



Overview

- Background
- Legislative calendar and update
- Review preliminary tax roll
- Strategies
- 2017-18 outlook
- Debt Management & Tax Rates
- Next steps



Background

Revenues

- Through March, district had received CPTD and enrollment estimates
- Preliminary tax roll received at the end of April
- Legislative actions still pending

Expenditures

- BOT approved classroom positions for new schools and student growth
- BOT approved compensation adjustments for teaching and non-teaching staff

Source: FBCAD & FBISD Finance

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Legislative Calendar

- May 8 21 days left in session; Last day for House bills out of committee
- May 12 Last day for House bills 3rd reading
- May 20 Last day for Senate bills out of House committee
- May 28 Last day for Senate and House adoption of conference committee reports
- Jun 18 Governor's veto deadline
- Aug 28 Effective date for most bills

Source: Thompson & Horton LLP



Legislative Update

- House and Senate bills both factor in increases to Austin yield and student population growth
- House: HB21
 - Formula changes
 - \$1.8B in new money
- Senate: SB2145
 - Formula changes
 - Pending in Senate Ed.
- Bottom line: \$8 M to \$10 M in new state money is anticipated since both houses have the mechanisms in place for funding

Source: Thompson & Horton LLP & FBISD Finance

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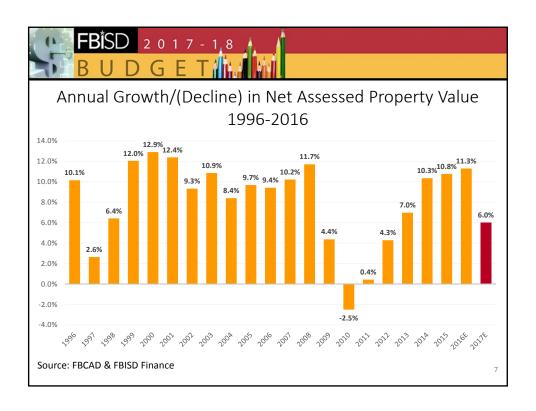


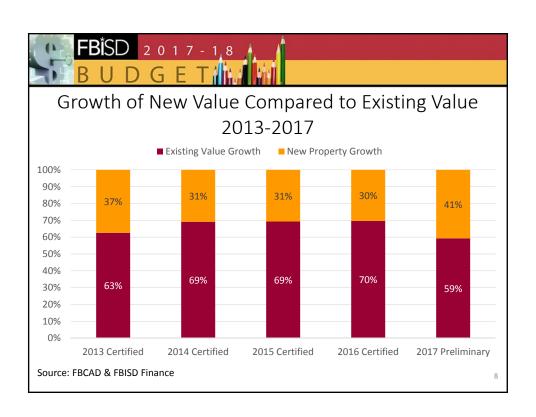
2017 Property Value Estimate

Initial estimates based on historic trends

- Twenty year growth has averaged above 8 percent
- Last five years growth averaged 8.7 percent
- Last three years growth was above 10 percent
- Information in early spring from Chief Appraiser indicated 10 percent growth was reasonable assumption

Source: FBISD Finance







2017 Property Value Estimate

- Oil slowdown impacted residential and commercial values more than anticipated
 - Pricing for new housing stock showed modest growth; existing housing negative to slight growth
 - Commercial property impacted by higher vacancies
- Preliminary valuation came in at \$33.6 B
 - Year-over-year growth is 6.0 percent vs. forecasted growth of 10 percent
 - Impact to General Fund: (\$14.5 M)
 - Local revenue loss: (\$13.4 M)
 - State revenue loss: (\$1.1 M)

Source: FBISD Finance

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Strategies to Address Anticipated Shortfall

We are prepared

- Targeted spending reductions can be quickly implemented to provide relief
- Board has developed policies to guide staff through anticipated revenue downturns
- Long-term strategies can be developed for implementation in 2018-19 for ongoing savings

Source: FBISD Finance

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	YE2016	YE2017
Non-spendable	\$1,741,180	\$1,741,180
Major maintenance	6,400,000	6,400,000
Instructional materials	2,700,000	2,700,000
Portables/Transportation/Technology	1,500,000	4,800,000
New instructional facilities	4,500,000	4,500,000
Economic Stabilization	7,500,000	14,554,249
Assigned fund balance	3,938,733	3,938,733
Total Committed & Assigned FB	\$28,279,913	\$38,634,162
Discretionary Fund Balance	\$16,200,000	\$26,554,249
Source: FBISD Finance		11



2017-18 Budget Assumptions

Average daily membership: 75,354 (moderate growth)

Average daily attendance: 96.5%

Property value growth: 6% CAD = «\$14.5 M» / 9.65% CPTD

Increase in Austin yield: \$99.85 = \$2.8 M
Additional state aide: HB21 = \$8.5 M

New school start up: \$3.4 M (3 elementary campuses)

Staffing ratios: PK-4 22:1; 5th 25:1

Teacher/Principal compensation adjustments: \$14.8 M

Benefits cost adjustments: \$3.0 M

Campus staffing additions: \$8.84 M (134.84 FTEs)

Other compensation adjustments: \$9.17 M

Source: FBISD Finance

FBISD 2017-18 BUDGET	Outlook		
	2016-17	2017-18	
<u>(</u> \$000s)	Estimate	Proposed	
Revenue	\$ 595,153	\$ 628,388	
Operating Expenditures	594,305	633,347	
Other Sources	1,500	1,500	
Other Uses	(816)		
Projected Surplus/(Shortage)	1,531	(3,458)	
Application of Fund Balance	<u> </u>	3,458	
Net Change	1,531		
Fund Balance - Beginning	182,463	185,525	
Fund Balance - Ending	\$ 185,525	\$ 182,067	
Fund Balance ≠ Cash Balance Source: FBISD Finance		+1,204 enrollment CPTD: 9.65% CAD: 10.00%	13



Commercial Paper Refunding – May 2017

- District will refund \$99 million of commercial paper (CP) on May 11, 2017 – Fixed Rate Transaction – 3.4% TIC
- \$47.5 million of 2017A Series Green Bonds were issued in connection with the refunding.
 - Premium of \$4.9 million, \$52 million CP will be paid off
- \$36.8 million of 2017B Series Bonds was issued in connection with the refunding.
 - Premium of \$3.5 million, \$47 million CP will be paid off
- After the closing, the District will start issuing Commercial Paper again

Source: FBISD Finance & FSW



Debt Service Tax Rate Reduction

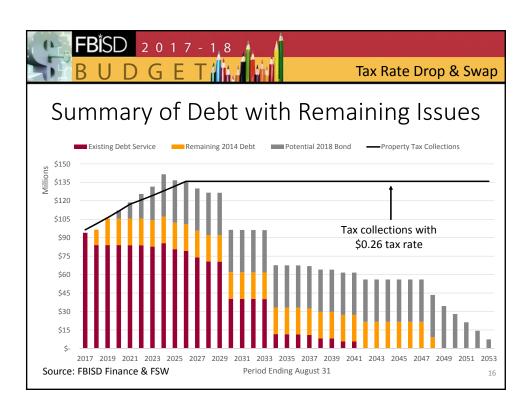
- Create tax analysis model using fixed rate issues only
- Assume \$150M issued in 2018 (4.5%) and \$150M issued in 2019 (4.75%) this is the remaining authorized debt
- Assume \$100M issued annually for potential Bond 2018: 2020-24, interest rates progressing from 5% in 2020 to 6% in 2024
- Assume property value increases of:

- 2017: 6.0%- 2018-2021: 5.0%

- 2022-2025: 3.0% (no growth in future years)

- Conservative model shows a total decrease of 4¢ is sustainable
- Impact savings from Commercial Paper, Variable Rate Issues, and Refundings NOT included in the model.

Source: FBISD Finance & FSW



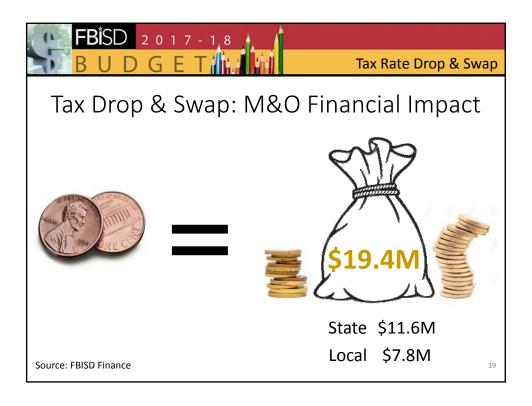


Strategies to Maintain Debt Service Tax Rate Reduction

- Maintain debt management strategy
 - Continue commercial paper program
 - Refunding of bonds (2008 series & beyond)
 - Continue variable rate debt program (currently well below 25% limit)
- Utilize debt service fund balance if needed
- Structure debt to fill in gaps if needed

Source: FBISD Finance & FSW

FBISD 2 0 1 7 -			Tax	Rate [Orop & Swap
Tax Rate					
	I&S		M&0		Tax Rate
Existing Tax Rate	\$0.30	+	\$1.04	=	\$1.34
Tax Rate with Swap	\$0.26	+	\$1.06	=	\$1.32
Change	-\$0.04		\$0.02	=	-\$0.02
Source: FBISD Finance					18

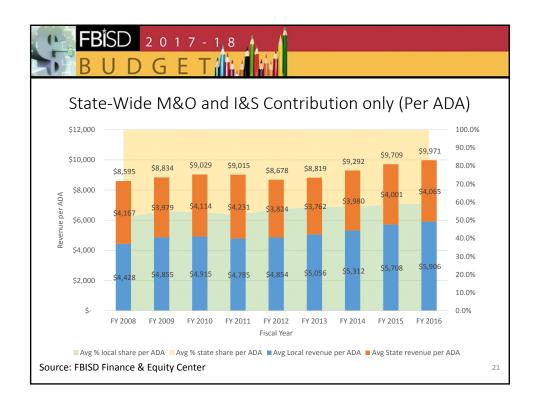


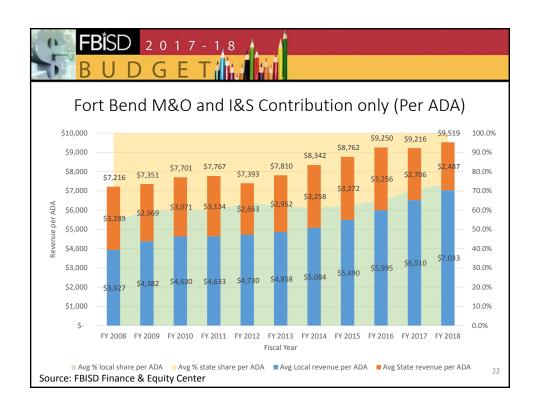


Why not just reduce the tax rate?

- Student enrollment has increased by 12% since 2007 (~ 8,000 students)
- Five new campuses are opening in the next two years
- Need recurring revenue stream to ensure the District is able to:
 - Compete with other growing districts for teachers and other talent
 - Maintain investments made in new teachers and compensation adjustments
 - Sustain staffing additions for three new elementary campuses in 2017-18; a new middle school and CTE center in 2018-19; and future student growth
- Current revenue streams are not enough to stay competitive and to meet staffing guidelines
- Overall spending per student is efficient compared to peer districts

Source: FBISD Finance







Budget Development Timeline

May

- Renewal/Non-Renewal Approvals
- Approve Tax Rate to be Adopted
- Call Date for Budget Hearing

June

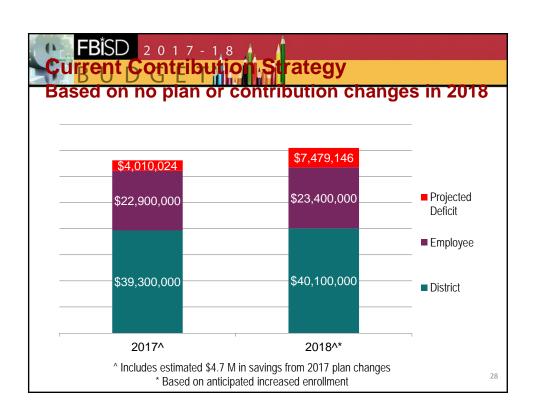
- Budget Hearing
- Final Amendment
- Fund Balance Resolution
- Budget Adoption



FBISD	INSPIREEQUIPIMAGIN
July 2016 - March 201	Whealth Plan Performance
FBISD Contributions	\$27,903,983
Employee Contributions	\$16,968,128
Total Revenue for Health Plan	\$44,872,111
Plan Expenses	
Fixed Cost	
Administration Fees	\$4,260,443
Stop Loss - \$450,000	\$1,638,560
Affordable Care Act Fees	\$187,290
Total Fixed Cost	\$6,086,293
Claims	\$47,087,245
Total Expenses	\$53,173,538
Deficit	(\$8,301,427)

20	17 ISD B	enefits Coi	mparison	
	Fort Bend ISD	Katy ISD	TRS - Cypress/ Fairbanks	Lamar Consolidated ISD
of Schools	75	60	88	38
of Students	73,377	72,952	114,704	30,883
SD Monthly Contribution for ledical Insurance	\$482	\$385	\$225 Minimum	\$420
Monthly Employee Only Contrib	oution			
Lowest Cost Plan	\$63.28	\$92.00	\$116.00	\$44.34
Highest Cost Plan	\$195.14	\$162.00	\$407.00	\$235.54
Average	\$135.20	\$123.00	\$265.73	\$123.56
onthly Family Contribution				
Lowest Cost Plan	\$381.20	\$652.00	\$751.00	\$482.60
Highest cost Plan	\$845.62	\$902.00	\$1,103.00	\$1,476.84
Average	\$643.94	\$751.50	\$872.90	\$886.70
SD Monthly HDHP Contribution for EE Only Coverage (HRA or HSA)	\$500	\$400 for Basic Plans; \$650 for Plus Plans	None	Unknown

Plan Name	Kelsey Plan	Choice Plan	Pesign Premium Tier Plan		HRA Plan	Choice High Deductible Plan
Plan Network	Kelsey Seybold	Choice	C	hoice	Choice	Choice
Deductible Individual / Family	\$750 / \$1,500	\$1,500 / \$3,000	Tier 1 \$1,000 / \$2,000	Tier 2 \$2,000 / \$4,000	\$2,500 / \$5,000	\$6,500 / \$13,000
Out of Pocket Maximum Individual / Family Physician Office Visit	\$3,750 / \$7,500	\$5,000 / \$10,000	\$4,000 / \$8,000	\$4,000 / \$8,000	\$6,000 / \$12,000	\$6,500 / \$13,000
Primary Care Specialist	\$25 copay \$35 copay	\$35 copay \$45 copay	\$30 copay \$40 copay	\$45 copay \$55 copay	30% after deductible	0% after deductible
Preventive Services (Deductible Waived)	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Routine Labs and X-Rays	20% after deductible	20% after deductible	20% after deductible	20% after Tier 1 deductible	30% after deductible	0% after deductible
Inpatient Hospital	20% after deductible	20% after deductible	20% after deductible	\$250 per admit, Tier 2 ded. & 40% coinsurance apply	30% after deductible	0% after deductible
Urgent Care	\$75 copay	\$75 copay	\$7!	5 copay	30% after deductible	0% after deductible
Advanced Imaging (CT scan, MRI, PET scan, etc.)	20% after deductible	20% after deductible	20% after deductible	20% after Tier 1 deductible	30% after deductible	0% after deductible
Emergency Room (true emergency)	\$250 copay (waived if admit); deductible & coinsurance apply	\$250 copay (waived if admit); deductible & coinsurance apply		d if admit); deductible & rance apply	30% after deductible	0% after deductible
Inpatient Mental Health/Substance Abuse	20% after deductible	20% after deductible	20% after deductible	20% after Tier 1 deductible	30% after deductible	0% after deductible
Prescription Drugs Retail Prescription Drugs (30 days)	30%/ 40%/ 50%/ 45%	30%/ 40%/ 50%/ 45%	30%/ 40'	%/ 50%/ 45%	30%/ 40%/ 50%/ 45%	0% after medical ₂
Mail Order Rx (90 days)	25%/ 35%/ 45%/ 45%	25%/ 35%/ 45%/ 45%	25%/35	%/ 45%/ 45%	25%/ 35%/ 45%/	deductible is met



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Contribution	v Entollment & Em s by Riahiii	
Kelsey Charter	Enrollment - 643	Employee Contribution
EE only	436	\$160.46
EE + Spouse	39	\$496.77
EE + Children	112	\$443.33
EE + Family	56	\$657.17
-1 .		
Choice	Enrollment – 2,298	Employee Contribution
EE only	1579	\$195.14
EE + Spouse	128	\$644.64
EE + Children	400	\$549.72
EE + Family	191	\$845.62
Premium Tier	Enrollment – 1.984	Employee Contribution
EE only	1210	\$168.90
EE + Spouse	1210	\$108.90
FF + Children	403	
	256	\$466.66 \$691.76
EE + Family	250	\$691.76
Choice HRA	Enrollment – 1,848	Employee Contribution
EE only	1020	\$88,20
EE + Spouse	136	\$298.70
EE + Children	412	\$226.80
EE + Family	280	\$381.20

	SQ	Option 1	Option 2	Option 3	Option 4
FBISD	No Change	\$3 M increase	\$3 M increase	\$3 M increase	\$3 M increase
Kelsey	No Change	No Change to Rates	No Change to Rates	0% EE Only, 10% Spouse, 0% Children, 10% Namily	0% EE Only, 10% Spouse, 0% Children, 10% Family
HDHP	No Change	No Change to Rates	No Change to Rates	No Change to Rates	No Change to Rates
Choice	No Change	0% EE Only, 8% Spouse, 8% Children, 8% Family	5% Ex Only 5% Spouse, 5% Children, 5% Family <\$10 for EE Only	0% EE Only, 9% Spouse, 8% Children, 19% Family	5% EE Only, 16% Spouse, 5% Children, 16% Family <\$10 for EE Only
Premium Tier	No Change	0% EE Only 8% Spouse 8% Children, 8% Family	5% EE Only, 5% Spouse, 5% Children, 5% Family <\$10 for EE Only	0% EE Only, 19% Spouse, 8% Children, 19% Family	5% EE Only, 16% Spouse, 5% Children, 16% Family <\$10 for EE Only
HRA/HSA	No Change	30% EE Only, 30% Spouse, 30% Children, 30% Family <\$30 for EE Only	30% EE Only, 30% Spouse, 30% Children, 30% Family <\$30 for EE Only	30% EE Only, 43% Spouse, 30% Children, 43% Family <\$30 for EE Only	30% EE Only, 43% Spouse, 30% Children 43% Family <\$30 for EE Only

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Propos	sed (Mon	ith y En	ployee	Contrib	outions
Kelsey Charter	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$160.46	\$160.46	\$160.46	\$160.46	\$160.46
EE + Spouse	\$496.77	\$496.77	\$496.77	\$5 46.4 5	\$546.45
EE + Children	\$443.33	\$443.33	\$443.33	\$443.33	\$443.33
EE + Family	\$657.17	\$657.17	\$657.17	\$722.89	\$722.89
Choice	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$195.14	\$195.14	\$204.90	\$ 1,95.14	\$204.90
EE + Spouse	\$644.64	\$696.21	\$676.87	\$765.83	\$744.56
EE + Children	\$549.72	\$593.70	\$577.21	\$593.70	\$577.21
EE + Family	\$845.62	\$913.27	\$887.90	\$1,004.60	\$976.69
Premium Tier	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$168.90	\$168.90	\$177.35	\$168.90	\$177.35
EE + Spouse	\$522.92	\$564.75	\$549.07	\$621.23	\$603.97
EE + Children	\$466,66	\$503.99	\$489.99	\$503.99	\$489.99
EE + Family	\$691.76	\$747.10	\$726.35	\$821.81	\$798.98
Choice HRA	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$88.20	\$114.66	\$114.66	\$114.66	\$114.66
EE + Spouse	\$298.70	\$388.31	\$388.31	\$427.14	\$427.14
EE + Children	\$226.80	\$294.84	\$294.84	\$294.84	\$294.84
EE + Family	\$381.20	\$495.56	\$495.56	\$545.12	\$545.12

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R D	2 0 1 7 sed Mo l	The second			, ,
Contr	ibutions				
elsey Charter	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EE + Spouse	\$0.00	\$0.00	\$0.00	\$49.68	\$49.68
EE + Children	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EE + Family	\$0.00	\$0.00	\$0.00	\$6 5.72	\$65.72
hoice	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$0.00	\$0.00	\$9.76	\$0.00	\$9.76
EE + Spouse	\$0.00	\$51.57	\$32.23	\$121.19	\$99.92
EE + Children	\$0.00	\$43.98	\$27.49	\$43 .9 8	\$27.49
EE + Family	\$0.00	\$67.65	\$48,28	\$158.98	\$131.07
remium Tier	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$0.00	\$0.00	\$8.45	\$0.00	\$8.45
EE + Spouse	\$0.00	\$41.83	\$26.15	\$98.31	\$81.05
EE + Children	\$0.00	\$37.33	\$23.33	\$37.33	\$23.33
EE + Family	\$0.00	\$55.34	\$34.59	\$130.05	\$107.22
hoice HRA	Status Quo	Option 1	Option 2	Option 3	Option 4
EE only	\$0.00	\$26.46	\$26.46	\$26.46	\$26.46
EE + Spouse	\$0.00	\$89.61	\$89.61	\$128.44	\$128.44
EE + Children	\$0.00	\$68.04	\$68.04	\$68.04	\$68.04
EE + Family	\$0.00	\$114.36	\$114.36	\$163.92	\$163.92







- A triple tax-advantaged account that pairs with a High Deductible Health Plan to lower your taxable income
 - Make contributions tax-free
 - Withdraw funds tax-free (for eligible medical expenses)
 - Invest and earn tax-free
- The funds in <u>your</u> HSA bank account carry forward year after year and are yours
- The "use it or lose it" rule does not apply

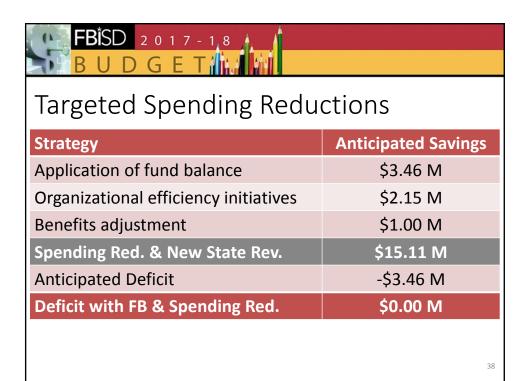
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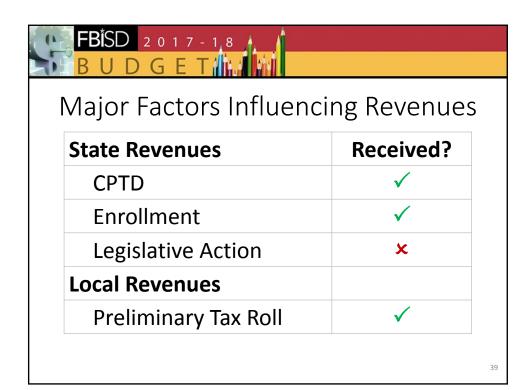


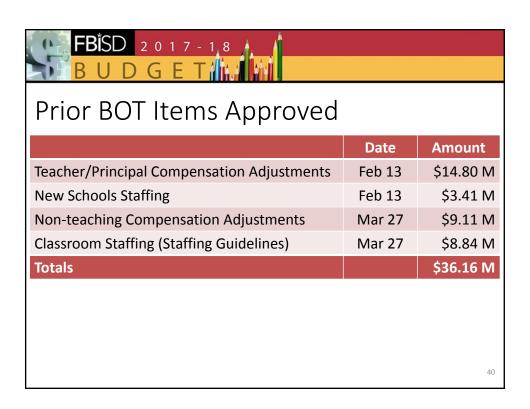
- FSA Employees cannot have a full Healthcare FSA and an HSA. If there is a balance 1/1, employees cannot use HSA until 4/1.
- SurgeryPlus Employees must pay for surgery through SurgeryPlus until deductible is met, any additional cost for coinsurance is waived.
- All other programs no difference from HRA plan.

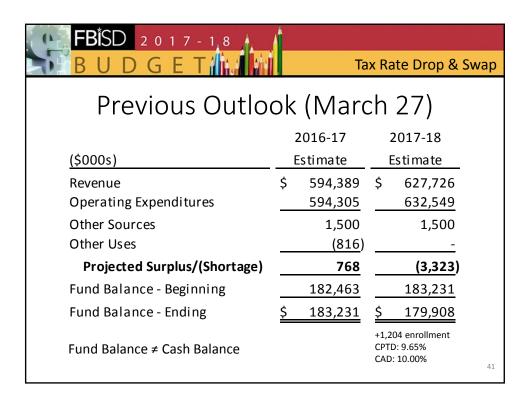


QUESTIONS?









FBISD 2 0 1 7 - 1 8 B U D G E T							
General Fund – Fund Balance							
	YE2017	YE2017					
Non-spendable	\$4,839,981	\$1,741,180					
Major maintenance	6,400,000	6,400,000					
Instructional materials	Instructional materials 2,700,000 5,000,000						
Transportation	1,500,000	4,500,000					
New instructional facilities 4,500,000 14,554,249							
Economic Stabilization	7,500,000	2,500,000					
Assigned fund balance	3,938,733	3,938,733					
Total Committed & Assigned FB	\$31,378,714	\$38,634,162					
Discretionary Fun	d Balance:	\$16.2M					

