CARROLL

INDEPENDENT SCHOOL DISTRICT

Expense Reduction Plan

Fall 2009

Purpose One – What is the Problem?

Purpose Two – What Role Can We Play In The Solution?

Carroll ISD Vision

Creating an environment that fosters excellence. . .

CISD Values:

Excellence, Relationships, Character & Integrity, Innovation, Open & Honest Communication

√ Excellence √ Relationships √ Character & Integrity √ Innovation √ Open & Honest Communication

Our Mission

To provide a caring and creative learning environment that promotes excellence, fosters integrity and encourages each student to reach his or her academic, extracurricular and social potential.

√ **Excellence** √ **Relationships** √ **Character & Integrity** √ **Innovation** √ **Open & Honest Communication**

Our Goals

GOAL #1 - Raise the academic challenge and performance of each student.

GOAL #2 - Ensure quality personnel in all positions.

GOAL #3 - Provide a school environment supportive of learning.

GOAL #4 - Effectively manage and further develop financial resources.

GOAL #5 – Improve public understanding and support of our schools.

School Budget Basics

- Carroll ISD operates on limited revenue sources: federal funding, state funding and local revenue (tax collections, gate receipts, marketing, interest, donations).

School Budget Basics

- School budgets are divided into two funds:

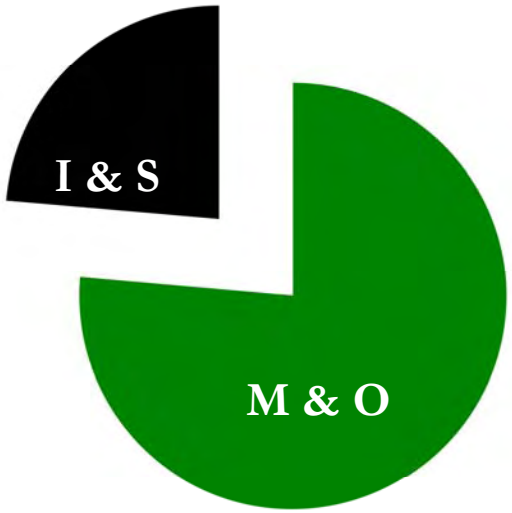
M&O - maintenance and operations (supplies, salaries, etc.)

I&S - interest and sinking (bonded indebtedness)

School Budget

2009-2010: $81 Million

(This includes a $3.3 million deficit)



84% of M&O Budget Is Personnel

Tax Rate

(per $100 assessed valuation)

Maintenance & Operations
$1.04

Debt Service (I & S)
$.375

Total Tax Rate: $1.415

√ Excellence √ Relationships √ Character & Integrity √ Innovation √ Open & Honest Communication

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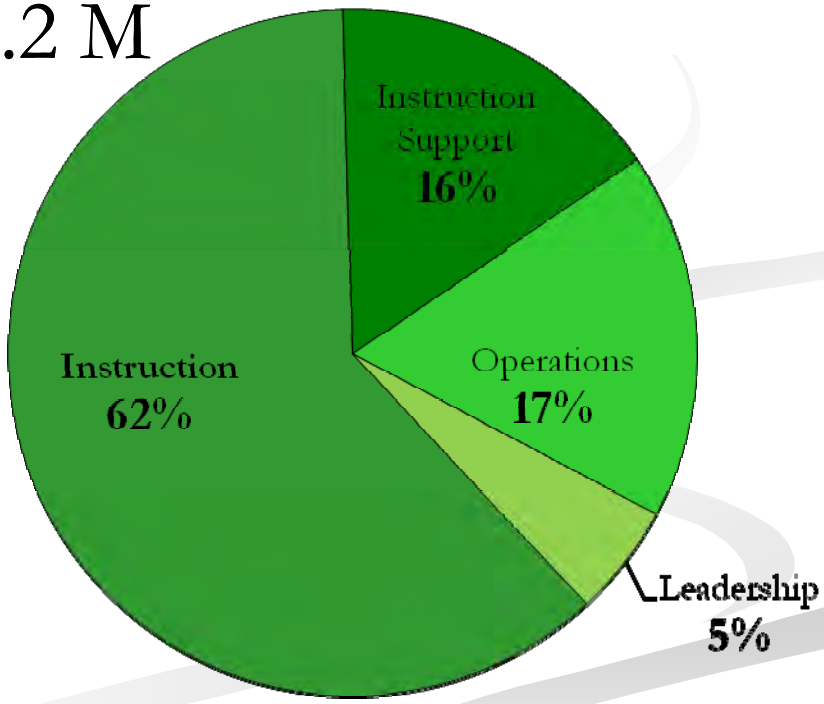
2009-2010 Budget Breakdown

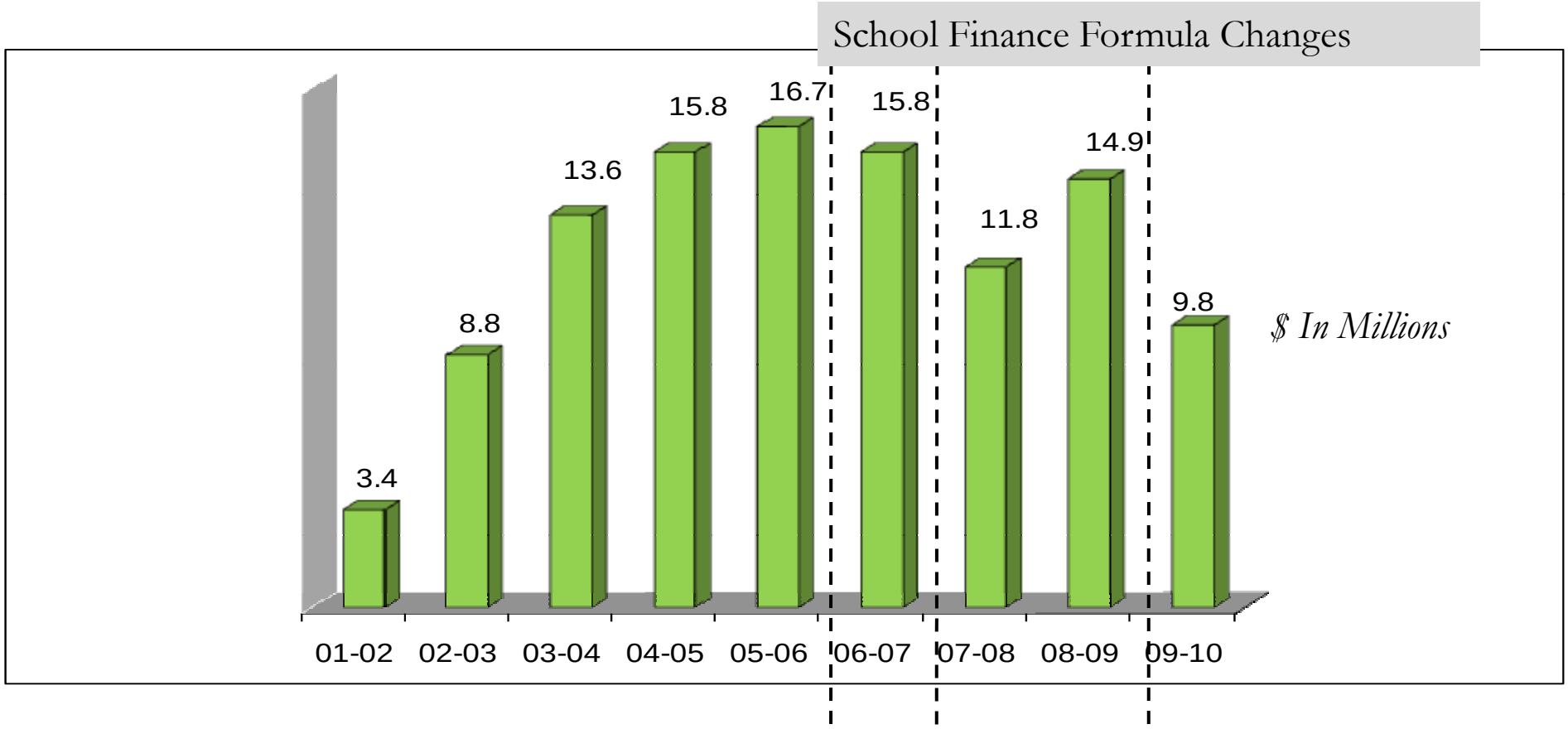
- Instruction - $39.3 M
- Instruction Support - $10.2 M
- Operations - $11.0 M
- Leadership - $3.4 M



Categories above designated by Moak, Casey and Associates (MCA) and include TEA defined functional categories per the CISD 2009-10 Original Budget, but do not include payments for Chapter 41 and Tax Increment Finance Zone.

Chapter 41 District

School Finance & Robin Hood



√ **Excellence** √ **Relationships** √ **Character & Integrity** √ **Innovation** √ **Open & Honest Communication**

School Budget Basics

- The I&S side of the budget may not be used for operational costs. One common misconception is that you can use debt service (bond) money to pay for salaries. This is not legal.

School Budget Basics

- Districts maintain a Fund Balance account (a reserve fund) that can be accessed for one-time facility/needs expenditures.
- Most districts do not maintain a large enough balance to meet all facility needs so they have to have a bond election to get permission for a "loan."

Carroll ISD's Fund Balance

- CISD currently has a fund balance of $24 million (about $4.5 million came from the 2008 oil/gas lease and approximately $4.5 million from the 2006 sale of the Peytonville property)
- $7 million of this $24 million amount has been designated by Board vote for capital improvements/start-up costs to address student enrollment.

Carroll ISD's Fund Balance

- District policy requires CISD to maintain at least a 45-day operating reserve (approx. $8.5 million)
- The Texas Education Agency recommends an Optimum Fund Balance, which is calculated based on district cash flow needs and expenditure levels (approximately $21 million for CISD)

~New home growth is not the answer~
School Finance before…

400 Homes X $1 M = $400 M (Property Values)

X $1.50 = $6 M (Gross Tax Revenue)

Less 31% Recapture

= $4.14 M (Net Revenue)

Prior to HB1 (2007) and HB3646 (2009), the school finance formula provided for the district to keep some of the revenue from new home property values.

School Finance now…

400 Homes X .88 kids = 352 kids

X $5,996/kid

= $2.11 M

Since HB1 (2007) and HB3646 (2009), the district's revenue is based on Revenue per WADA (students) benchmarked back to the 2006-07 fiscal year revenue levels.

School Finance now…

Negative Impact to the district's potential revenue capacity

$4.14 M (Prior Formula)

- $2.11 M (Current Formula)

-$2.03 M

CISD would generate approximately $2 million less, or only half of the revenues that it would have generated in order to serve the additional 352 students in this scenario.

Other School Finance Headlines

- Keller district faced with making more cuts to balance fiscal 2010 budget ($3.7 M)
- Arlington school district brainstorming ways to cut budget ($11.6 M)
- Crowley school board OKs possible $3 million budget deficit
- Concerns raised about increasing some Plano ISD class sizes to ease budget woes ($17 M)
- Fuel, Food Prices Squeeze GC ISD Budget ($2.1 M)

Recent CISD Financial News

- Earned Perfect Score and Superior Achievement Rating on FIRST (**F**inancial **I**ntegrity **R**ating **S**ystem of **T**exas)
- Lowered I&S debt service rate by five cents
- Funded District Technology Infrastructure Improvements
- Received Upgrade To District Bond Ratings
  - Moody's (from A2 to Aa3)
  - Standard & Poor's (from A+ to AA)
- Passed $138M bond to address facilities and technology infrastructure

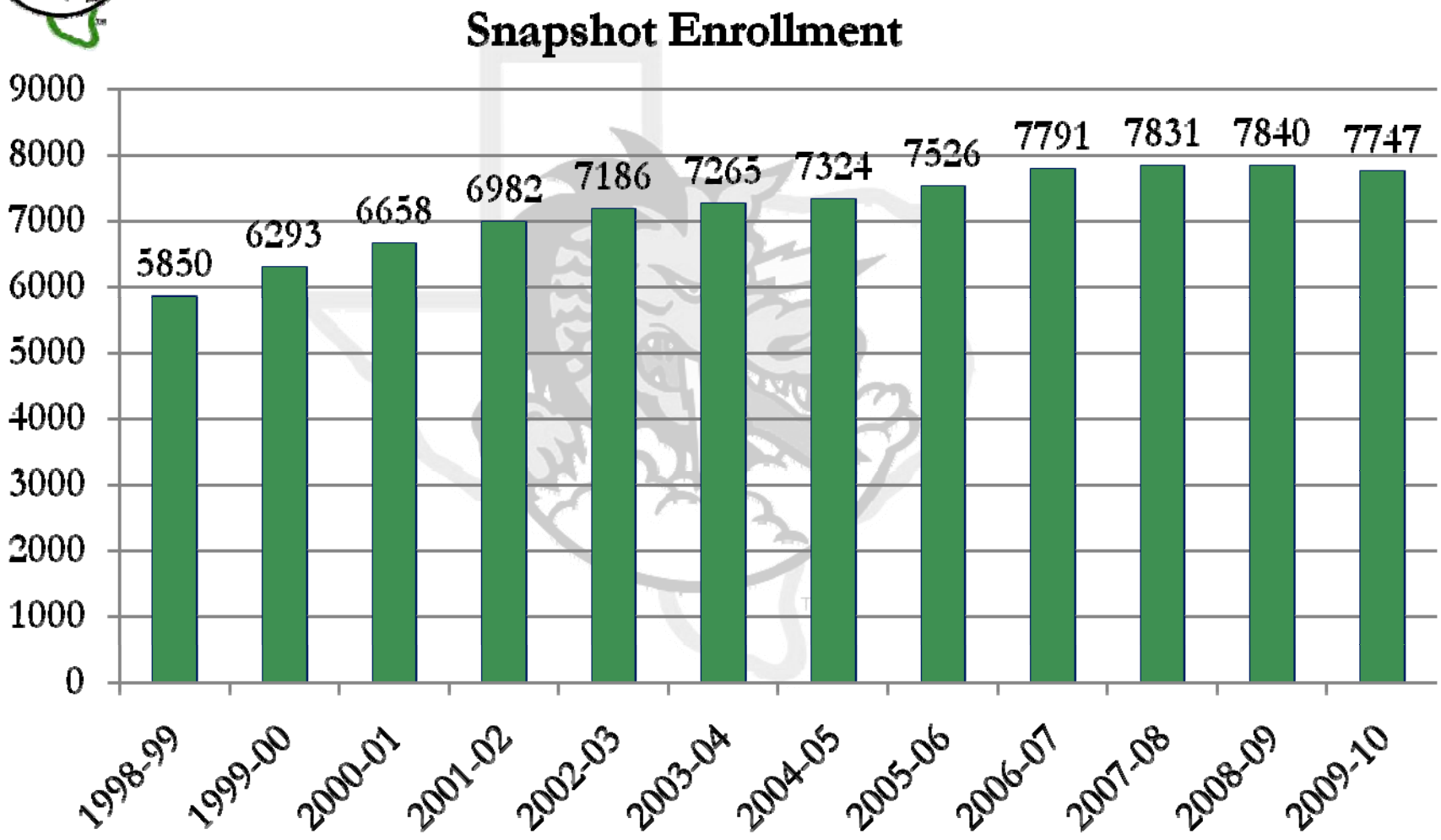
School Board's Commitment To Excellence

- Added programs and staff
- Added curriculum coordinators to impact and support district goals
- Gave 3% increases based on actual salaries to retain best teachers, 4% (classroom professionals) and 3% (all others) in prior years to stay competitive with the market
- Despite a tough economy, Trustees have been spending money in what they believe is most important – the core of our work

School Board's Commitment To Excellence

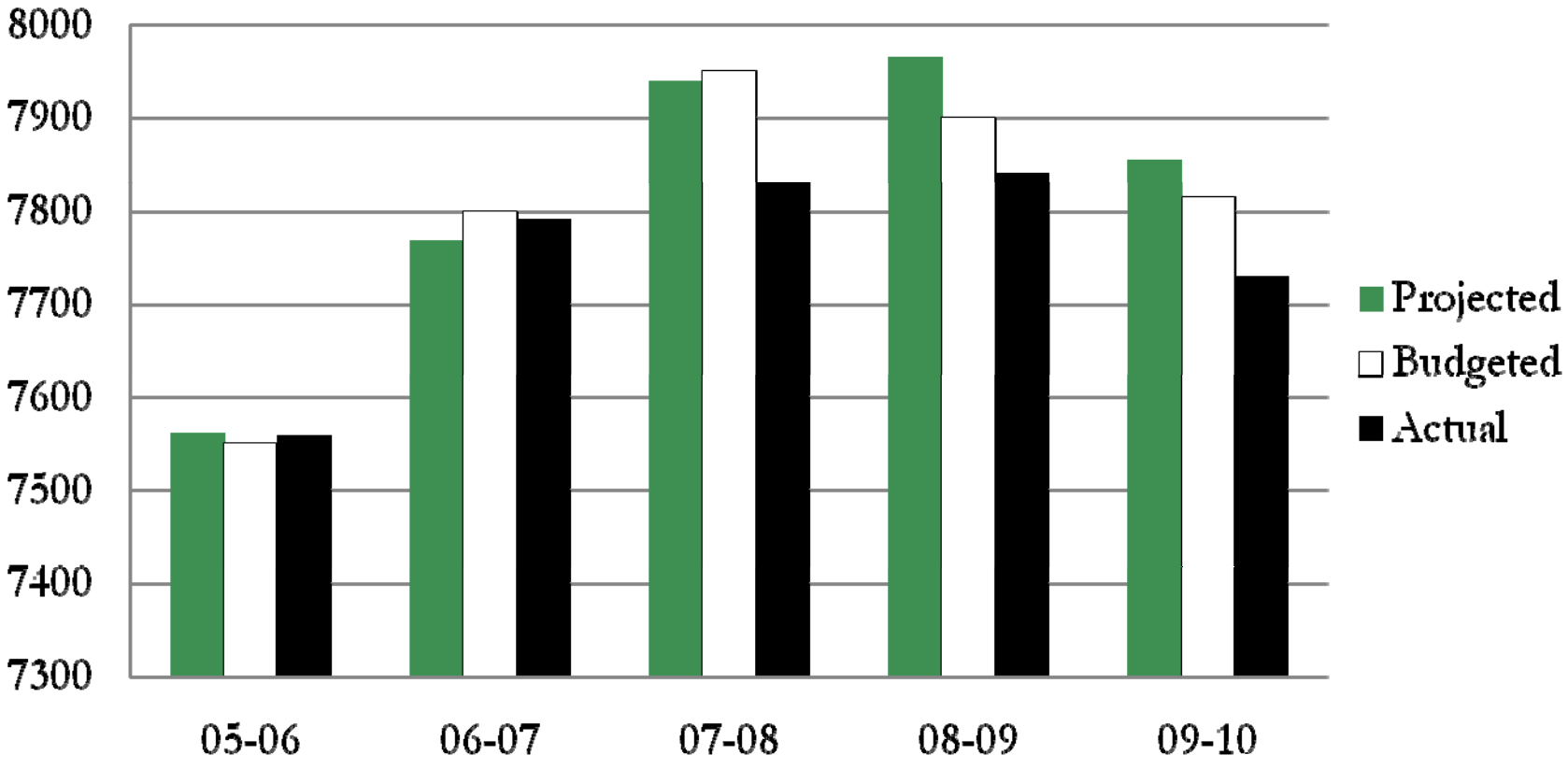
- Benchmarked spending standards (Moak & Casey)
- Conducted MEP efficiency review by Romine, Romine & Burgess
- Directed architects/administration to implement "green" strategies for new and existing construction
- Directed Superintendent to create a strategic Expenditure Reduction Plan

Historical & Current Enrollment



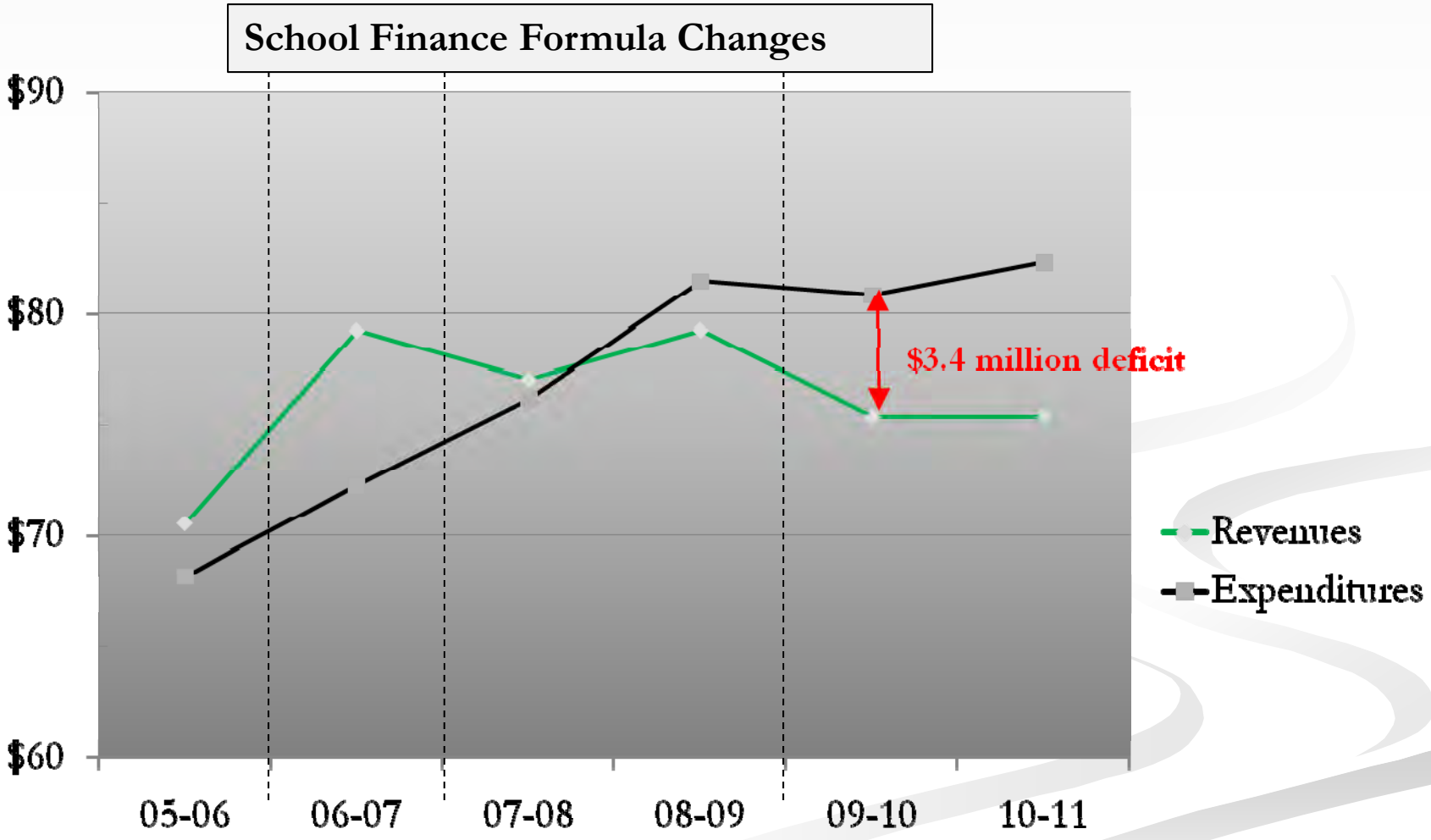
Enrollment

Projected vs. Actual - $5,996 per student



Revenue vs. Expenditures

in Millions



Our Task?

Tighten The Budget Belt

- Understand The Problem
- Work Together To Identify/Prioritize Solutions
- Look Internally For Greater Efficiencies
  - Central Office is committed to reducing at least 5% of their overall departmental budget(s)
  - Campuses are being asked to reduce at least 2% of their overall budgets
- Reduce Expenditures
- Increase Revenues