



Board Meeting
June 4, 2020

2020-21 Budget Update



Overview of Education Funding

Primary funding sources for public education

- » Local property taxes
- » State contributions
- » Federal funds

Foundation School Program (FSP)

- » Primary source of state funding
- » Designed so all districts receive “substantially equal access to similar revenue per student at similar tax effort”
- » Formula driven using both local property tax collections and state general funds
- » **Key feature: as local property tax collections increase, state funding decreases**

Local Revenue

Property taxes are the largest funding source for the Texas public school system

School property taxes are made up of two rates

- » **Maintenance & Operations (M&O)**: funds ongoing operations (teacher salaries, utilities, etc.)
- » **Interest & Sinking (I&S)**: funds debt service payments on bonds issued for construction of new facilities and other capital items (land, renovations, etc.)

Local Revenue

Before HB3 school districts authorized to levy an M&O tax rate of up to \$1.17 per \$100 value

Value of one penny can vary greatly between districts depending on local property values

Key factors influencing local property tax revenues

- » Tax rate
- » Revaluation of existing property
- » Value from new growth
- » Collection percentage
- » Frozen values

Foundation School Program (FSP)

Maintenance & Operation (M&O)

Generally, the costs of running the school district



Interest & Sinking (I&S)

To make bond payments

Tier 1 Basic Instructional Program

Regular Program Allotment

Special Purpose Allotments

- *Special Education*
- *Compensatory Education*
- *Bilingual Education*
- *Career & Technology Education*
- *Transportation*
- *New Instructional Facility (NIFA)*
- *Public Education Grant*
- *High School Allotment*
- *Gifted & Talented*
- *Early Education*
- *College & Career Readiness*
- *Dyslexia*

Tier 2 Enrichment

Tier 2: Level 1 Golden Pennies

First 8 pennies of adopted M&O tax rate above compressed tax rate; called golden because high funding level and no recapture

Tier 2: Level 2 Copper Pennies

All pennies of M&O tax rate above the golden pennies (at least 11); called copper because low funding level and recaptured

State Funding

Instructional Facilities Allotment (IFA) & Existing Debt Allotment (EDA)

Local Funding

Ad valorem or Property tax collections generated by a locally-adopted I&S tax rate

Key Factors Influencing State Aid

Basic allotment (Tier 1)

Student demographics & Average Daily Attendance (Tier 1)

Comptroller Property Tax Division (CPTD) estimate of local values (Tier 1&2)

Austin yield (Tier 2)

Weighted Average Daily Attendance (WADA) (Tier 1&2)



Chapter 48 & Chapter 49 Districts

Ch. 48: Because value of a penny can vary, provides a guaranteed yield on each penny of M&O tax effort levied by property-poor districts

Property wealthy districts whose wealth per student exceeds an established wealth level are subject to recapture

CFB ISD is subject to recapture

Ch. 49 wealth per student is less



Tier 1

Basic allotment of \$6,160/student plus many special purpose allotments (Comp Ed, SPED, BIL, GT, Early Education, et al.)

Set by state legislature each biennium

District “Local Fund Assignment” determined by using CPTD estimate for property value applied to the M&O rate

As CPTD grows, districts receive less state aid

Tier I subject to recapture if district portion is more than entitlement allowed by state

CFB recapture expected to be in excess of \$17M this year

Texas Economy Update

Revenue Pressure:

- Sales tax collections dropping significantly due to COVID-19 effects on economic activity in the state & high unemployment (12%+)
- Oil prices down sharply due to supply glut; lengthy slump anticipated in state revenue associated with oil and gas activity

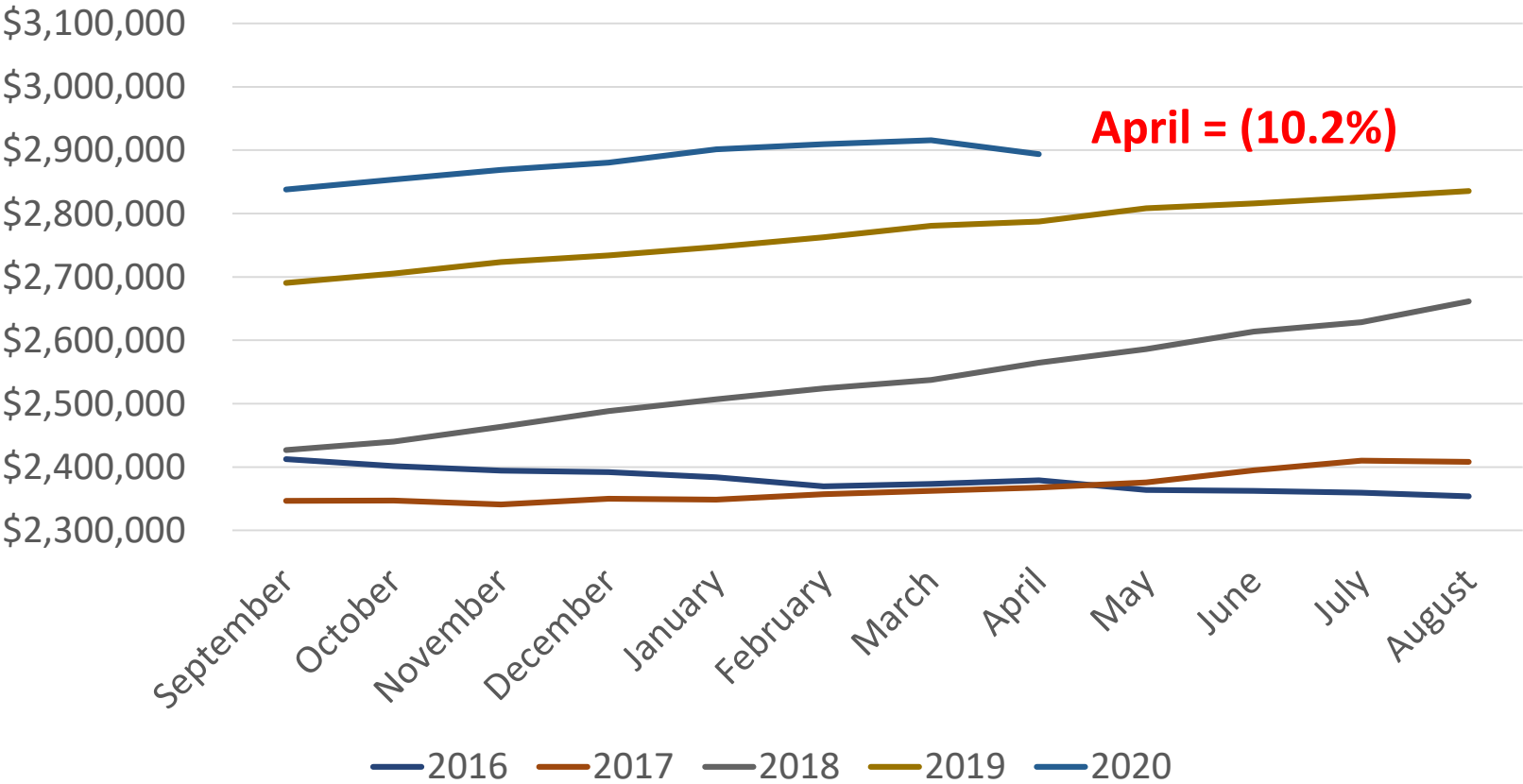
Cost Pressure

- Economic downturn results in significantly higher demand for services
- HB 3 costs were significant and projected to grow

CARES Act - \$1.3 billion – going toward 2019-20 FSP

State Sales Tax Trend

All Funds Sales Tax 12-month Moving Average



State Revenue Performance FY 20

	Projected Growth*	Y-T-D FY 20
Sales Tax	3.4%	3.2%
Motor Vehicle Tax	1.0%	1.2%
Natural Gas Tax	-12.0%	-29.0%
Oil Production Tax	0.0%	6.6%
Alcoholic Beverage Tax	4.0%	-5.1%
Cigarette and Tobacco	-13.1%	-3.2%
Motor Fuels Taxes	1.6%	0.1%
Franchise Tax	3.0%	-40.9%

*Certification Revenue Estimate, July 2019, All Funds

2019-20 Budget

Texas Education Agency

- No disruption of funding
- Average Daily Attendance (ADA)
 - 4th Six weeks ADA – last day of instruction (March 6, 2020 – Friday before spring break)
 - Released plan on how ADA will be calculated for 2019-20
 - Look at past 5th & 6th week attendance rates
 - Districts will need to file Missed School Day Waiver
 - Due June 18, 2020

2019-20 Budget

- State Allotments
 - TEA has not waived the spending requirements but has stated they will evaluate as data is collected
 - If these requirements are not met then could make up in the following year
- 2019-20 Projections
 - Interest income will be less
 - Savings in substitute pay, utilities, overtime, transportation, supplies
 - **Expect a large positive variance for 2019-20**
 - Some will be needed for state spending requirements

2019-20 Staffing Additions

Position Title	FTE's	Cost
Teachers Leveling	4	\$ 252,000
Teacher	3	189,000
SpEd Teachers	3	189,000
Positive Behavior Facilitator	1	63,000
PEIMS Coordinator	1	95,000
Coordinator of Workplace Learning and P-TECH	1	101,000
Aide	1	25,000
SpEd Aide	2	50,000
Pre-K Aide	11	275,000
Total	27	\$ 1,239,000

2020-21 Budget

Property Values

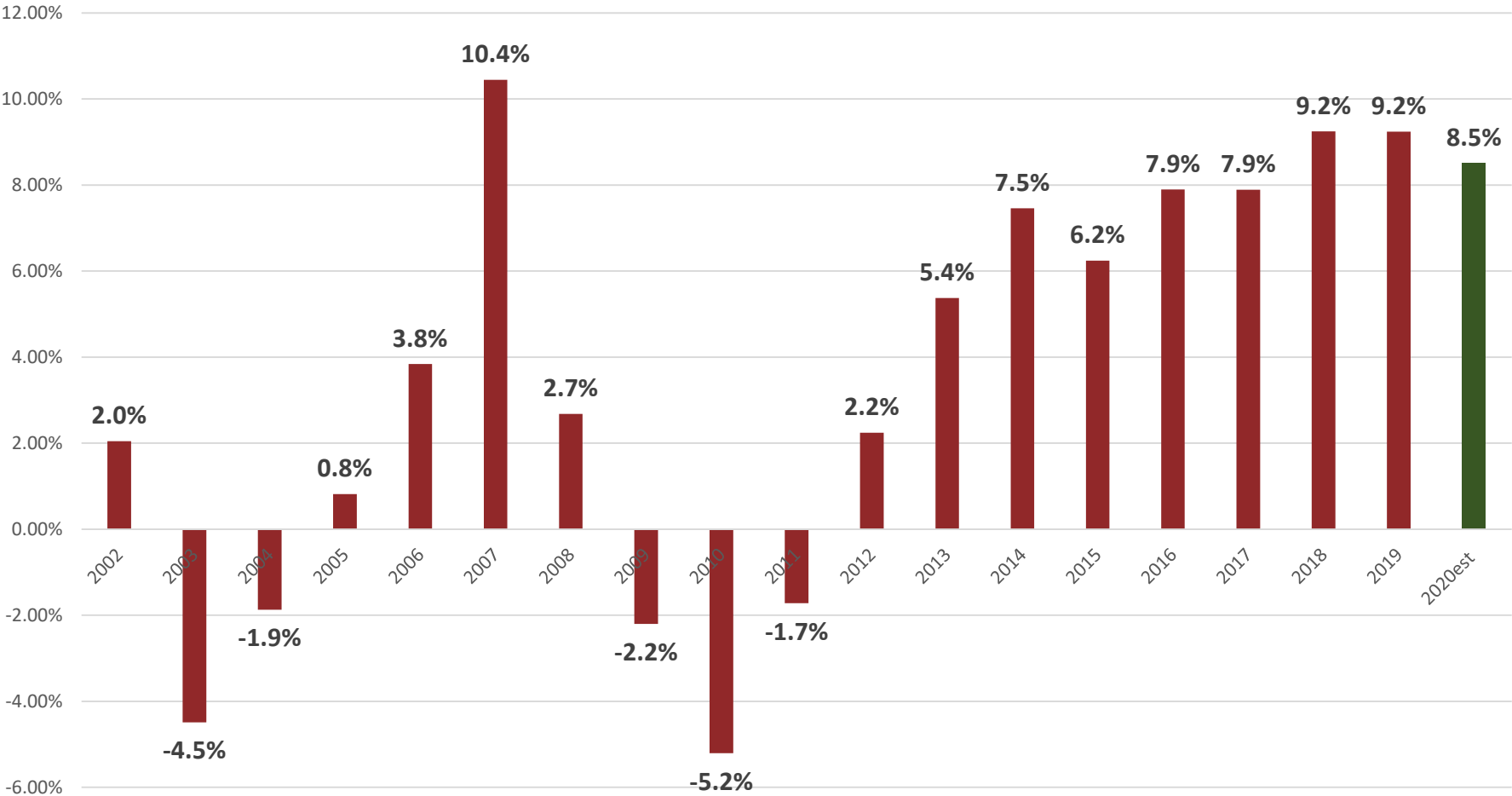
- Potential of late certifications due to difficulties of conducting “in-person” appeals
- Tax year 2020 values are based on January 1st valuation.
- Expect significant number of value protests
- Based on latest information values could increase 8.5 to 9.6%
- Likely to see depressed values for January 1, 2021 which will be used in the 2021-22 budget

Property Value by Tax Year



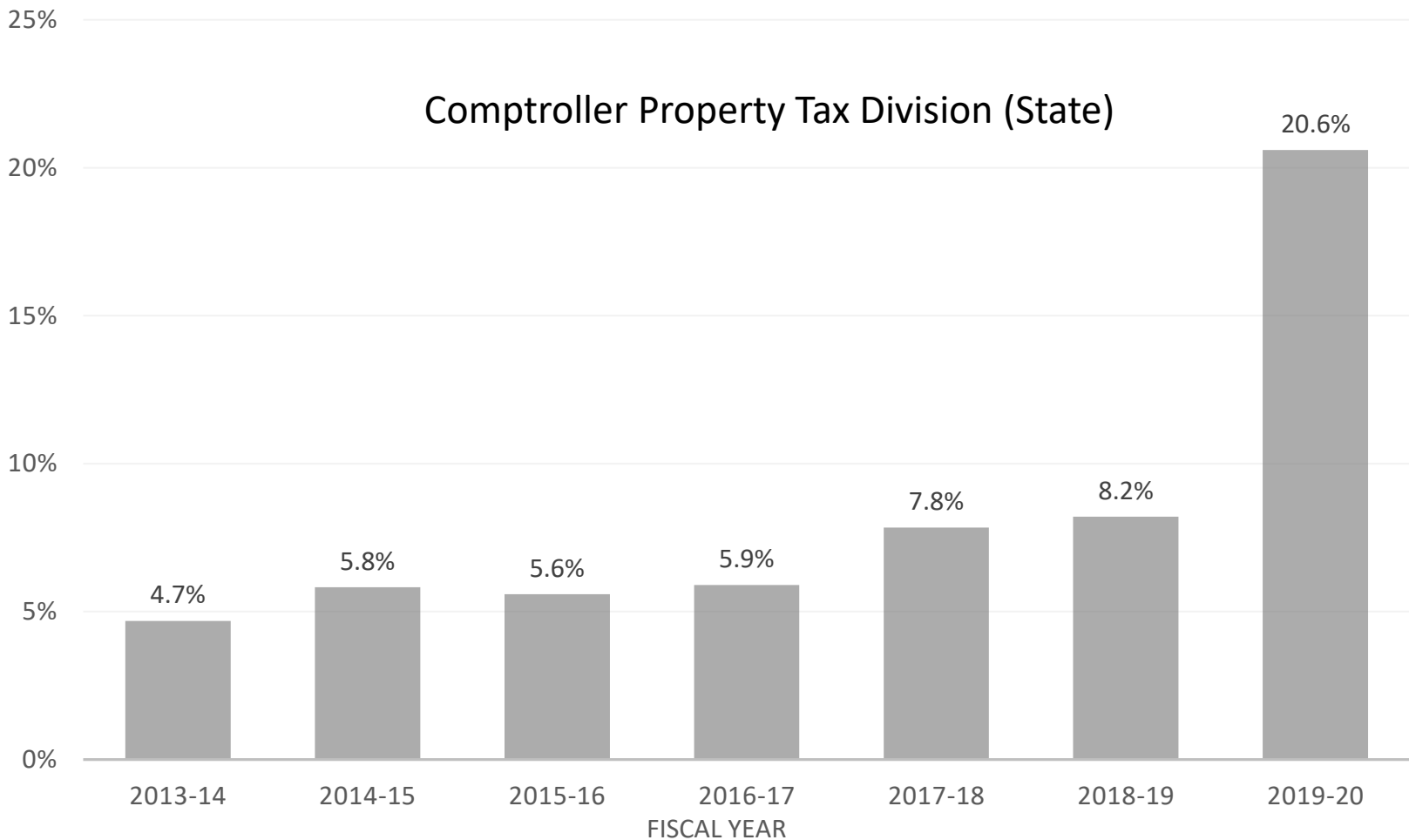
Source: County appraisal districts (CAD)

Change in Certified Net Taxable Value

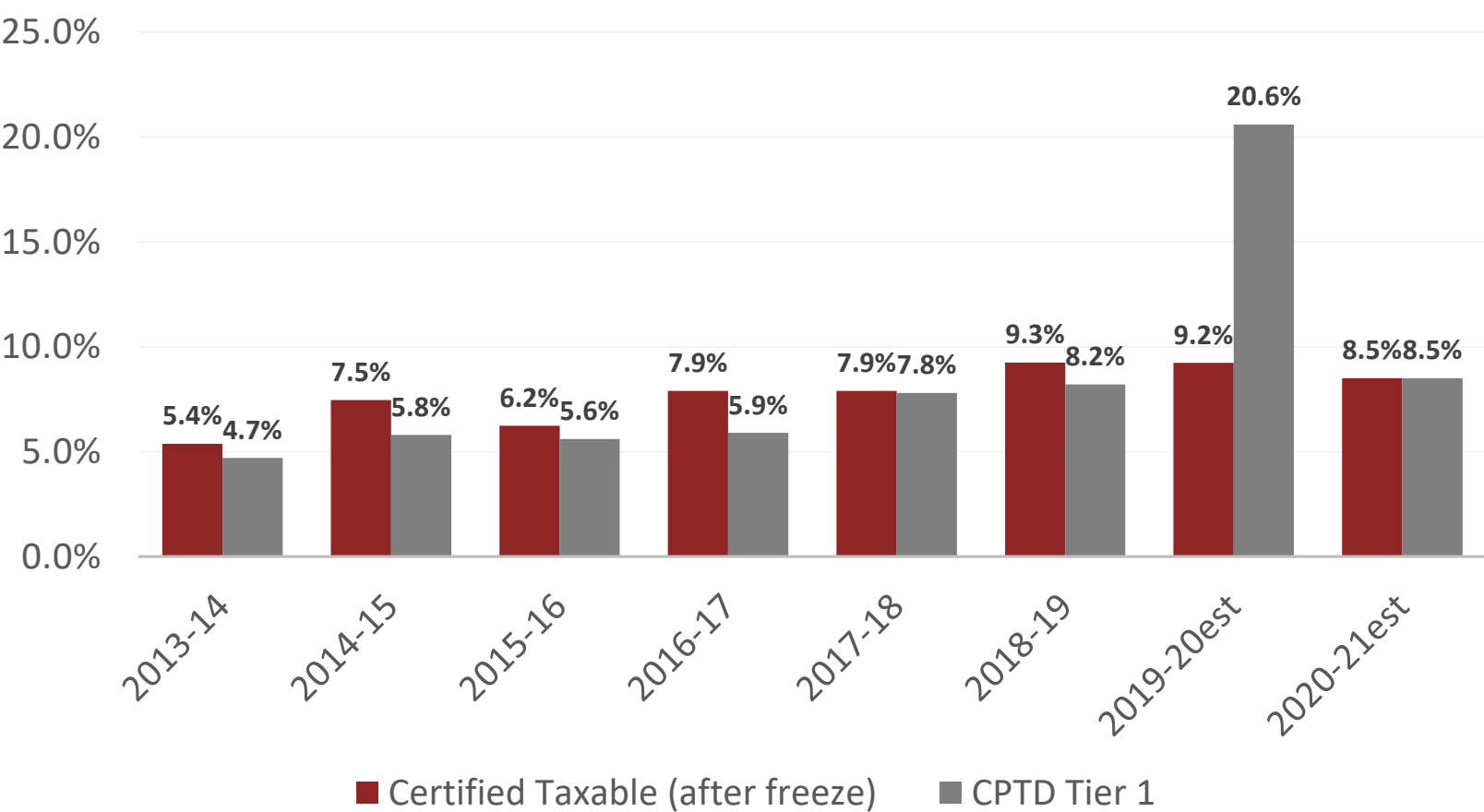


Source: County appraisal districts (CAD)

Change in CPTD Property Values



CFBISD CPTD Value Compared to CAD Value



Source: County appraisal districts (CAD) & TEA

Tax Rate

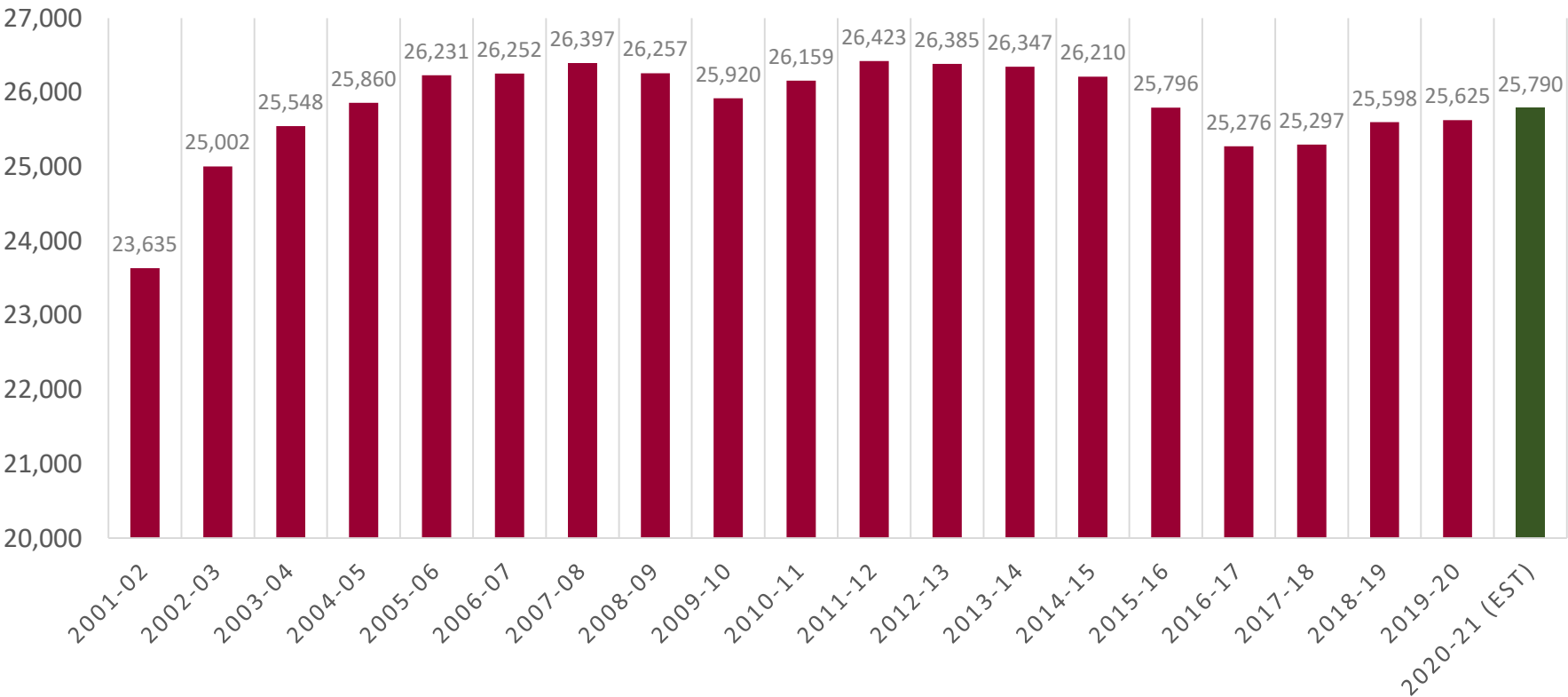
	2018-19	2019-20	2020-21**
Tier I	\$ 1.00	\$ 0.93	\$ 0.875
Golden Pennies	\$ 0.06	\$ 0.08	\$ 0.08
Copper Pennies	\$ 0.11	\$ 0.05835	\$ 0.0583
Total GF Tax Rate	\$ 1.17	\$ 1.06835	\$ 1.0133

** District is estimating 8.5% property value growth for 2020-21.

HB 3 Tier II/Copper Pennies are not compressed any further for 2020-21. Will only be adjusted if yield changes in future years.

Enrollment Growth

AVERAGE DAILY ENROLLMENT



2020-21 Proposed Staffing Additions

Position Title	FTE's	\$ Cost
Early Literacy Coach*	12	\$828,000
Early Math Coach*	3	207,000
Coordinator Early Education*	1	96,000
Pre-K Assistant*	7	175,000
Deans of CCMR*	4	320,000
Counselor	1	63,000
Dance Teacher – Blalack/Field	1	63,000
STEAM Teachers at Landry	5	315,000
Teachers at Blalack	4	252,000
SpEd ECSE*	7	441,000
SpEd ECSE Aides*	7	175,000
Total	52	\$ 2,935,000

2020-2021 Compensation Benchmarks

DISTRICT	% INCREASE *
Richardson ISD	1 – 1.5
McKinney ISD	3 – 5
Wylie ISD	1
Plano ISD	1 – 2
Frisco ISD	1.5
Allen ISD	1 – 1.5

*** Most peers expect to give a retention supplement in 2020-21**

2020-2021 Compensation Plan

- District top priority
- 1% increase = \$1.8M
- Recommendation for 2% compensation adjustment for all staff
- Potential Retention Supplement for 2020-21 with amount and timing TBD

2020-2021 Proposed Stipend and Supplemental Pay Schedules

- TASB stipend review (June 2019) - elimination of extra days and addition of stipends.
- Athletic and fine arts stipends
- Campus website/social media stipend proposal
- No other changes to stipends or pay schedules
 - Exception: minor additions of pay rates for various supplemental pay duties not approved in previous schedules

2020-2021

One-Time Years of Service Supplemental Payment

- District top priority
- Authorize continuation of Years of Service one-time supplemental payment for 2020-21
- One-time supplemental payment for eligible employees
 - Based on years of employment
 - Paid at five (5) year increments in the year following the anniversary date

2020-2021

One-Time Supplemental Payment for Bus Drivers and Monitors

- Attendance incentive for supplemental payment to drivers and monitors
- Increase retention
- March 2021 for fall and July 2021 for spring
- Payment contingent upon specific attendance criteria

BUDGET DEVELOPMENT



	2018-19 Actual	2019-20 Current Budget	2019-20 Forecasted Actuals	2020-21 Preliminary Budget
Local Revenue	250.8	245.1	246.8	246.6
State Revenue	43.1	45.9	47.4	47.3
Federal Revenues	5.2	4.6	4.9	4.6
Total Revenue	299.2	295.6	299.1	298.4
Payroll Expenses	201.4	213.4	212.4	222.3
Other Expenses & Transfers	40.3	60.7	58.7	53.5
Contracted Srvcs. Btw. Schools	19.4	22.8	17.4	22.6
TIF Payments	32.2	1.2	1.2	-
Total Expenditures	293.4	298.1	289.7	298.4
SURPLUS/DEFICIT	5.8	(2.5)	9.4	-
Beginning Fund Balance	100.3	106.1	106.1	115.5
Ending Fund Balance	106.1	103.6	115.5	115.5
Months of Fund Balance	4.3	4.2	4.8	4.6

Reasons for Concern

- May need to use fund balance to meet State spending requirements for programs
- State Funding includes \$20M of Formula Transition Grant – set to expire 2023-24
- State Revenue picture is bleak for next biennium
- Local Collections will be impacted by appeals and drops in property values

Next Steps

- **August Board Meeting**
 - General Fund Budget Update
 - 2021-22 Projection
 - Debt Service Update
 - School Nutrition Update
- **Budget Adoption August 20, 2020**