Budget Reductions – Frequently Asked Questions
February 2, 2011

I heard CSISD will be making budget reductions beginning in the 2011-2012 school year. Why?

It is true that CSISD will have to reduce its budget for the 2011-2012 school year, and beyond.

Because of the anticipation of the financial strain of opening new schools, CSISD began measures to increase its saving account – or “fund balance” – in 2001. Because of this effort, CSISD has increased its fund balance from about $6 million to more than $29 million. (More on the fund balance later in this FAQ)

With a new elementary school opening in August 2011 and a new high school in August 2012, CSISD knew it would have to dip into its fund balance to the tune of $2.5 million in 2011-2012 and $4.5 million in 2012-2013. Additionally, the loss of $2.5 million in interest earnings due to the poor economy and another $2.5 million reduction of Federal Stimulus funds have compounded these anticipated deficits.

Because of these revenue reductions and additional costs, CSISD has been researching ways to decrease its budget since June 2010.

Fast forward to January 2011 … On top of all of the budget reductions above, the Texas Comptroller released her revenue estimate for the 2011-2013 biennium. The state will have at least a $15 billion deficit for the next two years. Some experts predict the deficit could be as much as $27 billion. The state’s budget deficit will filter down to state supported institutions like higher education, health and human services and public education. Public education comprises 44% of the state’s budget. CSISD is anticipating less revenue from the state.

How is CSISD funded?

CSISD is funded through three primary sources; state funds, local funds and federal funds. Federal funds are given to CSISD based on the characteristics of its student population. How CSISD spends federal money is usually very restrictive. CSISD has little to no impact on the amount of federal funds received each year.

The largest sources of CSISD’s income are dictated by the “target revenue” system, which is a combination of state funds and local tax payer revenue. Target revenue is determined by the state, and is a “cap” on the amount of money that we can receive each year. According to the target revenue system, if local tax revenue goes up then state funds are cut. If local tax revenue decreases then state funds may be increased. Any additional local tax revenues that are generated by CSISD are returned to the state, with the exception of a four cent tax increase discussed later in this FAQ.

Regardless of the source of the revenue, the state dictates certain uses of money in many different programs. These state programs include, but are not limited to, special education, compensatory education, career and technology education, bilingual/ESL education, gifted and talented education, and transportation. More information about the school finance system can be found at http://www.tea.state.tx.us.
What is CSISD’s budget and what does this money pay for?
The 2010-2011 maintenance and operations (M&O) budget is $74.5 million. 82% of that amount goes directly to salary and benefits for employees.

Let’s suppose CSISD’s budget was one dollar. Below is how many pennies would go toward each facet of CSISD’s operating budget. These figures are taken directly from the 2009-2010 Texas Academic Excellence Indicator System data for CSISD.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>62.5%</td>
<td>Instruction (teachers, specialists, classroom aides)</td>
</tr>
<tr>
<td>12.1%</td>
<td>Maintenance and Operations (utility bills, custodians, grounds, maintenance, etc.)</td>
</tr>
<tr>
<td>5.5%</td>
<td>School Leadership (campus administration)</td>
</tr>
<tr>
<td>4.2%</td>
<td>Student Support Services (counselors, nurses)</td>
</tr>
<tr>
<td>3.5%</td>
<td>Co- and Extra-Curricular Activities (fine arts, athletics, UIL, band, cheerleading, etc.)</td>
</tr>
<tr>
<td>3.0%</td>
<td>Student Transportation</td>
</tr>
<tr>
<td>2.9%</td>
<td>Central Office Administration</td>
</tr>
<tr>
<td>2.5%</td>
<td>Instructional-Related Services (librarians, curriculum support)</td>
</tr>
<tr>
<td>1.9%</td>
<td>Instructional Leadership (instructional coaches, district-level curriculum personnel)</td>
</tr>
<tr>
<td>1.7%</td>
<td>Data Processing Services (PIEMS data reporting, payroll processing, report card distribution, master schedule processing)</td>
</tr>
<tr>
<td>0.2%</td>
<td>Security and Monitoring Services</td>
</tr>
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How will CSISD be affected?
The complete answer to this question will depend on the amount of funding CSISD receives from the state. CSISD is developing three budget scenarios with different severities of reductions. Unfortunately, the state budget will not be adopted until May (at the earliest), and CSISD will have to make some reductions prior to that date.

Plan A – The system remains the same: This is most likely the best-case scenario. If this were to happen, CSISD would still need to cut $2 million from its budget over the next two years. CSISD is projected to receive $5,609 per student from the state – the same amount it received in 2006. This is simply not enough money to provide the current services in the current capacity.

Plan B – Flat budget: This scenario reflects a budget where the state sends CSISD the exact same money it sent this year. Even if the district has more students next year, the state could decide not to fund the growth. In this scenario, CSISD will have to cut $4.5 million over the next two years.

Plan C – Revenue decrease: This scenario assumes a 5% reduction in state funding. If this were to happen, CSISD would have to reduce by $6.5 million over the next two years.

Currently, CSISD is making preparations for all three options. CSISD is planning for the worst and hoping for the best.

What has CSISD already done to alleviate the budget deficits?
CSISD has already made a number of reductions to the M&O budget for the current budget cycle.

- Eliminated $1,000,000 in capital projects.
- Cut $100,000 from the utilities budget.
- Reduced the substitute teaching budget by $80,000.
- Combined bus routes and increased walk zones for bus stops ($75,000).
How will/did CSISD decide what to reduce?
This current economic situation did not sneak up on CSISD. CSISD has been researching ways to reduce the budget by being more efficient since this past summer. CSISD had eight budget teams, comprised of campus and central office administrators, who looked at different areas where reductions are possible. The budget teams were as follows:

- Operational Efficiencies – changing temperatures in classrooms, custodial and grounds schedules, warehouse processes
- General Ed Staffing
- Special Ed Staffing
- Secondary Teacher Schedules
- Field Trips/Extra Curricular
- School Start Times/School Schedules
- Central Office staffing
- Revenue Generators – such as advertising revenue

Each of these budget teams made recommendations in December. Since then CSISD has been determining the feasibility and priority of the recommendations.

What exactly are the reductions that will happen the next two years?
The goal of CSISD throughout this entire process is to affect the individual classroom as little as possible.

From the three options mentioned above, CSISD has determined it should plan based on the mid-range options. That means there will need to be $4.5 million in reductions over the next two years. Current considerations for reductions include:

- using custodians, grounds, maintenance crews and HVAC units more efficiently;
- reducing special education personnel, grades 5-12 personnel, central office personnel, technology integration specialists, elementary and intermediate specialists, nurses, and librarians;
- selling advertising on school buses and the district Website;
- implement a three-tiered school start time to reduce bus routes;
- reduce extra-curricular budgets

There is a chance the news from the state is better or worse than expected and CSISD will make adjustments accordingly. Unfortunately, the budget will not be adopted until May and decisions must be made prior to that.

How will the three-tiered start time work?
The three tiered start time will be implemented in the 2012-2013 school year. The current proposal will have the schools start and end at the following times:

High Schools 7:25 a.m. – 2:40 p.m.
Elementary Schools 8:05 a.m. – 3:20 p.m.
Intermediate/Middle Schools 8:45 a.m. – 4:00 p.m.
Can CSISD balance the budget without eliminating positions?
No. 82% of the district’s M&O budget goes toward salaries and benefits for its more than 1,500 employees. The other 18% of the budget can and will be reduced. With less money coming from the state, CSISD has been preparing to serve its students with less revenue. To do this, positions will be eliminated.

Will CSISD have staff layoffs or a reduction in force in 2011-2012?
No. CSISD is committed to reducing by only attrition and reassignment during the 2011-2012 school year. If you currently have a job at CSISD and want to continue to work at CSISD, you will have a job next year. However, there will be reassignments, to back-fill essential positions that were vacated. Also, some job descriptions will change to make some services more efficient.

Can the district raise taxes to reduce the deficit?
Yes. CSISD will consider raising taxes the next two years. Currently, CSISD has an M&O tax rate of $1.00 per $100 evaluation. State law allows a school district to raise taxes to $1.04M without going to the voters for approval. CSISD is one of a handful of districts in the state to have a tax rate below $1.04. Each penny CSISD raises its taxes raises approximately $570,000 in additional revenue. This additional revenue is already reflected in the three scenarios above.

I heard CSISD has $29 million in savings. Can’t they use that money?
Yes. In all three of the budget reduction scenarios outlined previously in this document, CSISD will use $7 million of its saving account – or “fund balance” – during the next two years. CSISD has planned to use $2.5 million for the opening of Greens Prairie Elementary in 2011 and an additional $4.5 million for the opening of College Station High School in 2012. Those planned deficits are in addition to the projected deficits mentioned above and will leave CSISD with about $22.5 million in its fund balance after the next two years.

It is recommended by the State that school districts have three months worth of expenditures in its fund balance. For CSISD, three months is about $18 million. In addition, a healthy fund balance helps the district get high bond ratings, which affects credit worthiness.

Didn’t the community just pass a $144 million bond election? Can’t the district use that money to balance the budget?
The community did indeed pass a bond election worth $144 million in 2009. That money is “debt service” money and cannot be used in the maintenance and operations budget. It is akin to having a gift card to a hardware store, but needing to buy groceries. A portion of the 2009 bond money was used to build a new transportation center, which opened in August 2010. Also with 2009 bond money, CSISD is building its eighth elementary school (Greens Prairie Elementary), which is scheduled to open in August 2011, and College Station High School, which will open in August 2012.

If CSISD is facing a deficit budget, why is it opening new schools?
CSISD enrollment is growing an average of 3.5% each year. For CSISD, that’s currently 300-350 new students a year. Elementary schools at CSISD are built to hold 660 students. CSISD’s most recent elementary school, Creek View, opened in 2009 at capacity. A&M Consolidated High School currently has 2,800 students and is built to house 2,400 students. The citizens of College Station passed the 2009 bond election with 70% approval in order to alleviate crowding at the elementary level and at AMCHS, as well as to increase the opportunities available for high school students in the
district. If current growth continues, CSISD will need to add additional capacity within the next three to five years.