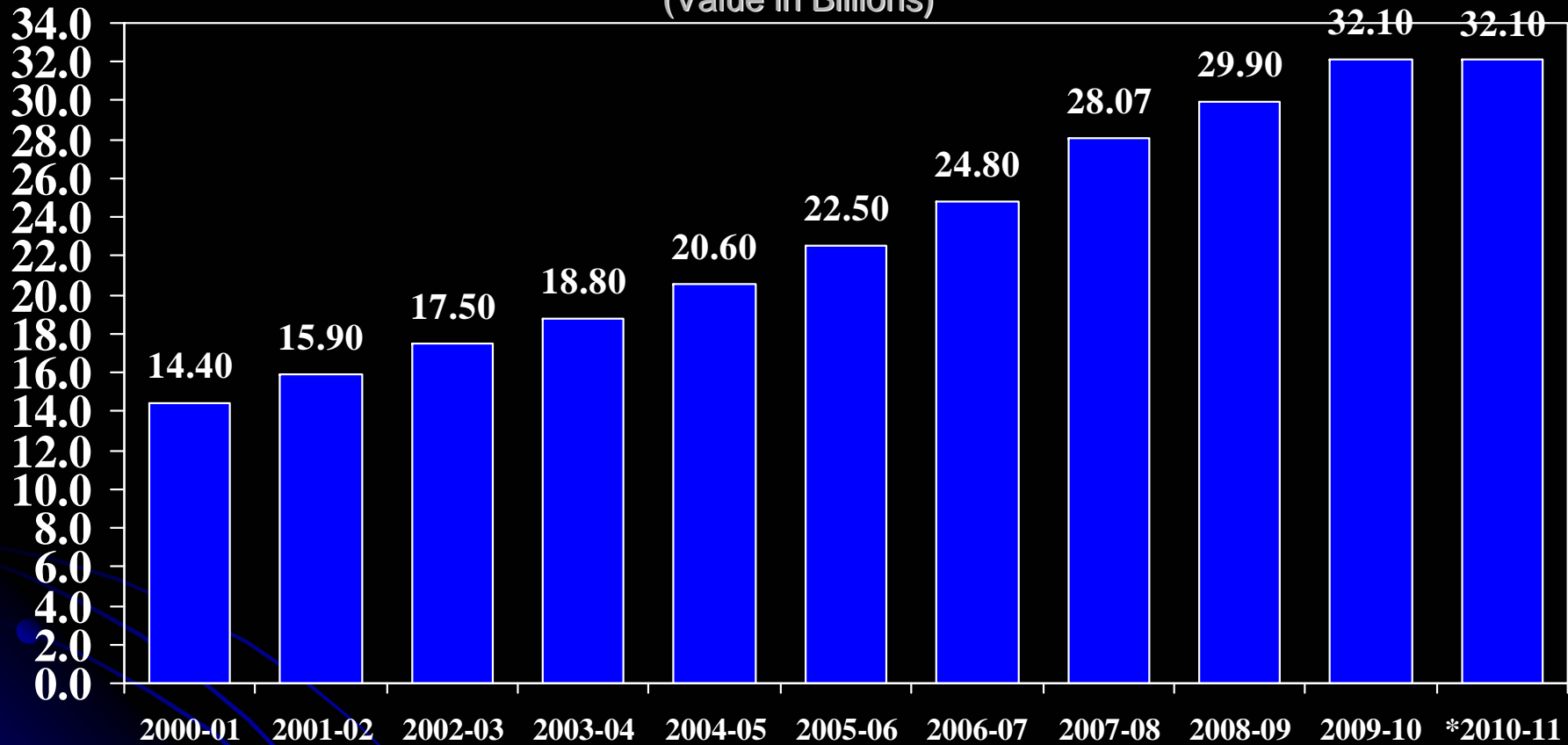
## Enrollment 2003-2004 Projected to 2013-14



# 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%
<b>Cy-Fair</b>	<b>4.55%</b>
Katy	4.29%

Data Source: Texas Education Agency

# Target Revenue

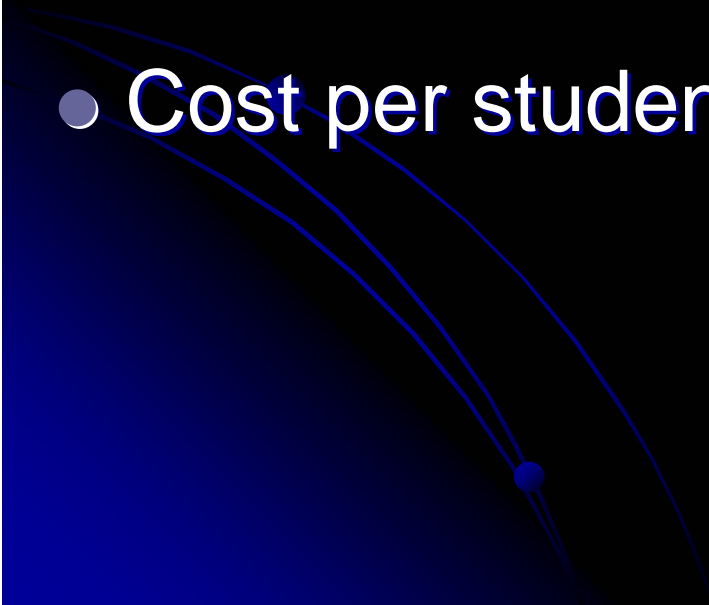
District	Target Revenue	Additional \$\$ Per Student
<b>Cy-Fair</b>	<b>\$4,720</b>	
Spring	4,998	\$278
Klein	5,022	302
Houston	5,277	557
Katy	5,465	745
Spring Branch	5,473	753
Tomball	6,031	1,311

# 2009-10 Cost per Student (Adopted Budget)

District	Cost per Student	Excess CFISD
<b>Cy-Fair</b>	<b>\$6,494</b>	
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
- 

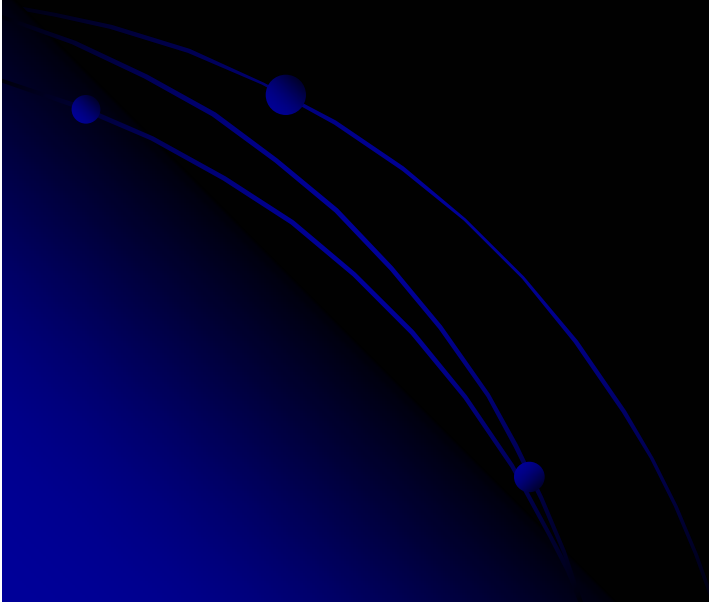


# Target Revenue v. Cost per Student

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

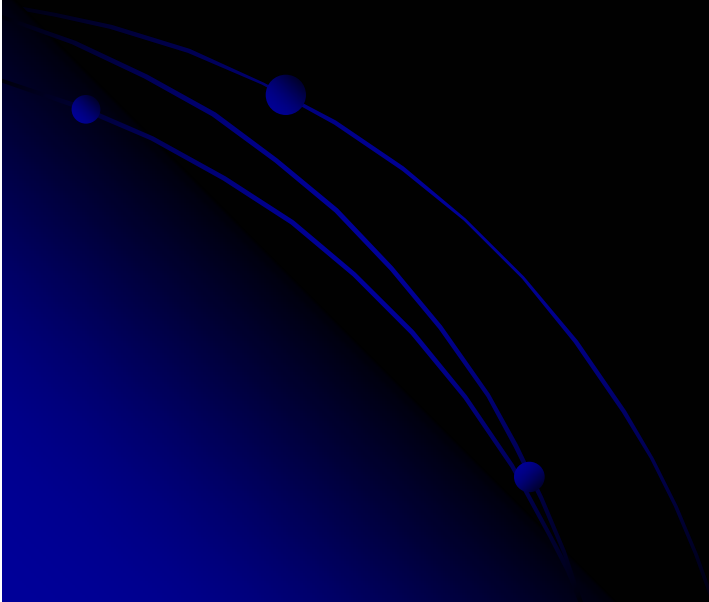
- Weighted students
- WADA
- 1% variance = \$6 million

# 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



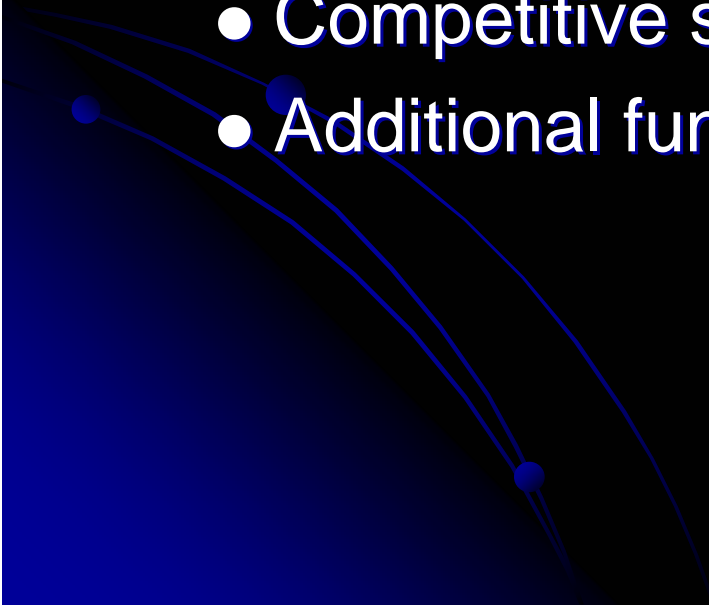
# Five-Year Budget Projections

(In Millions)


	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Revenue</b>	734.366	\$756.060	\$775.578	\$795.725	\$814.497
<b>Expend</b>	736.083	765.771	803.723	853.137	875.584
<b>Deficit</b>	(\$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

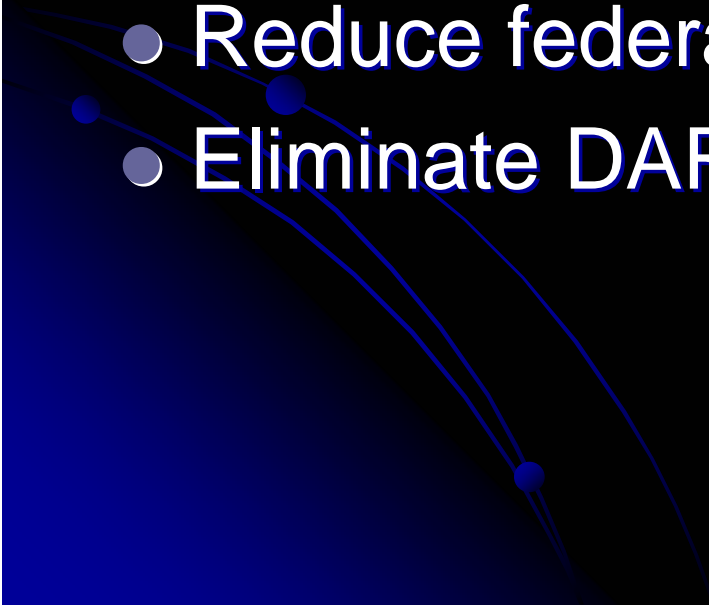
# Budget Plan Goal

- 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

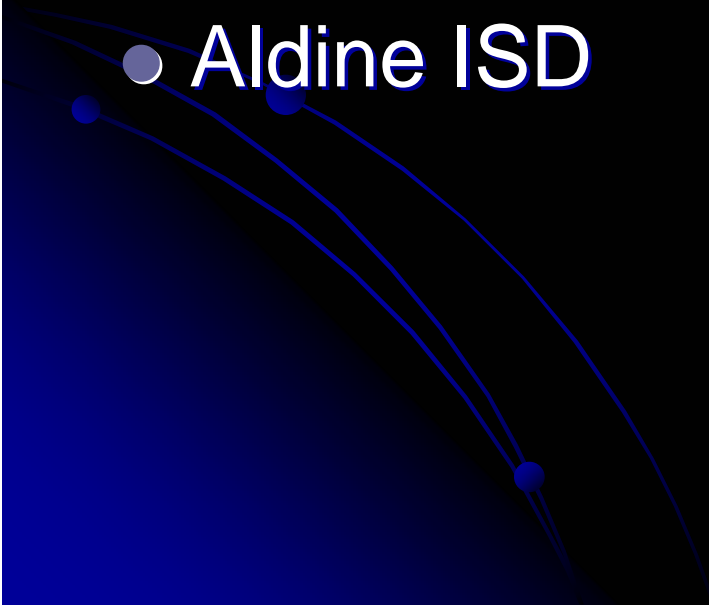
# The Plan

- 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



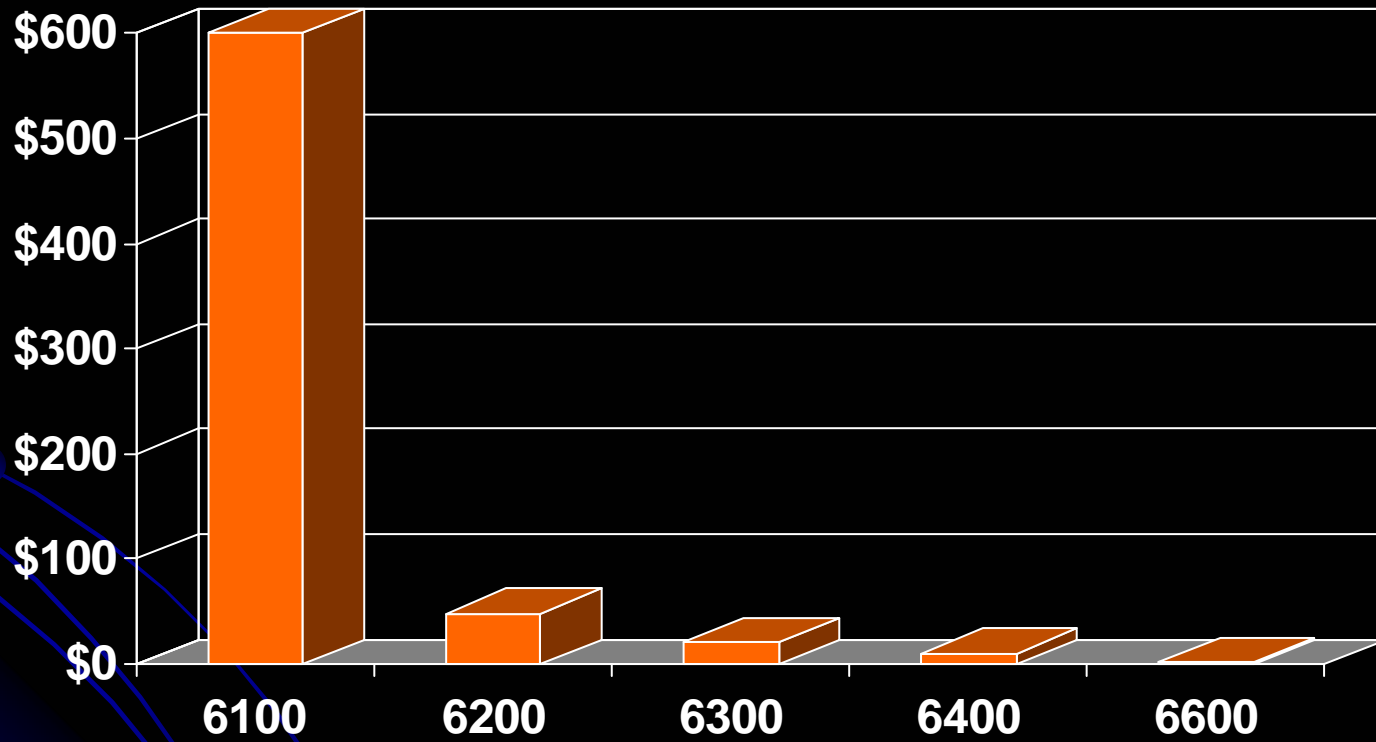
# Expenditures 2010-2011

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

