

**CYPRESS-FAIRBANKS ISD  
2018-19  
PRELIMINARY BUDGET**

**May 14, 2018**

# FACTORS INFLUENCING THE BUDGET PROCESS

- Continued declines in State revenue
  - ✓ Property values HCAD v. PTD
- Economic impact of Hurricane Harvey
  - ✓ Property values
  - ✓ Property insurance
- Property values (HCAD) not fully recovered from 2015 economic downturn
- Health insurance premium increases

# BUDGET PRIORITIES

- Preserve quality of instruction and services
- Compensation plan that remains competitive
- High priority on student and staff safety
- Protect the District's operational infrastructure

# TAXABLE PROPERTY VALUES (HCAD)

Budget Year	Tax Year	Taxable Value*	% Change
2013-14	2013	\$34,703,943,520	9.67%
2014-15	2014	\$40,567,626,715	16.90%
2015-16	2015	\$44,930,166,124	10.76%
2016-17	2016	\$48,247,078,042	7.38%
2017-18	2017	\$50,145,262,024	3.93%
2018-19	2018	\$52,233,222,365	4.16%

\*Certified values except for 2018-19 (estimated)

# STUDENT ENROLLMENT GROWTH

Budget Year	Actual Enrollment	Number Change	% Change
2013-14	111,404	1,429	1.30%
2014-15	112,986	1,582	1.42%
2015-16	113,897	911	0.80%
2016-17	114,842	945	0.83%
2017-18	116,475	1,633	1.42%
2018-19 *	117,723	1,248	1.07%

\* Projected

# CHANGE IN OPERATING REVENUES

(DOLLARS IN MILLIONS)

	Projected 2018-19	Projected 2017-18	Audited 2016-17	Audited 2015-16	Audited 2014-15	Four- Year Change	Four- Year % Change
State Revenue	\$313.3	\$323.8	\$333.2	\$355.2	\$393.7	\$(80.3)	(20.41)%
Tax Revenue	<u>515.7</u>	<u>504.5</u>	<u>484.2</u>	<u>449.6</u>	<u>415.8</u>	<u>99.8</u>	<u>24.01%</u>
Total	829.1	828.3	818.2	804.9	809.6	19.4	2.40%
Enrollment	117,723	116,475	114,842	113,897	112,986	4,737	4.19%

# CHANGE IN OPERATING REVENUES PER STUDENT

	Projected 2018-19	Projected 2017-18	Audited 2016-17	Audited 2015-16	Audited 2014-15	Four- Year Change	Four- Year % Change
State Revenue	\$2,662	\$2,781	\$2,905	\$3,119	\$3,485	\$(823)	(23.62)%
Tax Revenue	<u>4,381</u>	<u>4,331</u>	<u>4,220</u>	<u>3,948</u>	<u>3,681</u>	<u>700</u>	<u>19.02%</u>
Total	\$7,043	\$7,112	\$7,125	\$7,067	\$7,166	\$(123)	(1.72)%
Enrollment	117,723	116,475	114,842	113,897	112,986	4,737	4.19%

# CHANGE IN OPERATING REVENUES

	Projected 2018-19	Projected 2017-18	Audited 2016-17	Audited 2015-16	Audited 2014-15	Four- Year Change
State Revenue	37.7%	39.1%	40.7%	44.1%	48.6%	(10.9)%
Tax Revenue	62.3%	60.9%	59.3%	55.9%	51.4%	10.9%
Enrollment	117,723	116,475	114,842	113,897	112,986	4,737

# TEACHER SALARY COMPARISON NEIGHBORING DISTRICTS 2017-2018

	0-Year Salary	5-Year Salary	10-Year Salary	15-Year Salary	20-Year Salary	Maximum Schedule
Aldine	\$52,500	\$54,086	\$55,066	\$57,163	\$60,254	\$83,029 (1)
Cypress-Fairbanks	53,000 (2)	55,665 (1)	57,366 (1)	59,921 (1)	63,460 (1)	82,637 (2)
Houston	52,530	53,040	55,620	57,184	59,956	74,360
Katy	52,000	53,300	56,495	58,310	61,400	74,420
Klein	52,600	55,287	56,312	59,072	60,472	73,329
Spring	52,275	53,595	55,497	58,327	61,303	63,792
Spring Branch	52,000	53,600	55,600	57,700	60,200	72,950
Tomball	53,200 (1)	55,066	56,816	59,066	62,066	65,266

Source: TASB

# THE PLAN

- Provide competitive starting teacher salary
- Provide salary increase of 3% for all classroom teachers
- Provide salary increase of 3% for all other employees
- Provide an increase of \$2.00 in the daily rate paid to substitute teachers & paraprofessionals
- Provide funding to the Police Department for additional officers, dispatchers, other personnel, canines
- Provide funding for ongoing software licenses and maintenance
- Provide funding for increase in property insurance
- Provide funding for music uniform rotation
- Provide funding increases due to UIL realignment
- Provide funding for enrollment increase + BHS & CPHS

# WHAT'S INCLUDED 2018-2019

Amount (Millions)	Description
\$13.8	Cost of teacher salary increase
\$7.4	Cost of salary increase for all other employees
\$4.0	New teachers for enrollment growth
\$0.5	Police Department
\$0.6	UIL realignment
\$1.5	Software licenses/property insurance
<u>\$4.3</u>	Other/Miscellaneous
\$32.1	Total budget additions
<u>\$(21.7)</u>	Budget cuts
\$10.4	Net budget increase

# GENERAL FUND REVENUES & EXPENDITURES

	2017-18 Adopted Budget	2018-19 Projected Budget
Revenue	\$902,271,716	\$891,143,687
Expenditures	<u>920,479,152</u>	<u>930,946,225</u>
Deficit	<u>(\$18,207,436)</u>	<u>(\$39,802,538)</u>

# FUTURE BUDGET OPTIONS

- Tax Ratification Election to increase the M&O tax rate 13-cents
- Eliminate the 20% local Optional Homestead Exemption if prohibition is repealed
- Additional budget reductions, elimination of hundreds of positions
- Continue to draw down the operating fund balance
- 2-Cent Tax Rate Swap (2018-19)

# TAX RATE SWAP

	Tax Rate	State Revenue	Tax Revenue	Total Revenue
M&O	\$1.04	\$313,392,510	\$515,751,777	\$829,144,287
I&S	<u>0.40</u>	<u>0</u>	<u>198,366,068</u>	<u>198,366,068</u>
Total	<u>\$1.44</u>	<u>\$313,392,510</u>	<u>\$714,117,845</u>	<u>\$1,027,510,355</u>
M&O	\$1.06	\$331,661,447	\$525,670,081	\$857,331,528
I&S	<u>0.38</u>	<u>0</u>	<u>188,447,764</u>	<u>188,447,764</u>
Total	<u>\$1.44</u>	<u>\$331,661,447</u>	<u>\$714,117,845</u>	<u>\$1,045,779,292</u>
M&O	\$0.02	\$18,268,937	\$9,918,304	\$28,187,241
I&S	<u>(0.02)</u>	<u>0</u>	<u>(9,918,304)</u>	<u>(9,918,304)</u>
Total	<u>\$0</u>	<u>\$18,268,937</u>	<u>\$0</u>	<u>\$18,268,937</u>

# TAX RATE SWAP & SALARY INCREASE

	Without Tax Swap	With Tax Swap
Revenue	\$891,143,687	\$891,143,687
Tax Rate Swap	<u>0</u>	<u>28,187,241</u>
Total Revenue	891,143,687	919,330,928
Expenditures	<u>930,946,225</u>	<u>930,946,225</u>
Surplus (Deficit)	(39,802,538)	(11,615,297)
FB Transfer to DS	<u>0</u>	<u>(9,918,304)</u>
Net Effect on FB	\$(39,802,538)	\$(21,533,601)

# QUESTIONS