CBAC Questions from Meeting #3 - October 17	
Questions Asked	**Response**
Have we thought to factor in raising interest rates on bonds?	Yes, we monitor the interest rate environment for municipal bonds on an ongoing basis. The projections we use are based on best informed prediction of the interest rates that we will encounter.
Looking at the chart, are we buying ourselves a 2-cent tax swap for one year?	The 2-cent tax swap would provide over $13 million in net benefit to LISD with no tax increase. However, as noted in the projection of the "status quo," that does not entirely solve the budget shortfall. If this scenario were to be recommended, it would need to be combined with other budget-balancing measures.
On increase on revenues, why is the variation year to year?	The variation is due to the way the State pays the per capita funding from the Available School Fund. The payment is about two-thirds of the allocation for the biennium in one year and the remaining one-third in the second year of the biennium.
Would you have issues with deferring some named/approved projects? Would we go back to voters to defer projects?	No, we can defer projects, i.e. start them later if there is not a need. I would not feel comfortable not having follow-through on projects promised to our voters. Unsure about this question since this doesn't help our Day-to-Day operational costs except it costs to run new facilities. Reminder - two buckets
What is our Comfort Level?	Not sure about this question. We are comfortable that the projections provided depict the financial impact of the issues being discussed.
Do we fear that we will price people out with the tax rate going up? ($1.17)	We do not believe that an annual increase of $422.50 on a $350K home would price people out of the market who can already afford such a home.
With $1.17, could we use 2 cents on the debt side and lower the debt?	Yes, the $1.17 scenario could be combined with the 2-cent swap reduction scenario to the I&S rate so that the net tax increase would be 11 cents.
What opinions have we considered in structuring critical costs? (Lease vs. Purchase)	We have seen no scenario where leasing is less costly long-term for the District. Typically, those contracts involve reimbursement to the lessor for the cost of the item less residual value, their cost of capital, plus a profit margin. Since the District is able to borrow at tax exempt rates, the lessor's cost of capital is typically higher making such deals more expensive for LISD.
Are there opportunities to cut Non-Instructional staff costs without harming Arts or Athletics Program? e.g. Coach Bonus Pay Etc.	Non-instructional staff costs (i.e. those not located at the campus level) for both Fine Arts and Athletics are minimal. That said, all non-instructional staffing costs should be reviewed and considered by the Community Budget Advisory Committee as potential reductions. Non-

	instructional staffing costs associated with each program are tallied below. **<u>Fine Arts</u>** Total salary costs including benefits equals $403,688 for the personnel listed below: Director (1) Assistant Director (1) Administrative Assistants (2) Applied Instrumental Specialist (1) **<u>Athletics</u>** Total salary costs including benefits equals $489,677 for the personnel listed below: Athletic Director (1) Assistant Athletic Directors (2) Secretary/Clerks (3)
Have we considered other tax mechanisms? Fees on Cell Phones etc.	Fees that the District could charge would be participation fees for extracurricular activities. Some districts do charge such fees. We know of no legal mechanism the District could use to charges a fee on cell phones.
Would a campaign to compete with Private Schools/Charters be worthwhile?	The District is currently utilizing marketing efforts to communicate the benefits LISD has to offer over the competition.
What is the overhead on Non-Instructional and Instructional Staff?	Need more direction on this question please. Thanks