



Community Budget Advisory Committee

May 15, 2019

Update on CBAC Preliminary Suggestions to Board:

Suggestion #1 – Equalize district contribution for Health Benefits at \$326 for all participating employees (\$1 M) – **Received information from HR**

Suggestion #2 – Reduce expenditures 2% across the board with primary focus on Non-Campus Org's – Technology & Facilities (\$8 M) – **Looked at work of Efficiency Team**

Suggestion #3 – Consider TRE at some amount TBD. Most concerned about full but what is right amount community can support? Some concerned there has not been any *pain* (\$13.5 M - \$35.5 M) – **Not addressed last meeting, but may not be an option for a couple of years**

Suggestion #4 – Consider Extracurricular Fees. Ensure some type of tiered system for Free/Reduced lunch students; do not implement if there is TRE since it is *double whammy* to taxpayers (\$750K) – **Broad consensus that this would be a last resort**

Suggestion #5 – Change HS Schedule. CBAC realizes this does not provide savings immediately. (\$2.5 - \$3.0 M) – **Studied at least four times, postpone for future discussion, if absolutely necessary**

Tonight's Agenda

- **Review Health Insurance CBAC suggestion**
- **Overview of Non-Campus Expenditure reductions**
- **Update on Excess Real Estate Sale**
- **Update on Transportation Talk**
- **86th Legislative Session Update**

District Contribution to Health Insurance

- TRS Active Care districts are required by law to pay \$225 monthly as district contribution for each employees' health insurance.
- 4,512 employees participate in 4 plans with employee only; employee & spouse; employee & children; and employee & family).
- Currently, each plan provides a district contribution of differing amounts for each tier.

Current District contributions:

- Employee Only Plan 1 - \$326
- Employee Only all other plans - \$358
- Employee/Spouse all plans - \$388
- Employee/Children all plans - \$372
- Employee/Family all plans - \$393
- Employee/ District spouse all plans - \$335

Total cost of district contribution for employee health insurance is **\$18.7m.**

Option 1

Lowering district contribution to state-required amount (\$225) saves **\$6.5m.**

Option 2

Lowering district contribution to \$300 per month per employee saves **\$2.5m.**

Option 3

Equalize all district contribution to \$326 same as employee only tier saves **\$1.0m.**

Proposal: Standardize District Contribution of \$326

Benefits Plan	Employee Enrollment	Monthly Increase	Annual Increase
Employee Only-Plan 1 HD	2704	N/A	N/A
Employee Only-all other plans	384	\$32	\$384
Employee + Spouse all plans	133	\$62	\$744
Employee + Children all plans	1059	\$46	\$552
Employee + Family all plans	237	\$67	\$804
Employee + District Spouse	18	\$9	\$108

So, 1831 employees out of 4535 who participate in Benefits will see a premium increase of amount shown above. In addition, premiums for all plans are increasing for 2019-20.

The District contribution for Employee Only-Plan 1 HD coverage is \$326/month. Employees enrolled in this plan pay \$41/month for benefits.

Standardizing the District contribution lowers costs by \$1,023,468.

Employee Participation by Plan

Medical Plan offered by Lewisville ISD	Employees in each plan	% of employees in each plan
TRS-ActiveCare Plan 1-HD	3948	87.1%
TRS-ActiveCare Plan 2	299	6.5%
TRS-ActiveCare Select	248	5.5%
TRS-ActiveCare HMO	40	0.9%

Since 2003, Lewisville ISD employees have had the option to participate in health insurance offered by the Texas Teacher Retirement System called TRS Active Care. Each plan has several tiers: employee only, employee + child(ren), employee + spouse, and employee + family.

NOTE: 4,535 staff members currently participate in TRS-Active Care plans.

*Fewer employees participate in more expensive tiers and the Benefits department reports no increased leave usage in hardship or sick leave bank by those employees.

Overview of Expenditure Reductions

Each Non-Campus Department Goal for 2019-20 to Reduce 5% of Items Under LISD Control:

- **Items under LISD Control**
 - Personnel Reductions through Attrition
 - Supplies and Materials
 - Travel and Staff Development
- **Items Not Under LISD Control**
 - Property and Casualty Insurance Premiums
 - Fuel Costs
 - Utility Costs
 - Outsourced Services based on Previously Bid Contracts
 - Transportation
 - Child Nutrition
 - Custodial
- Reduction would have been more but increasing students' needs
- Presenting preliminary numbers to Board at Budget Workshop on May 22nd

Update on Excess Real Estate Sale

- Board of Trustees identified 11 properties that have been advertised for sale
 - Deadline for submission of bids has passed
- Board is currently reviewing the bids
- Since properties were acquired using bond funds, the proceeds from these potential sales can only be available for capital expenditures

NOTE: Since we're in the middle of the bid process, *that's about all we can say at this point.*

Update on Transportation Talk

- **OPTION:** Purchase the District's own Bus fleet
 - 288 buses at \$110K each = \$31.68 MM
 - 4.5% cost of funds assumed
 - Various payback periods analyzed:
 - 7 year = \$5.326 MM annually
 - 35.5% of annual transportation costs
 - 10 year = \$3.969 MM annually
 - 26.5% of annual transportation costs
 - 12 year = \$3.445 MM annually
 - 22.9% of annual transportation costs
- Current plan is to include this OPTION in a Request For Proposals (RFP) for transportation service **beginning 2020-21**

Transportation Talk

- **Current Transportation Contract – full turnkey operation**
 - Contractor owns buses
 - Contractor provides drivers, mechanics, office staff
 - Cost is \$15.5 MM annually - all paid from General Fund
 - We don't know the percentage attributable to recovery of capital because we don't know
 - Contractor's cost of funds
 - Their acquisition cost of buses
 - Assumptions on how quickly they need to recover the capital
 - Their markup on the above costs
- **GOAL:** How can we move the capital portion of those costs out of the General Fund into the Debt Service Fund?

Legislative Update



January 8, 2019



HB 3 in Conference Committee – What's the Difference?

Provisions	House Version of HB 3	Senate Version of HB 3
Basic Allotment	Increases the current \$5,140 basic allotment to \$6,030 . Requires districts to use 25 percent of basic allotment increase on salary and wage increases for full-time employees other than administrators.	Increases the current \$5,140 basic allotment to \$5,880 .

Provisions	House Version of HB 3	Senate Version of HB 3
<p>Teacher Compensation, Incentives, and ACE Programs</p>	<p>25 percent of the basic allotment increase must be used to provide a salary or wage increase for full-time district employees other than administrators.</p> <p>Creates an Educator Effectiveness Allotment of 0.012 for each student at a campus in the highest-need census block or any rural district campus. The allotment could be used to incentivize teachers to move to those high-need schools or to other areas of critical shortage. Districts must use a collaborative process to identify effective teachers.</p>	<p>\$5,000 across-the-board pay raise for teachers and librarians in addition to what they would have earned under the 2018-19 salary schedule. Also provides additional funding to cover benefit increases .</p> <p>Creates a Teacher Incentive Allotment to provide additional salary increases to educators based on an evaluation of the effectiveness of the educator.</p> <p>Creates an Accelerated Campus Excellence Allotment for IR campuses. Adds an additional 0.15 to the basic allotment for students in qualifying schools.</p>

Provisions	House Version of HB 3	Senate Version of HB 3
Recapture	The increase in the basic allotment and other formula changes will mitigate recapture by an estimated \$3 billion over the next biennium. Allows districts to pay the recapture amount owed to the state in one payment no later than August 15.	The increase in the basic allotment and other formula changes, including the teacher pay raise, will mitigate recapture by approximately \$3 billion over the next biennium. Allows districts to pay the recapture amount owed to the state in one payment no later than August 15.

Provisions	House Version of HB 3	Senate Version of HB 3
<p>Tax Rate Compression and Tax Relief</p>	<p>Provides \$2.7 billion in uniform tax rate reduction for the biennium, \$0.04 compression on Tier I Maintenance and Operations (M&O) tax rate (\$0.96 from \$1.00) and additional tax rate compression in copper penny tier due to increase in yield.</p>	<p>Provides uniform tax relief or the biennium, \$0.10 compression on Tier 1 M&O (\$0.90 from \$1.00) and additional tax rate compression in copper penny tier due to increase in yield.</p> <p>A separate provision creates an additional automatic tax rate buy-down based on local school district property value growth (2.5 percent tax collections cap, with provisions to adjust for inflation). Tax relief using this provision is on a district-by-district basis and not uniform. The tax rate reduction creates an ongoing cost to the state.</p> <p>Creates the Tax Reduction and Excellence in Education Fund (TREE) for tax relief. Uses an estimated \$2.3 billion from a severance tax revenue diversion (SJR 77), \$300 million in sales tax revenue from the Wayfair court decision (HB 1525), and additional Available School Fund revenue (HJR 151).</p>

Provisions	House Version of HB 3	Senate Version of HB 3
<p>Other Funding Issues</p>	<p>Repeals the High School Allotment, staff allotment, and the Cost of Education Index.</p> <p>Phases out 1993 Chapter 41 hold harmless and early agreement credit.</p> <p>Replaces the transportation linear density calculation with a per-mile allotment. Provides hold-harmless funding and at least a 3 percent gain compared to current law funding. Creates an extended-year program for pre-K-5.</p>	<p>Moves to the use of current-year property values for determining FSP entitlement.</p> <p>Repeals the High School Allotment, staff allotment, and the Cost of Education Index (provides for a study on geographic costs due December 2020). Phases out 1993 Chapter 41 hold harmless and early agreement credit.</p> <p>Replaces the transportation linear density calculation with a per-mile allotment. Provides hold-harmless expires at the end of the 2024-25 school year.</p> <p>Allows Commissioner to reimburse schools for two years for student decline due to a disaster. Creates an extended year program for pre-K-5</p>

Provisions	House Version of HB 3	Senate Version of HB 3
<p>Test-Based Funding</p>	<p>No test-based funding provisions in the final version passed by the House.</p>	<p>Creates a Third-Grade Language Arts Outcomes Bonus that funds third graders who meet grade-level on the STAAR or an alternative assessment.</p> <p>Requires the state to pay for the alternative assessment.</p> <p>Creates a College, Career, and Military Readiness Outcomes Bonus that funds students who achieve minimum standards on SAT, ACT, TSIA, or Armed Services exam.</p>

Provisions	House Version of HB 3	Senate Version of HB 3
Efficiency Audits	School districts shall conduct an efficiency audit before seeking voter approval to adopt M&O tax rate. The LBB shall develop guidelines identifying the scope of the audit. Requires charters to conduct efficiency audits prior to revision to the school's charter or expansion.	School districts shall conduct an efficiency audit before seeking voter approval to adopt M&O tax rate. The LBB shall develop guidelines identifying the scope of the audit.

Provisions	House Version of HB 3	Senate Version of HB 3
School Start Dates	No similar provisions.	Districts of Innovation must begin school on or after the third Monday in August.

How Will HB 3 Impact LISD?

- Conference Committee is working *primarily* behind closed doors
- Haven't seen sufficient details on the plans to determine how it will impact LISD
- We believe, if compromise between these two versions is passed, it will have net benefit to LISD

12 days remaining in the 86th Legislature

With the Legislative Session behind us...



QUESTIONS?





LEWISVILLE INDEPENDENT SCHOOL DISTRICT