

2017-2018 **BUDGET**



FRISCO
INDEPENDENT SCHOOL DISTRICT

**Our mission is to know every
student by name and need.**

5515 Ohio Drive | Frisco, Texas 75035 | www.friscoisd.org

FRISCO INDEPENDENT SCHOOL DISTRICT

FRISCO, TEXAS

ANNUAL BUDGET FOR FISCAL YEAR ENDED JUNE 30, 2018

BOARD OF TRUSTEES

John Classe, President

Chad Rudy, Vice President

Anne McCausland, Secretary

Bryan Dodson

Debbie Gillespie

John Hoxie

Steve Noskin

ADMINISTRATIVE STAFF

Dr. Jeremy Lyon, Superintendent

Dr. Todd Fouche, Deputy Superintendent of Business Services

Katie Kordel, Deputy Superintendent of Curriculum and Instruction

Doug Zambiasi, Deputy Superintendent of Support Services

Dr. Pam Linton, Assistant Superintendent of Human Resources

Kenny Chandler, Assistant Superintendent of Student Services

Melissa Fouche, Executive Director of Technology

Kimberly Pickens, Chief Financial Officer

TABLE OF CONTENTS

Letter of Transmittal	1
Budget and Tax Rate Adoption Calendar	2
Key Meeting Dates	3
Mission and Principles	4
Priorities Based Budgeting	
Background	5
Philosophy	5
Budget Goals and Vision	6
Work Plan	6
Other Budget Considerations	8
2017-2018 Budget Recommendations	
Operating Expenditures	11
Operating Revenues	12
2017-2018 Official Budget	13
Comparative Appropriations per Pupil	14
Operating Budget	15
Multi-Year Financial Plan	16
Debt Service Budget	18
Multi-Year Financial Plan	19
Child Nutrition Budget	20
Compensation Plan	21
District Statistics	
5 Year Comparative Data	22
15 Year Tax Rate History	23
5 Year Tax-Supported Debt History	23
5 Year Debt History per Capita	24
Future Debt Obligations	24
2017-2018 Debt Payments	25
Benchmarking Statistics	
Comparison of Tax Rates in Collin and Denton Counties	26
Comparison of Per-Pupil Expenditures among Peer Groups	27
Detailed Budget Recommendations	28



5515 Ohio Drive
Frisco, Texas 75035
469.633.6000
469.633.6050 (fax)
www.friscoisd.org

June 19, 2017

To the Board of Trustees and Citizens of Frisco Independent School District:

The 2017-2018 official budget is hereby submitted. This budget is the result of the work of 64 administrators, staff, and community volunteers who devoted themselves to a new Priorities Based Budgeting process. The process was implemented in an effort to address long-standing funding challenges and create a balanced and sustainable budget without neglecting FISD's mission to know every student by name and need.

The recommendations brought forth from the Priorities Based Budget committees prioritized the long-term sustainability of the district while identifying savings opportunities in areas that had limited or no impact on student learning. This process also gave us a new chance to engage the community by encouraging input in various forms and maintaining transparency throughout the process. All of the work of this budget cycle is documented on our website at friscoisd.org/departments/finance/budget-development. We hope to maintain this process of community engagement and priorities based budgeting as our new standard of budget development moving forward.

Balancing the needs of students, parents, staff and taxpayers with available resources is a demanding process and one that we do not take lightly. This budget represents a realistic, sustainable plan to address the challenges we face as a public school district. Frisco ISD will continue to face difficult financial decisions in the coming years, and we strive to approach every decision with a student-centered focus.

We would like to recognize the cooperative spirit and contributions of the employees of Frisco ISD, who make the planning and implementation of the District's budget a continued success.

Respectfully submitted,

Dr. Jeremy Lyon, Superintendent

Dr. Todd Fouche, Deputy Superintendent of Business Services

Kimberly Pickens, Chief Financial Officer

BUDGET AND TAX RATE ADOPTION CALENDAR

The Texas Education Code Sections 44.002-44.006 establish the legal basis for school district budget development. Frisco ISD operates as an Independent School District accredited by the State of Texas with a July 1st to June 30th fiscal year. This budget has been prepared in accordance with state and local regulations according to the District's general budget and tax rate adoption calendar:

- October thru December:** Discuss and develop budget planning process and finalize resource allocation strategies for all departments based on district and departmental goals and objectives.
- November:** Receive and analyze student enrollment projections. Finalize "per pupil allocation" for campus budgets based on projected student growth. Develop budget worksheets reflecting campus and departmental allocations.
- December:** Analyze projected revenue scenarios and compare preliminary estimated expenditure needs to projected revenue for possible adjustments. Revenue projections are on-going and continuously monitored throughout the entire process.
- January:** Distribute budget worksheets to campuses and departments and conduct group meetings to discuss directions for completion of worksheets.
- February:** Collect budget worksheets from all departments and begin compiling the line item expenditure budget.
- March:** Share preliminary budget projections with central administrative staff and discuss issues related to alignment with district goals and objectives. Develop initial estimates of staff allocations related to student growth.
- April:** Discuss the district's taxation position and finalize revenue estimates based on preliminary certified values from the central appraisal districts.
- May:** Finalize staff allocations; continue to adjust budget as necessary; and develop the "near final" district budget. Work with Collin County Tax Office to develop the Truth In Taxation ad and submit required posting information related to the adoption of the tax rate.
- June:** Make final adjustments to the proposed budget and submit required posting information related to the adoption of the budget.
- July:** Receive the certified tax rolls from the central appraisal districts and communicate to the Board.

KEY MEETING DATES

The District implemented a Priorities Based Budget process in September 2016, which was overlaid with the general budget calendar for the development of the 2017-2018 budget. More information regarding the Priorities Based Budget process can be found beginning on page 5.

Key dates for the 2017-2018 budget development cycle were:

September 1, 2016	:	Steering Committee kick-off meeting
September 6, 2016	:	School Board Meeting – introducing the Priorities Based Budget process
September 9, 2016	:	Working Group kick-off meeting
September 30, 2016	:	Working Group meeting
October 14, 2016	:	Working Group meeting
October 21, 2016	:	Working Group / Steering Committee meeting
October 26, 2016	:	Stakeholder Committee kick-off meeting
October 28, 2016	:	Working Group/Steering Committee meeting
November 10, 2016	:	School Board / Stakeholder Committee Workshop
November 11, 2016	:	Working group meeting
November 29, 2016	:	School Board / Stakeholder Committee Workshop
December 16, 2016	:	Working group meeting
January 27, 2017	:	Working Group / Steering Committee meeting
February 9, 2017	:	School Board / Stakeholder Committee Workshop to present preliminary budget recommendations
February 10, 2017	:	Working Group / Steering Committee meeting
February 13, 2017	:	School Board meeting – update on 2016-2017 budget savings
March 20, 2017	:	School Board meeting – update on multi-year financial plan
April 10, 2017	:	School Board meeting – 2017-2018 budget recommendations
May 8, 2017	:	School Board meeting – budget update
June 5, 2017	:	School Board meeting – adoption of 2017 tax rate
June 19, 2017	:	School Board meeting – adoption of 2017-2018 budget

MISSION & PRINCIPLES

MISSION: Our mission is to know every student by name and need.

VISION: We look at education in a different way... through the eyes of children.

BELIEFS: Education is a shared responsibility of students, school, home and community. With that as an essential principle, we believe the following to be true for students, staff, families and the community:

- Everyone has equal inherent worth and deserves to be treated with respect and dignity.
- Everyone needs challenge, opportunity and encouragement.
- Each person is unique.
- Meaningful relationships have profound lifelong impact.
- Integrity is essential.
- Imagination and creativity are vital.
- A safe environment is necessary for learning.
- Every person can learn.
- Each person is ultimately responsible for his/her own learning.
- Learning is lifelong and unlimited.
- There is always room for improvement.
- All students must graduate with the skills they need to pursue their aspirations.

MOTTO: Pride. Tradition. Excellence.

BUDGET PRINCIPLES



Allocate personnel units in a manner that will maintain the **effective and efficient practices** adopted by the District.

Maintain the District's efforts to continue as one of the **top-rated school districts in the state.**



Prioritize the distribution of funds to address the needs of the District in relation to both the **academic and operational functions** of the District.

Ensure development and maintenance of the instructional program at the **highest possible level of excellence** while addressing the **needs created by growth** in the student population.



Meet the **community standards and goals and objectives** adopted by the Board of Trustees.



PRIORITIES BASED BUDGETING

BACKGROUND

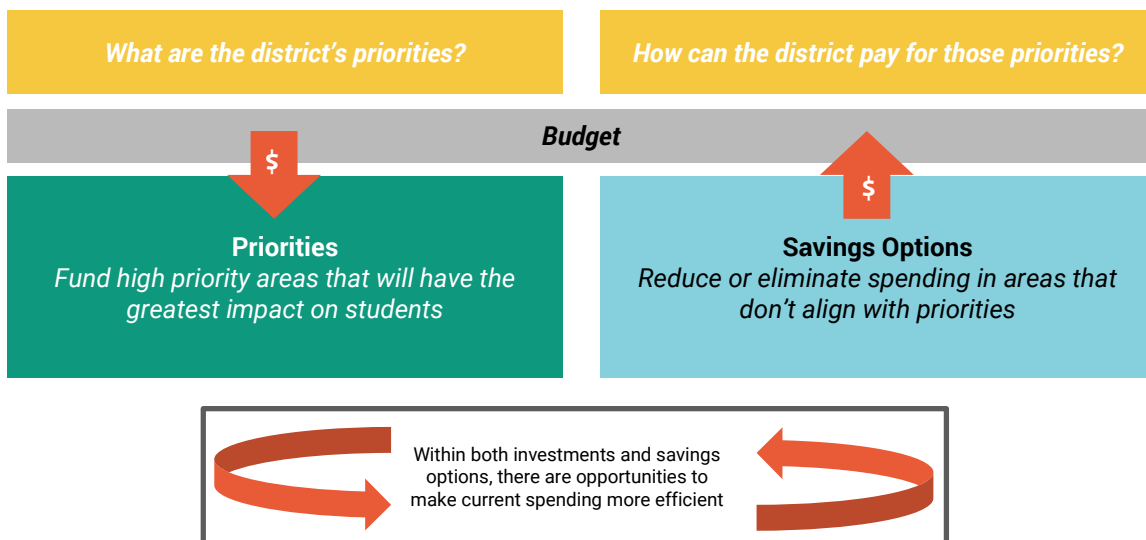
In August 2016, the District held a tax ratification election to address a decade's worth of funding challenges created by the Texas legislature. The proposal would have increased the property tax rate for maintenance and operations (M&O) from \$1.04 to \$1.17 per \$100 valuation and would have provided a balanced budget with funding for continued enrollment growth.

The 2016-2017 budget was adopted based on a \$1.17 M&O tax rate and included \$42.4 million in new costs to accommodate enrollment growth, including the opening of four new campuses, and to address challenges related to employee compensation and support staff.

The higher tax rate was not ratified by voters, which left a projected \$30 million deficit to be addressed in the 2017-2018 budget. The Priorities Based Budget (PBB) process was implemented in September 2016 to balance the budget and create a more sustainable long-term financial plan within the constraints of available property tax revenue.

PHILOSOPHY

The traditional approach to governmental budgeting is incremental, whereby the current year's budget and spending needs are used as a basis for the upcoming budget. Priorities Based Budgeting is a non-traditional model used to realign available resources with identified priorities. Rather than taking a top-down approach to addressing the funding shortfall, Fisd adopted the PBB model for the 2017-2018 school year with the goals of identifying individual and programmatic priorities that align with overall district priorities; analyzing the costs of those priorities; and identifying savings opportunities by reducing or eliminating spending in areas that don't align with identified priorities.



BUDGET GOALS AND VISION

The vision of PBB and the goals to be achieved were established at the beginning of the process by District administrators. All of the work done throughout the year, and the development of the process as a whole, was centered on those goals.

BUDGET GOALS & VISION



Throughout this process, our focus will be on **student learning** and we will be cautious not to be short-sighted in the long-term impact of our decisions.

As part of the budget development process, we will work to **reduce or eliminate spending** in areas that do not align with our identified priorities.

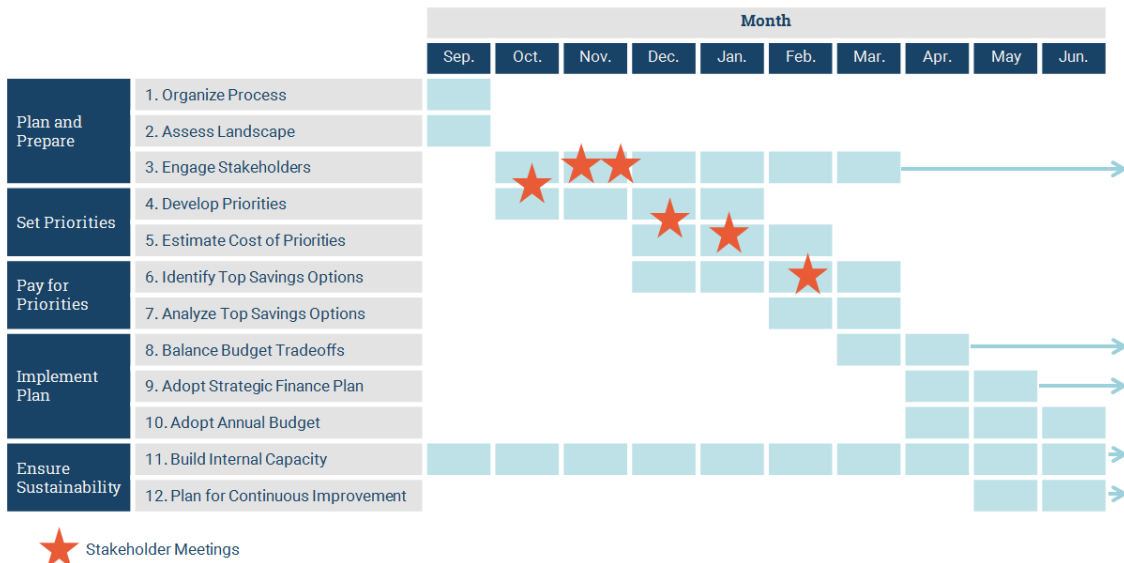
A successful priorities-based budget process will result in a **balanced and sustainable budget** that is aligned with the District's mission to know every student by name and need.



FISD will build support for this initiative with staff and the community by **listening, encouraging input and maintaining transparency.**

WORK PLAN

Six budget workshops, 12 formal meetings, and a number of other, informal meetings were held with various committees over the course of the year to develop the 2017-2018 budget and multi-year financial plan. To keep district staff and the community engaged and informed, minutes from each meeting and a document archive were posted on the District's website. Additionally, a web portal was available from September to November for anyone to provide budget ideas or feedback on the process.



Overall, the process took 10 months to complete – beginning in September 2016 and culminating with the adoption of the budget in June 2017.

Three committees were formed to do the work:

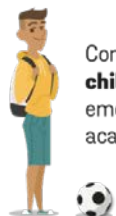
- A Steering Committee, comprised of the District’s administrative leadership, or Instructional Support Team, was tasked with setting the overall vision and goals for the process; determining district priorities and associated investments; reviewing proposals; and making final recommendations to the Board based on the work of the other two groups.
- A Working Group, comprised of 27 internal budget owners throughout the district, was tasked with identifying priorities; benchmarking all areas of the District’s budget against identified priorities; analyzing savings opportunities; and making recommendations to the Steering Committee.
- A Stakeholder Committee, nominated by the Board of Trustees and comprised of both internal and external stakeholders (staff members, parents, and community members), supported the Working Group by performing deep dives into designated focus areas and making recommendations for savings opportunities. They also provided a reality check on messaging and outreach throughout the process and served as champions of the process with their peers and the community at large.

Recommendations from the Stakeholder Committee and Working Group were accumulated and vetted by the Steering Committee prior to being formally recommended to the Board in April 2017. In total, 59 recommendations spanning seven major focus areas were proposed. The focus areas included:

1. Campus budgets and support staff
2. Central administration
3. Class size / class schedules
4. Compensation
5. Extracurricular activities
6. Transportation / custodial /energy management
7. Revenue generation

All of the recommendations brought forth were anchored by 5 District priorities established by the Steering Committee during the visioning process. The overall goal of the process was to balance the budget without significantly impacting the District’s core values.

BUDGET PRIORITIES



Commit to the **whole child** by providing social, emotional, physical and academic support.

Provide a safe, secure and well-maintained **learning environment**.



Recruit, retain and support an **effective teacher** in every classroom and an **effective principal** in every school.



Protect the classroom by guiding and supporting **high levels of learning** for all students.

Continue to **maximize student opportunities** through the small schools model.

OTHER BUDGET CONSIDERATIONS

Separate from the PBB process, certain external and somewhat uncontrollable challenges must be addressed in the development of our annual budget, including enrollment, compensation, property taxes, and the impact of the Texas Legislature. All of the budget recommendations identified through PBB were balanced against these challenges and the critical supports and needs vital to the long-term health of the District.

Enrollment Growth

Frisco ISD has more than doubled our enrollment in the last decade, adding an average of 3,000 students per year. While we saw a slight slowdown in enrollment growth for 2016-2017, we still added almost 2,800 students, qualifying us as the fastest growing school district in Texas.

Projecting enrollment growth remains one of the most significant challenges we face for budgeting and school building needs. Administrators work with both internal and third party demographers to develop our best estimates of student growth from year to year. Because of our rapidly growing student population, budget decisions can have a significant impact on class sizes.

To address the loss of state funding in prior years, FISD absorbed much of the cost of enrollment growth by increasing class sizes at all grade levels. In 2015-2016, the District submitted nearly 300 class size waivers to the State to allow K-4 classrooms to rise above the 22:1 class size mandate, a standard created by lawmakers to limit the size of elementary classrooms. That number amounted to almost 30% of FISD K-4 classrooms being above the mandated limit. In 2016-2017, the District addressed rising class sizes and drastically reduced the need for waivers by opening four new schools and adding 298 teachers at a cost of \$17.9 million.

With the proposal to raise taxes not ratified by voters and nearly half of our operating budget used to pay for teachers, class sizes will be impacted again beginning in 2017-2018. The first action taken by the Board of Trustees after the tax ratification election was to delay the opening of four schools scheduled to be completed in fall 2018. The delay will save over \$15 million in personnel costs for one year by using available capacity at existing campuses to accommodate next year's enrollment growth.

Competitive Compensation

FISD is committed to a culture of collaboration and continual learning, both of which serve our pursuit to attract and retain high quality staff to support our vision, mission and beliefs. The Human Resources Department continually monitors area districts' pay scales in an effort to remain competitive with our staffing model. District-wide compensation and the new teacher pay scale as well as District contributions to employee health insurance premiums were all adjusted in 2016-2017 to help FISD remain competitive among area districts. Prior to 2016-2017, FISD ranked in the bottom quartile of area districts for teacher salaries while also falling behind on pay for support staff and other positions.

Although a number of recommendations arising from the PBB process resulted in substantial cost savings, District leaders recognize that competitive compensation is a necessary component of our staffing model. One of the five District priorities established during the PBB visioning process was to recruit, retain and support an effective teacher in every classroom and an effective principal in every school. Competitive compensation is a necessary ingredient to achieve that priority. Therefore, the 2017-2018 budget and long-term financial plans include continued provisions for staff raises, although at a rate lower than most surrounding districts.

Property Taxes and Limited Local Control

School districts have taxing authority for two types of property tax rates – a maintenance and operations (M&O) rate, which funds the day-to-day operating budget, and an interest and sinking (I&S) rate, which pays principal and interest on debt. The Texas property tax code allows school districts to tax at a maximum of \$1.67 per \$100 valuation - \$1.17 for M&O and \$0.50 for I&S.

Authority to approve both tax rates set by the School Board is ultimately given to voters:

- Authority for the I&S rate is granted when voters authorize bonds. The amount of revenue needed to pay off outstanding debt dictates the I&S rate set by the Board.
- Authority for the M&O rate is slightly more complicated. The base, or compressed rate, is derived from a compressed version of the 2006 tax rate and is maximized at \$1.00 per \$100 valuation. This is the minimum rate that a school district uses to generate revenue and is also the rate used to determine each school district's equalized share of funding. Local School Boards then have the authority under the tax code to approve additional M&O pennies, up to \$1.04, without voter approval. Any M&O tax rate above \$1.04 and up to the maximum of \$1.17 requires voter approval through a tax ratification election.

The State's funding formulas equalize operating revenue using the compressed tax rate; however the revenue provided by that formula is intended only to cover the minimum cost of educating students (as determined by State lawmakers). Additional revenue must be generated using all or a portion of a district's remaining taxing authority to cover remaining operating costs.

The 2017-2018 budget is based on tax rates of \$1.04 for M&O and \$0.42 for I&S, which were adopted by the Board on June 5, 2017.

A history of FISD tax rates for the last 15 years can be found on page 22.

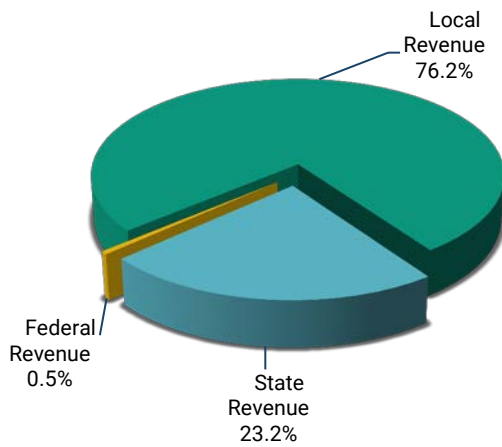
Legislative Impact

In 2006, Texas lawmakers with a focus on property tax relief, passed a property tax reform package that reduced school taxes for maintenance and operations (M&O) by one-third. With the promise of new state revenues from business franchise taxes, the State agreed to provide additional funds to school districts to make up for the mandatory reduction in local collections. However, in 2011, a massive state budget deficit coupled with the Legislature's desire not to raise taxes or access the rainy day fund resulted in an appropriations bill that cut funding for public education by \$5.4 billion. Although some (not all) of those cuts were restored in the 2013 and 2015 Legislative sessions, school districts across the state were forced to absorb millions of dollars in lost funding. Frisco ISD lost a total of \$105 million in funding from 2011 to 2016 as a result of Legislative action.

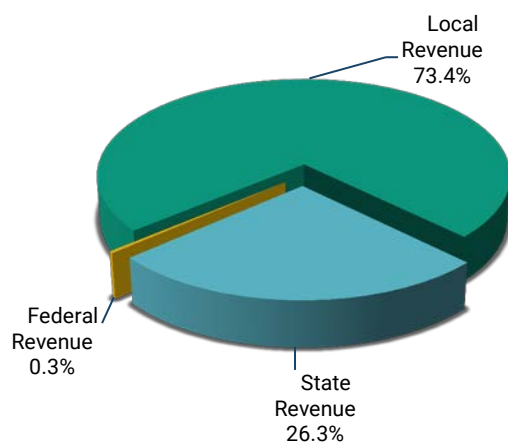
Aside from the direct cuts to school funding that took place in prior years, the State has been slowly shifting the burden of public education spending to local taxpayers. Current school finance laws involve property wealth equalization. A complex system of weights for certain student populations, allotments, adjustments, a cost of education index, and property values are all used to establish the amount of revenue received and retained by a school district. Under the current equalized system, school districts are entitled to \$514,000 of property value per student, which translates into approximately \$5,140 to provide for the basic educational needs of each student. Districts are required to raise as much of that allotment as they can with local property taxes, and the State makes up the difference. Districts with excess property wealth pay recapture on tax collections associated with that value. Because of the nature of the equalized formula, school districts like FISD do not receive additional operating dollars when property values rise. If property values go up one year, the State reduces its share of funding the next year, effectively using local tax dollars to supplant its required contribution to public education.

Since 2008, the State's share of public education spending has shifted from 44.9% to 38.4% state-wide. For FISD, state revenue constitutes only 23.2% of our 2017-2018 budget, down from 26.3% in 2016-2017.

2017-2018 Budgeted Revenue



2016-2017 Budgeted Revenue



FISD joined over 600 other school districts in 2012 to sue the State over inadequate school funding and an effective state-wide property tax. In August 2014, District Judge Dietz issued a written ruling in our favor that was then appealed to the Texas Supreme Court. The Texas Supreme Court overturned Judge Dietz's ruling in May 2016, stating in its ruling that "our Byzantine school funding 'system' is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements."

The 85th Legislature, which concluded its session on May 29, 2017, failed to make meaningful reforms to the school finance system. Despite the support of Speaker Joe Straus, R-San Antonio, and the tireless effort of House Public Education Committee Chair Dan Huberty, R-Humble, who proposed to add nearly \$2 billion in new state funding to public education, the most meaningful school finance reform bill in decades fell apart in the final days of the session because of a stalemate between the House and Senate over school vouchers. As a result, the adopted appropriations bill, despite funding enrollment growth across the state, actually reduces state funding for schools by more than one billion dollars over the biennium.

After the 85th legislative session concluded, Governor Greg Abbott announced a legislative special session to begin July 18, 2017. School finance reform is included on the agenda for the session as is a possible \$1 billion unfunded mandate for Texas public schools. No provisions for either have been included in this budget. FISD will continue to work with lawmakers to address the adequacy of school funding.

2017-2018 BUDGET RECOMMENDATIONS

OPERATING EXPENDITURES

The two biggest budgetary needs for 2017-2018 were identified to be (1) accommodations for additional grade levels at two secondary campuses (Reedy HS and Lebanon Trail HS), and (2) compensation for staff. Accommodations for enrollment growth at existing campuses plus the "mothball" costs to delay the opening of four new schools totaled just over \$4.1 million in additional expenditures for 2017-2018. To remain competitive with surrounding districts for compensation, a 2% raise for all staff was recommended at a cost of \$7.5 million to remain competitive with surrounding districts. The PBB process identified \$9.4 million in savings opportunities to help pay for these additional costs.

The operating budget also includes certain items that are considered "budget neutral," meaning there is both a revenue and expenditure component, which offset to zero. Those items impact total appropriations, but have no net impact on our annual surplus (deficit) or year-end fund balance.

Finally, recapture under the State's equalized wealth system was budgeted in 2016-2017 in anticipation of a \$1.17 tax rate. Since the rate was not ratified, FISD did not owe recapture to the State, so the recapture budget was reduced for 2017-2018 to reflect that change.

A summary of total changes to the expenditure budget from 2016-2017 to 2017-2018 is below. A detailed list of the 59 Priorities Based Budget recommendations, including the 2% raise can be found beginning on page 28.

Adjustments for Enrollment Growth:

Elementary Personnel and Oher Costs	64,900
Secondary Personnel and Other Costs	3,694,600
"Mothball" costs for utilities & security	350,000
Total Adjustments for Growth	4,109,500

Priorities Based Budget Recommendations:

Campus Budgets & Support Staff	(3,037,278)
Central Administration	(1,850,546)
Class Size / Class Schedules	(2,387,000)
Compensation	5,443,000
Extracurricular Activities	368,000
Transportation / Custodial / Energy Management	(462,912)
Total Priorities Based Budget Recommendations	(1,926,736)

Budget Neutral Changes:

TIF Payment to City	3,618,300
TRS On-Behalf	2,000,000
Total Budget Neutral Changes	5,618,300
Reduction in Recapture	(5,700,000)
Net Increase in Expenditures from the 2016-2017 Budget	2,101,064

OPERATING REVENUES

As previously mentioned, the 2016-2017 budget was adopted based on an M&O tax rate of \$1.17. When the rate was not ratified by voters, the tax rate reverted back to \$1.04, resulting in \$34.7 million less in property tax revenue than originally budgeted.

The Collin and Denton County Appraisal Districts provide estimated preliminary certifications of property values at the end of April each year, which the District uses to create estimates of property tax revenue for the coming budget year. Certified values are provided by the Appraisal Districts in July, and monthly updates to the certified rolls are provided and monitored by the District throughout the year to reflect changes in exceptions and value protest resolutions. Certified estimates of 2017 taxable values were projected to be 16% higher than estimated final values for 2016. However, those values will fall by the end of the year due to protests and late filed exemptions. The 2017-2018 budget was conservatively based on a \$3.7 billion increase in assessed values when compared to last year's budget estimates.

Since FISC is subject to the State's funding formula, we do not retain revenue from rising property values beyond the first year. The settle-up for the reduction in state aid for last year's growth in property values offsets the increase in revenue to be generated by rising property values in 2017-2018. The net effect is approximately \$6.3 million less in revenue than last year, before factoring in additional revenue from enrollment growth.

Finally, the PBB process identified approximately \$3.9 million in additional revenue opportunities to help address funding challenges and pay for the expenditure increases needed to fund enrollment growth and compensation.

A summary of changes to revenue estimates from 2016-2017 to 2017-2018 is below.

Local Property Taxes:	
Reduction in Tax Revenue from Non-Ratified Tax Rate	(34,734,500)
Increase in Tax Revenue from Property Value Increases	39,043,700
State Aid:	
Reduction in State Aid for Prior Year Property Values	(45,376,200)
Increase in State Aid for Enrollment Growth	13,198,500
Increase in State Aid for Austin Yield	9,361,200
Total Decrease in State & Local Revenue	(18,507,300)
Priorities Based Budget Recommendations:	
Central Administration	25,000
Extracurricular Activities	1,583,750
Transportation / Custodial / Energy Management	500,000
Revenue Generation	1,750,000
Total Priorities Based Budget Recommendations	3,858,750
Budget Neutral Changes:	
TIF Collections	3,618,300
TRS On-Behalf	2,000,000
Total Budget Neutral Changes	5,618,300
Net Decrease in Revenue from the 2016-2017 Budget	(9,030,250)

2017-2018 OFFICIAL BUDGET

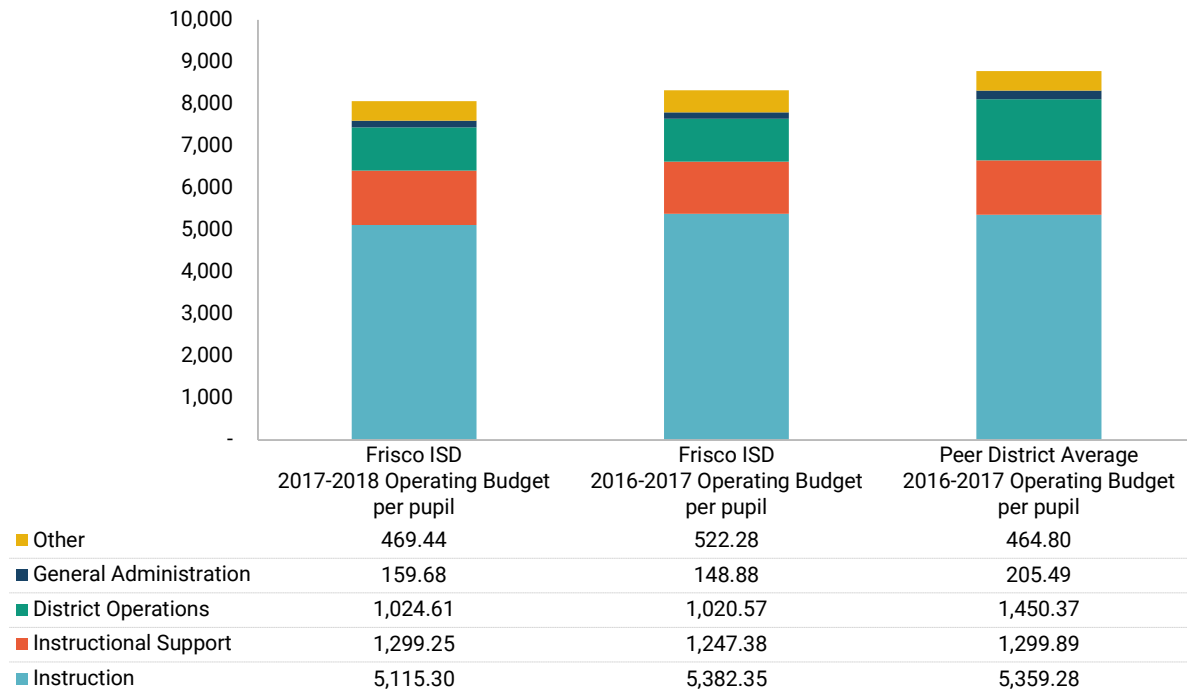
ALL ADOPTED FUNDS

	Operating Fund	Child Nutrition Fund	Debt Service Fund	Total	Total by Enrolled Student*
Revenues:					
Local Revenue	363,714,250	19,476,025	151,956,900	535,147,175	9,119
State Revenue	110,931,000	568,500	2,000,000	113,499,500	1,934
Federal Revenue	2,500,000	5,900,000		8,400,000	143
Total Estimated Revenues	477,145,250	25,944,525	153,956,900	657,046,675	11,196
Appropriations:					
11 - Instruction	282,871,994			282,871,994	4,820
12 - Instructional and Media Services	6,859,341			6,859,341	117
13 - Curriculum and Staff Development	10,420,008			10,420,008	178
21 - Instructional Leadership	7,028,415			7,028,415	120
23 - School Leadership	29,197,377			29,197,377	498
31 - Guidance, Counseling and Evaluation Services	16,510,765			16,510,765	281
32 - Social Work Services	419,573			419,573	7
33 - Health Services	5,513,833			5,513,833	94
34 - Student Transportation	11,463,248			11,463,248	195
35 - Food Service		25,943,025		25,943,025	442
36 - Cocurricular/Extracurricular	17,579,389			17,579,389	300
41 - General Administration	9,371,413			9,371,413	160
51 - General Maintenance and Operations	38,271,703	1,500		38,273,203	652
52 - Security and Monitoring Services	3,602,336			3,602,336	61
53 - Data Processing Services	6,794,269			6,794,269	116
61 - Community Services	731,550			731,550	12
71 - Debt Service			145,096,148	145,096,148	2,472
95 - Payments to Juvenile Justice Alternative Programs	50,000			50,000	1
97 - Tax Increment Fund	24,318,300			24,318,300	414
99 - Other Intergovernmental Charges	2,500,000			2,500,000	43
Total Appropriations	473,503,514	25,944,525	145,096,148	644,544,187	10,983
Appropriations by Object:					
61 - Payroll Costs	390,200,357	11,442,275		401,642,632	6,844
62 - Professional and Contracted Services	33,839,136	366,200		34,205,336	583
63 - Supplies and Materials	16,708,927	12,781,000		29,489,927	503
64 - Other Operating Costs	32,095,291	1,148,050		33,243,341	567
65 - Debt Service			145,096,148	145,096,148	2,472
66 - Capital Outlay	659,803	207,000		866,803	15
Total Appropriations	473,503,514	25,944,525	145,096,148	644,544,187	10,983

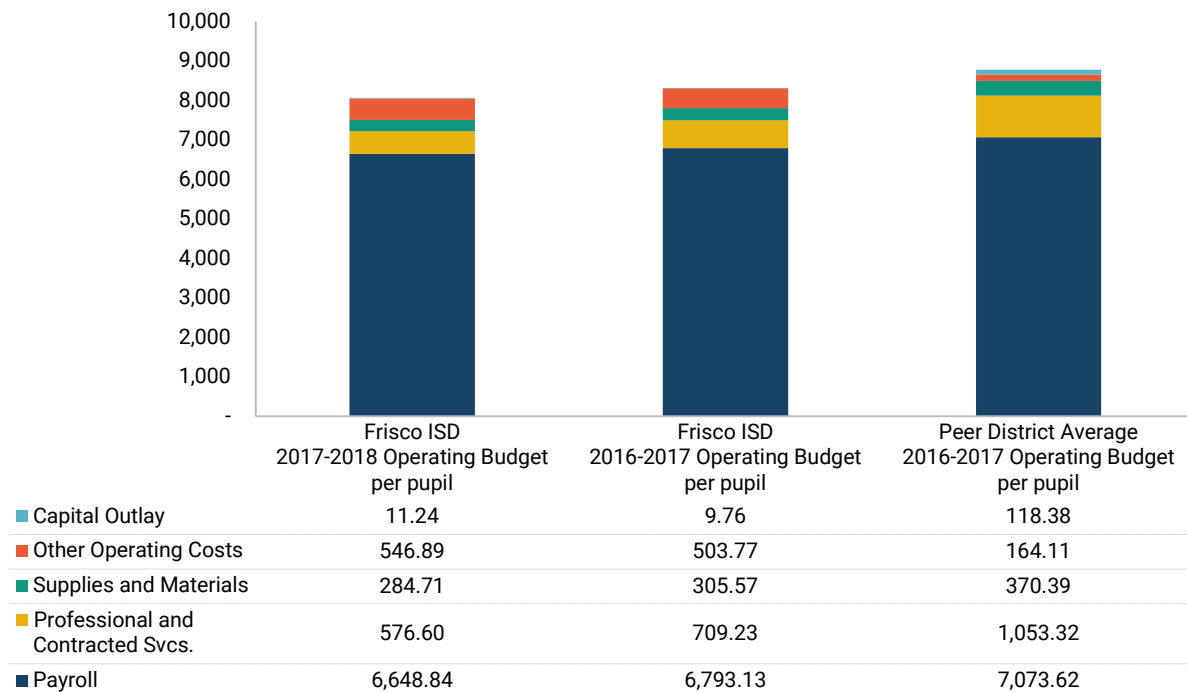
* Based on projected 2017-2018 enrollment of 58,687 students

COMPARATIVE APPROPRIATIONS PER PUPIL

Operating Fund by Function



Operating Fund by Object



Peer district data includes average per pupil appropriations for 26 school districts in three different peer district groups. Additional peer group benchmarking information can be found on page 27 of this report.

OPERATING BUDGET

The operating budget is the budget for the General Fund, which pays for most expenditures for the daily operation of schools and central departments. Expenditures paid from this fund include salaries and benefits, classroom supplies and equipment, extracurricular and co-curricular activities, educational technology, utilities, routine maintenance of buildings, and transportation costs.

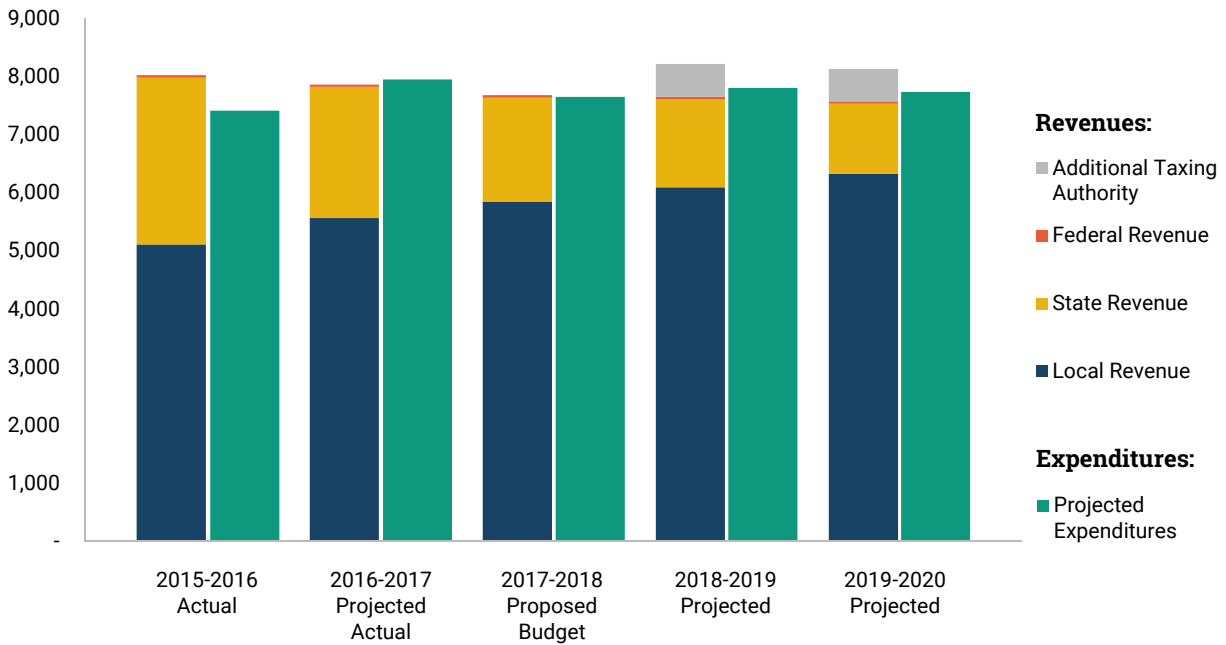
	2016-2017 Budget	Increase (Decrease)	2017-2018 Budget	Percent Change
Revenues:				
Local Revenue				
Local Tax Collections	329,141,300	4,309,200	333,450,500	1.3%
TIF Collections	20,700,000	(295,000)	20,405,000	(1.4%)
Other Local Revenue	7,000,000	2,858,750	9,858,750	40.8%
Total Local Revenue	356,841,300	6,872,950	363,714,250	1.9%
State Revenue				
Foundation School Program	96,589,300	(20,403,300)	76,186,000	(21.1%)
Foundation School Program - TIF Supplement		3,913,300	3,913,300	100.0%
Available School Fund	13,244,900	(2,413,200)	10,831,700	(18.2%)
TRS On-Behalf	18,000,000	2,000,000	20,000,000	11.1%
Total State Revenue	127,834,200	(16,903,200)	110,931,000	(13.2%)
Federal Revenue				
Medicaid/SHARS	1,500,000	500,000	2,000,000	33.3%
Other Federal Indirect Costs		500,000	500,000	100.0%
Total Federal Revenue	1,500,000	1,000,000	2,500,000	66.7%
Total Esimtated Revenues	486,175,500	(9,030,250)	477,145,250	(1.9%)
Appropriations:				
Instruction				
11 - Instruction	288,053,578	(5,181,584)	282,871,994	(1.8%)
12 - Instructional and Media Services	6,262,944	596,397	6,859,341	9.5%
13 - Curriculum and Staff Development	10,538,131	(118,123)	10,420,008	(1.1%)
95 - Payments to Juvenile Justice Alternative Programs	50,000	-	50,000	0.0%
Total Instruction	304,904,653	(4,703,310)	300,201,343	(1.5%)
Instructional Support				
21 - Instructional Leadership	6,183,153	845,262	7,028,415	13.7%
23 - School Leadership	27,789,975	1,407,402	29,197,377	5.1%
31 - Guidance, Counseling and Evaluation Services	15,319,654	1,191,111	16,510,765	7.8%
32 - Social Work Services	479,604	(60,031)	419,573	(12.5%)
33 - Health Services	5,076,955	436,878	5,513,833	8.6%
36 - Cocurricular/Extracurricular	15,813,761	1,765,628	17,579,389	11.2%
Total Instructional Support	70,663,102	5,586,250	76,249,352	7.9%
41 - General Administration	8,433,812	937,601	9,371,413	11.1%
District Operations				
34 - Student Transportation	11,118,288	344,960	11,463,248	3.1%
51 - General Maintenance and Operations	37,093,292	1,178,411	38,271,703	3.2%
52 - Security and Monitoring Services	2,800,718	801,618	3,602,336	28.6%
53 - Data Processing Services	6,801,702	(7,433)	6,794,269	(0.1%)
Total District Operations	57,814,000	2,317,556	60,131,556	4.0%
Other				
61 - Community Services	686,883	44,667	731,550	6.5%
91 - Contracted Services Between Public Schools	5,700,000	(5,700,000)		(100.0%)
97 - Tax Increment Fund	20,700,000	3,618,300	24,318,300	17.5%
99 - Other Intergovernmental Charges	2,500,000	-	2,500,000	0.0%
Total Other	29,586,883	(2,037,033)	27,549,850	(6.9%)
Total Appropriations	471,402,450	2,101,064	473,503,514	0.4%

MULTI-YEAR FINANCIAL PLAN

Maintenance & Operations

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Actual	Projected	Proposed	Projected	Projected
Revenues:					
Local Revenue	289,018,829	332,421,800	363,714,250	393,254,250	420,504,250
State Revenue	155,994,420	130,883,700	110,931,000	98,711,200	82,319,903
Federal Revenue	2,332,383	2,240,000	2,500,000	2,500,000	2,500,000
Total Revenues	447,345,632	465,545,500	477,145,250	494,465,450	505,324,153
Expenditures:					
Instruction	267,047,448	306,391,400	304,904,653		
Instructional Support	64,597,587	71,946,300	70,663,102		
Operations	52,718,626	57,707,700	57,814,000		
General Administration	7,823,941	8,491,900	8,433,812		
Other	3,207,854	3,603,300	3,186,883		
TIF Payments to City	20,698,870	22,578,300	20,700,000		
Total Baseline Expenditures			465,702,450	473,503,514	501,846,764
Budget Changes:					
New Campus					
Personnel/Operations			4,109,500	19,103,250	3,453,000
Compensation			7,500,000	7,500,000	7,500,000
Change in TIF Payment			3,618,300	1,740,000	870,000
Change in TRS On-Behalf			2,000,000		
Other Priorities Based Budget					
Recommendations			(9,426,736)		
Total Budget Changes			7,801,064	28,343,250	11,823,000
Total Expenditures	416,094,326	470,718,900	473,503,514	501,846,764	513,669,764
Chapter 41 Recapture	217,771				
Surplus (Deficit)	31,033,535	(5,173,400)	3,641,736	(7,381,314)	(8,345,611)
Beginning Unassigned Fund Balance	92,068,189	105,732,514	100,559,114	104,200,850	96,819,536
Assignments/Uses of Fund Balance	(17,369,210)				
Ending Unassigned Fund Balance	105,732,514	100,559,114	104,200,850	96,819,536	88,473,925
Unassigned Fund Balance as a % of Next Year's Expenditures *	22.5%	21.2%	20.8%	18.8%	17.2%
M&O Tax Rate	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04
Projected Enrollment	53,130	56,320	58,687	60,933	62,886

Revenues and Expenditures per Pupil



Excludes revenue and expenditures related to the Tax Increment Reinvestment Zone.
Additional taxing authority consists of \$0.13 of M&O tax rate available with voter approval.

Footnotes to Multi-Year Financial Plan

The Board of Trustees strives to maintain an unassigned fund balance of at least 20% of next year's expenditures to cover cash flow deficits during the first quarter of the District's fiscal year. Any significant decrease in unassigned fund balance with no plan for restoration could result in the need for short-term borrowing.

This financial plan includes the delayed opening of Liscano Elementary School, Talley Elementary School, Lawler Middle School, and Memorial High School by one year, until fall 2018. The one-year savings achieved by delaying the opening of these four schools is approximately \$15 million.

Enrollment is projected to increase by approximately 6,500 over the next three years. There is no provision for District-level operational cost increases or additional support staff that may be necessary to address enrollment growth. Those costs will need to be evaluated against available funds on an annual basis.

This financial plan includes placeholders for a 2% raise for all staff in each future year shown. This placeholder is for planning purposes only and is not guaranteed until an annual budget is adopted. There are no provisions for market-value salary adjustments or additional employee benefits included. Those costs will need to be evaluated against available funds on an annual basis.

DEBT SERVICE BUDGET

The Debt Service Fund is used to pay principal and interest on debt incurred through the sale of bonds. The proceeds from bonds are used to finance long-term improvements to existing facilities as well as to build and equip new schools. Debt payment details can be found on page 25. For cash flow purposes, the district budgets for debt service using a calendar year rather than our fiscal year.

	2016-2017 Budget	Increase (Decrease)	2017-2018 Budget	Percent Change
Revenues:				
Local Revenue				
Local Tax Collections (including delinquent, rollback and P&I)	117,380,000	15,420,800	132,800,800	13.1%
Investment Earnings	75,000	125,000	200,000	166.7%
TIF Revenue	17,490,000	1,466,100	18,956,100	8.4%
Total Local Revenue	134,945,000	17,011,900	151,956,900	12.6%
State Revenue				
Additional State Aid for Homestead Exemption (ASAHE)	2,000,000	-	2,000,000	0.0%
Total Esimtated Revenues	136,945,000	17,011,900	153,956,900	12.4%
Appropriations:				
71 - Debt Service				
Bond Principal	46,555,000	14,655,000	61,210,000	31.5%
Bond Interest	81,443,507	532,641	81,976,148	0.7%
Other Debt Fees	1,000,000	1,000,000	2,000,000	100.0%
Total Appropriations	128,998,507	16,187,641	145,186,148	12.5%

MULTI-YEAR FINANCIAL PLAN

Interest & Sinking

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Actual	Projected	Proposed	Projected	Projected
Revenues:					
Local Revenue	109,734,638	140,703,300	151,956,900	164,884,400	176,399,900
State Revenue	1,764,589	2,000,000	2,000,000	2,000,000	2,000,000
Total Revenues	111,499,227	142,703,300	153,956,900	166,884,400	178,399,900
Expenditures:					
Bond Principal and Interest	112,429,935	124,028,937	143,096,200	143,186,148	130,986,400
Other Debt Fees	2,186,574	2,000,000	2,000,000	2,000,000	2,000,000
Total Expenditures	114,616,509	126,028,937	145,096,200	145,186,148	132,986,400
Transfers In (Out)	9,264,764				
Surplus (Deficit)	6,147,482	16,674,363	8,860,700	21,698,252	45,413,500
Beginning Fund Balance	79,809,387	85,956,869	102,631,232	111,491,932	133,190,184
Ending Fund Balance	85,956,869	102,631,232	111,491,932	133,190,184	178,603,684
Unassigned Fund Balance after August debt payment as a % of Next Year's Expenditures	8.2%	6.0%	11.4%	28.7%	62.9%
I&S Tax Rate	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42

Footnotes to Multi-Year Financial Plan

The Board of Trustees strives to maintain a Debt Service fund balance of approximately 10% of next year's debt service after the August debt service payment. August payments average \$90-\$95 million per year. A higher percentage of fund balance creates capacity to either lower future tax rates or issue additional debt while maintaining the existing tax rate.

Principal and interest projections are based on debt issued and outstanding as of June 2017. Detailed payment information is included on page 25 of this report.

Certified property tax rolls will be available in July 2017. The tax revenue included in this financial plan is based on conservative estimates of those certified rolls. More aggressive estimates could result in up to \$5.2 million of additional revenue for 2017-2018.

CHILD NUTRITION BUDGET

The Child Nutrition Fund is used to account for revenues and expenditures related to the school lunch and breakfast program. Expenditures are funded from cafeteria sales and state and federal grants.

	2016-2017 Budget	Increase (Decrease)	2017-2018 Budget	Percent Change
Revenues:				
Local Revenue				
Cafeteria Sales	19,544,500	(87,075)	19,457,425	(0.4%)
Investment Earnings	4,500	14,100	18,600	313.3%
Total Local Revenue	19,549,000	(72,975)	19,476,025	(0.4%)
State Revenue				
State Grant Reimbursements	85,000	20,000	105,000	23.5%
TRS On-Behalf	470,000	(6,500)	463,500	(1.4%)
Total State Revenue	555,000	13,500	568,500	2.4%
Federal Revenue				
National School Lunch Program	3,746,000	254,000	4,000,000	6.8%
National School Breakfast Program	554,000	(54,000)	500,000	(9.7%)
USDA Commodities	1,000,000	400,000	1,400,000	40.0%
Total Federal Revenue	5,300,000	600,000	5,900,000	11.3%
Total Esimtated Revenues	25,404,000	540,525	25,944,525	2.1%
Appropriations:				
District Operations				
35 - Food Services	25,002,500	940,525	25,943,025	3.8%
51 - General Maintenance and Operations	401,500	(400,000)	1,500	(99.6%)
Total Appropriations	25,404,000	540,525	25,944,525	2.1%

COMPENSATION PLAN

SALARIES AND BASE WAGES

All eligible staff will be provided with a 2% increase in salary or base wages.

The beginning salary for new teachers will be adjusted from \$50,000 to \$50,500 for the 2017-2018 school year, and the new hire salary guide for teachers, librarians, and nurses will be adjusted accordingly. The 2% raise provided for all staff aligns existing teachers' salaries with the new salary guide, so no further adjustment to teacher salaries is necessary.

The total budget increase for the 2% staff raise is proposed at \$7.5 million and reflects the cost of raises for staff whose salaries or wages are paid for by the Operating Fund. Raises for staff whose salaries or wages are paid from other sources will be funded by those respective sources.

EMPLOYEE HEALTHCARE

Medical premium contributions will remain at \$325 per month for participating employees. The monthly premium contribution was raised from \$280 to \$325 during the 2016-2017 budget year.

FISD participates in TRS Active-Care, the state's healthcare plan, and has no control over annual premium increases for plan participants. The TRS Board of Trustees adopted plan changes for the coming year on June 2, 2017. Premium rates for the 2017-2018 plan year will increase from \$10 to \$407 per month depending on the plan selected and number of dependents covered.

EMPLOYEE RETIREMENT

Employee and District contributions to the TRS pension plan are expected to remain the same for 2017-2018 at 7.7% and 6.8%, respectively, as determined by statute.

The District will suspend 401(a) matching contributions for employees participating in a 403(b) or 457 plan effective August 31, 2017, at the end of the plan year.

DISTRICT STATISTICS

5 YEAR COMPARATIVE DATA

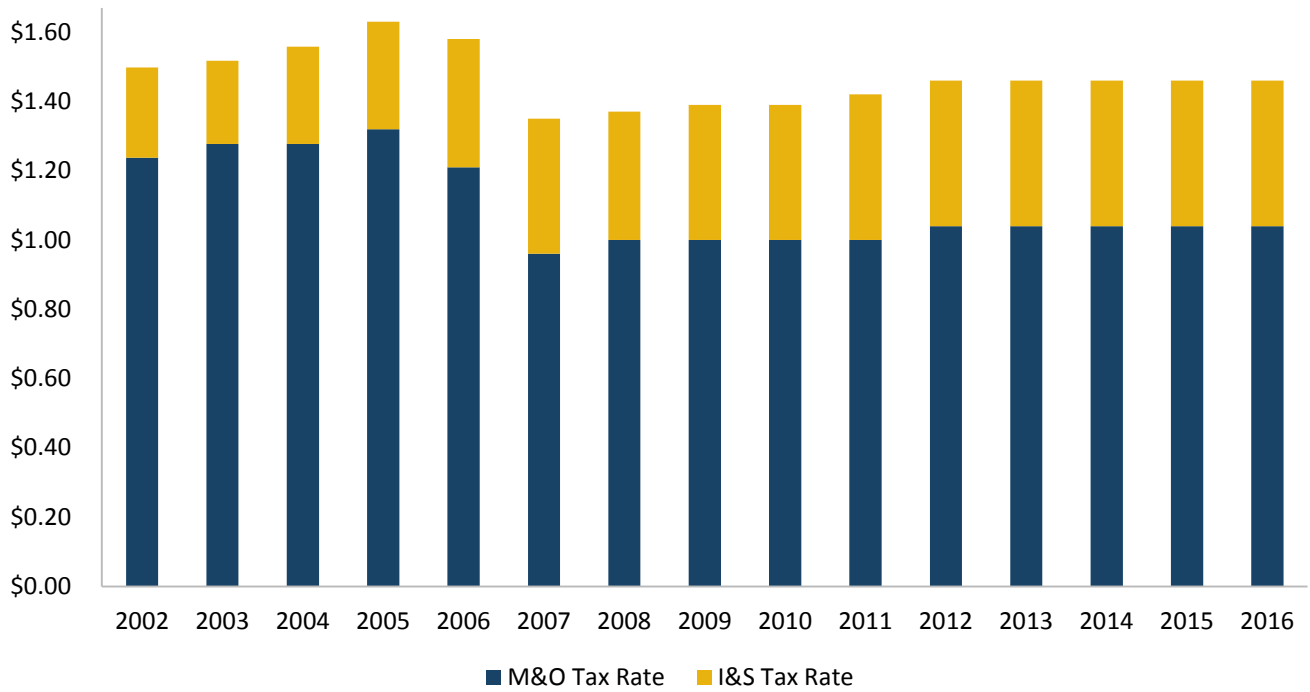
	2011-2012	2015-2016	Change
Students:			
Enrollment	39,903	53,130	33%
Weighted Average Daily Attendance (WADA)	41,767	59,759	43%
Ratio of WADA to Enrollment	1.05	1.12	7%
Staff:			
Teachers	2,655	3,519	33%
Ratio of Administrative Staff to Teachers	7%	6%	(14%)
Ratio of Professional Support Staff to Teachers	17%	16%	(6%)
Ratio of Auxiliary Staff to Teachers	58%	54%	(7%)
Property Values:			
M&O Property Tax Rate	1.04	1.04	0%
Average Home Assessed Value	261,083	333,547	28%
District Total Assessed Value	16,495,757,564	24,705,531,490	50%
Property Wealth per enrolled student	413,396	465,002	12%
Operations:			
Local Tax Collections per WADA	4,056	4,404	9%
State Aid per WADA	2,755	2,610	(5%)
Operating Expenditures per WADA	6,311	6,577	4%
Consumer Price Index (Inflation)			5%

The data provided is as of the most recent audited fiscal year and five years prior.
 Property value data was provided by Denton and Collin Central Appraisal Districts and/or the Collin County Tax Office.
 Enrollment, staff and financial data were reported by Frisco ISD to the Texas Education Agency through PEIMS.

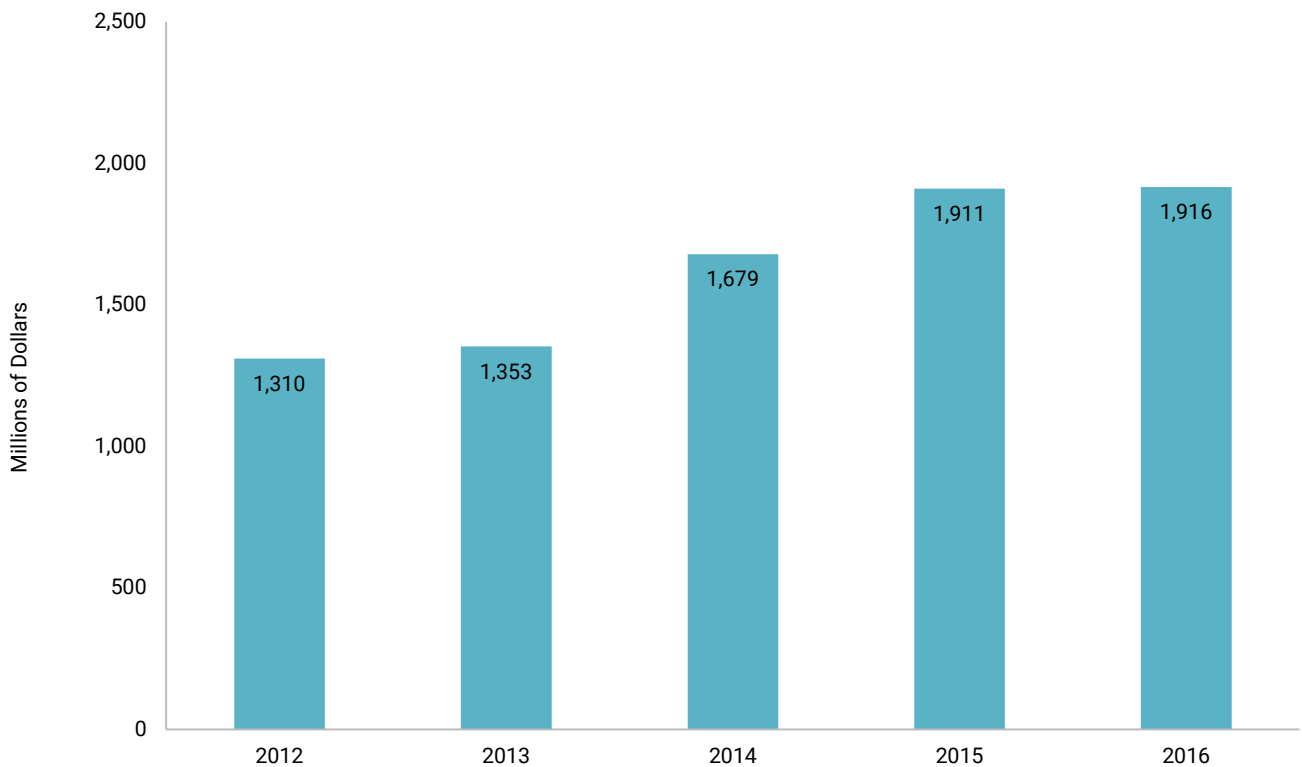
Footnotes to 5 Year Comparative Data

Weighted Average Daily Attendance is the number of students in average daily attendance, weighted for specific student characteristics (e.g. special education, bilingual, career and technology education, compensatory education, etc.). Operational statistics are provided based on WADA as certain instructional settings for weighted students cost more than others.

15 YEAR TAX RATE HISTORY

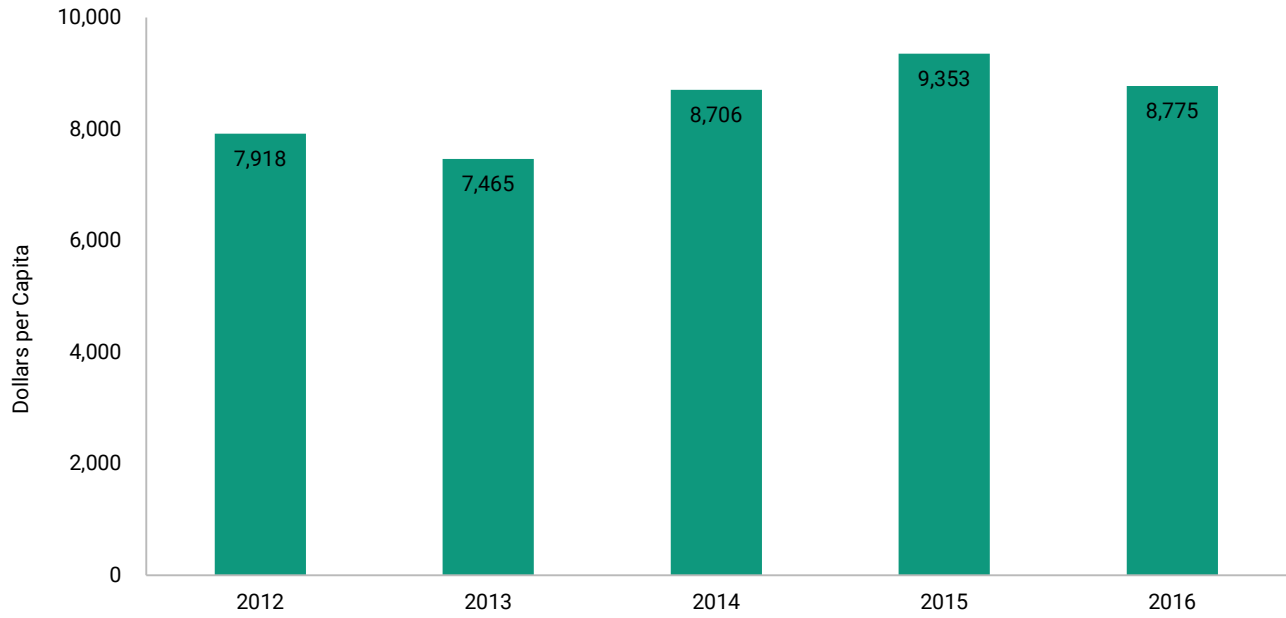


5 YEAR TAX-SUPPORTED DEBT HISTORY

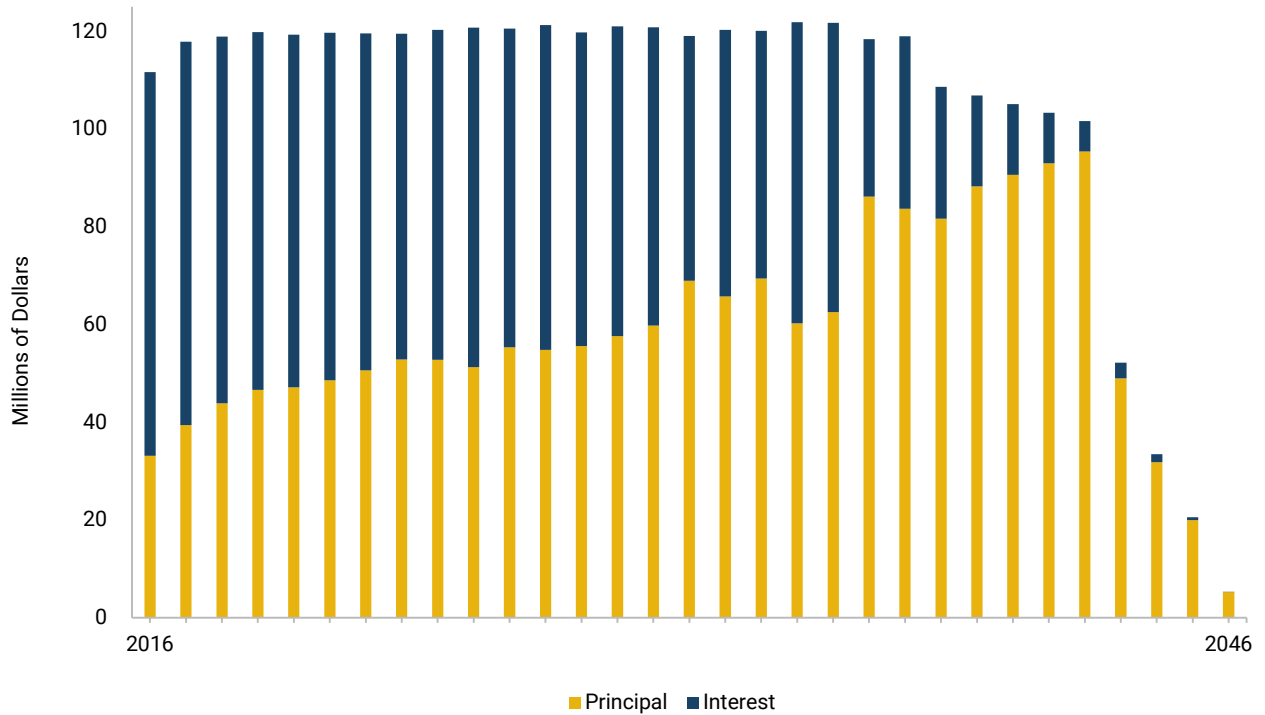


5 YEAR DEBT HISTORY PER CAPITA

Inflation-Adjusted (in 2016 Dollars)



FUTURE DEBT OBLIGATIONS



2017-2018 DEBT PAYMENTS

Based on Calendar Year 2018

	Original Issue		Maturity	2018 Principal	2018 Interest	Total Payment
	Amount	Interest Rate(s)	Date			
Unlimited Tax School Building Bonds:						
Series 2005A *	\$40,000,000	4.000%-5.500%	7/15/2036	11,790,000		11,790,000
Series 2006	\$85,000,000	2.750%-5.250%	8/15/2039		276,513	276,513
Series 2006A	\$80,000,000	4.000%-6.000%	8/15/2040		865,800	865,800
Series 2007A	\$100,000,000	3.750%-5.250%	8/15/2038		459,375	459,375
Series 2008	\$90,000,000	4.125%-5.500%	8/15/2040	1,910,000	95,500	2,005,500
Series 2008A	\$100,000,000	5.000%-6.125%	8/15/2038	2,030,000	116,725	2,146,725
Series 2009	\$85,000,000	4.000%-5.500%	8/15/2041	10,000	5,230,925	5,240,925
Series 2009A	\$34,570,000	2.000%-5.000%	8/15/2039	250,000	1,554,213	1,804,213
Series 2010	\$20,195,000	0.00%	2/15/2027	1,345,000		1,345,000
Series 2011	\$50,000,000	4.625%-5.000%	8/15/2041		2,444,500	2,444,500
Series 2013	\$90,845,000	3.000%-5.000%	8/15/2043	1,820,000	3,835,650	5,655,650
Series 2014	\$159,795,000	2.000%-5.000%	8/15/2044	3,240,000	6,169,900	9,409,900
Series 2015A	\$68,125,000	2.000%-5.000%	8/15/2045	1,325,000	2,577,025	3,902,025
Series 2016	\$75,790,000	2.500%-5.000%	8/15/2046	1,245,000	3,751,750	4,996,750
Unlimited Tax School Refunding Bonds:						
Series 2009	\$14,170,000	2.000%-4.750%	8/15/2025	885,000	357,800	1,242,800
Series 2009A	\$50,680,000	2.000%-5.000%	8/15/2029	3,565,000	1,263,144	4,828,144
Series 2010	\$26,855,000	4.000%-4.250%	8/15/2024	2,920,000	382,538	3,302,538
Series 2011	\$62,078,491	2.000%-5.000%	8/15/2030	380,000	2,516,838	2,896,838
Series 2013	\$19,040,000	2.000%-5.000%	7/15/2033	715,000	778,900	1,493,900
Series 2016	\$104,555,000	3.000%-5.000%	8/15/2037	3,540,000	3,713,300	7,253,300
Unlimited Tax School Building & Refunding Bonds:						
Series 2011A	\$83,981,260	4.000%-5.000%	8/15/2041	5,210,000	3,139,875	8,349,875
Series 2012	\$85,531,867	2.000%-5.000%	8/15/2041	235,000	3,320,994	3,555,994
Series 2012A	\$71,190,000	2.000%-5.000%	8/15/2041	1,115,000	3,256,363	4,371,363
Series 2012B	\$99,545,000	2.000%-5.000%	8/15/2042	3,105,000	3,950,150	7,055,150
Series 2013	\$68,471,992	2.000%-5.000%	8/15/2043	260,000	2,621,356	2,881,356
Series 2014	\$111,455,000	2.000%-4.000%	8/15/2044	2,535,000	4,038,700	6,573,700
Series 2015	\$139,525,000	0.420%-5.00%	8/15/2045	4,905,000	5,538,138	10,443,138
Series 2016A	\$208,960,000	2.000%-5.000%	8/15/2046	6,660,000	8,581,238	15,241,238
Series 2017	\$206,445,000	2.000%-5.000%	8/15/2047	215,000	11,138,938	11,353,938
				61,210,000	81,976,148	143,186,148

The District budgets debt payments based on a calendar year rather than our fiscal year to coincide with the timing of cash flows from property tax receipts.

* The principal payment for the 2005A series will occur in July 2017, which is outside the 2018 calendar year. However, it represents the full early payoff of outstanding principal resulting from action taken by the Board in May 2017. Since the payoff will occur during the 2017-2018 fiscal year separate from regular principal and interest payments, we have included it in the 2017-2018 budget.

BENCHMARKING STATISTICS

COMPARISON OF TAX RATES IN COLLIN & DENTON COUNTIES

2016 Tax Rates

District	County	M&O	I&S	Total Tax Rate	Tax on a \$300,000 Homestead
Anna	Collin	1.17	0.50	1.67	4,592.50
Lake Dallas	Denton	1.17	0.50	1.67	4,592.50
Lovejoy	Collin	1.17	0.50	1.67	4,592.50
Melissa	Collin	1.17	0.50	1.67	4,592.50
Prosper	Collin/Denton	1.17	0.50	1.67	4,592.50
Celina	Collin/Denton	1.14	0.50	1.64	4,510.00
Wylie	Collin	1.17	0.47	1.64	4,510.00
Community	Collin	1.17	0.46	1.63	4,468.75
McKinney	Collin	1.17	0.45	1.62	4,455.00
Princeton	Collin	1.17	0.45	1.62	4,455.00
Allen	Collin	1.14	0.45	1.59	4,372.50
Blue Ridge	Collin	1.17	0.40	1.57	4,321.60
Argyle	Denton	1.10	0.47	1.57	4,317.64
Denton	Denton	1.04	0.50	1.54	4,235.00
Krum	Denton	1.17	0.37	1.54	4,235.00
Little Elm	Denton	1.17	0.37	1.54	4,235.00
Ponder	Denton	1.04	0.43	1.47	4,036.56
Frisco	Collin/Denton	1.04	0.42	1.46	4,015.00
Northwest	Denton	1.04	0.41	1.45	3,994.38
Plano	Collin	1.17	0.27	1.44	3,957.25
Lewisville	Denton	1.04	0.38	1.42	3,905.00
Farmersville	Collin	1.17	0.22	1.39	3,822.50
Aubrey	Denton	1.04	0.34	1.38	3,795.00
Sanger	Denton	1.17	0.20	1.37	3,773.18
Pilot Point	Denton	1.17	0.20	1.37	3,767.50

COMPARISON OF PER PUPIL EXPENDITURES AMONG PEER GROUPS

2015-2016 Actual Financial Information

	Frisco ISD	Peer Group	Fast Growth Districts	20 Largest Districts
Instruction				
11 - Instruction	4,753.15	4,905.97	4,915.23	4,955.60
12 - Instructional and Media Services	111.12	116.00	87.26	108.10
13 - Curriculum and Staff Development	161.33	145.46	146.60	122.21
95 - Payments to Juvenile Justice Alternative Programs	0.70	2.15	1.59	1.03
Instructional Support				
21 - Instructional Leadership	101.46	94.62	97.44	116.41
23 - School Leadership	493.38	507.07	532.75	533.90
31 - Guidance, Counseling and Evaluation Services	263.17	321.17	345.98	329.83
32 - Social Work Services	6.72	14.66	11.55	24.34
33 - Health Services	95.06	85.68	82.07	96.94
36 - Cocurricular/Extracurricular	256.05	182.72	164.05	158.94
General Administration				
41 - General Administration	147.26	177.19	186.34	188.52
District Operations				
34 - Student Transportation	196.41	259.69	299.15	278.06
35 - Food Services		1.87	2.42	1.00
51 - General Maintenance and Operations	618.60	743.95	777.19	791.44
52 - Security and Monitoring Services	61.72	71.02	96.33	100.15
53 - Data Processing Services	115.53	153.83	172.00	166.49
Total Basic Educational Costs	7,381.66	7,783.05	7,917.95	7,972.96
Frisco ISD as a % of each peer group average		95%	93%	93%

Source: PEIMS financial information for the most recent audited fiscal year.

The Peer Group consists of nine districts identified to be comparative to Frisco ISD based on proximity, student population, and tax rate. The group includes Plano, Denton, Lewisville, Klein, McKinney, Round Rock, Ector County, Clear Creek, and Conroe ISDs.

The Fast Growth Districts consist of nine districts deemed "fast growth" by the Fast Growth School Coalition with student populations of 30,000 to 80,000. The group includes Aldine, Pasadena, Katy, Humble, Klein, Fort Bend, Ector County, Leander, and Conroe ISDs.

Frisco ISD was the 15th largest school district in Texas as of the end of the 2015-2016 fiscal year. The other 19 districts in this group include Dallas, Austin, Aldine, Pasadena, Katy, San Antonio, Plano, El Paso, Lewisville, Klein, Fort Bend, Garland, Northside, Houston, North East, Arlington, Conroe, and Cypress-Fairbanks ISDs.

DETAILED BUDGET RECOMMENDATIONS

2017-2018

The following pages outline the 59 detailed budget recommendations summarized on page XX. These recommendations were originally submitted by the Priorities Based Budget Working Group and Stakeholder Committee. The Steering Committee reviewed and vetted each recommendation before proposing it as part of this budget package.

The original list was presented to the Board of Trustees on April 10, 2017. Subsequently, as a result of further discussion between the Board and the Steering Committee, two recommendations were updated on May 8, 2017. Those to updates are identified within the comprehensive list to preserve transparency of the process.

Frisco Independent School District

Priorities-Based Budget

Final Budget Recommendations

FOCUS AREA	CLASSIFICATION	RECOMMENDATION	AMOUNT
Campus Budgets & Support Staff	Expenditure Budget	01 Recommendation: Comments: Impact: Reduce discretionary portion of the campus per pupil allotment (PPA) by 15%. Remaining allocated funds will be prioritized to areas of greatest need. Budget reduction in 2017-18	\$ 1,000,000
Campus Budgets & Support Staff	Expenditure Budget	02 Recommendation: Comments: Impact: Eliminate K-12 Library Aide positions Positions will be eliminated through a combination of attrition and elimination of at-will positions. HR will provide guidance regarding the transfer and application process for Library Aides who wish to be considered for other district positions. Budget reduction in 2017-18	\$ 750,000
Campus Budgets & Support Staff	Expenditure Budget	03 Recommendation: Comments: Impact: Reduce technology specialist positions Number of positions will be reduced through attrition, elimination of at-will positions, and reorganization. HR will provide guidance regarding the transfer and application process for Technology Specialists who wish to be considered for other district positions. Budget reduction in 2017-18	\$ 1,012,000
Campus Budgets & Support Staff	Expenditure Budget	04 Recommendation: Comments: Impact: Reduce budget for campus toner supplies Campuses will need to monitor toner and paper usage to work off of a reduced budget. Budget reduction in 2017-18	\$ 117,550
Campus Budgets & Support Staff	Expenditure Budget	05 Recommendation: Comments: Impact: Eliminate 9th grade PSAT There is limited benefit for 9th grade students to take the PSAT, and the exams take away from instructional time. Implemented in 2016-17	\$ 32,728
Campus Budgets & Support Staff	Expenditure Budget	06 Recommendation: Comments: Impact: Eliminate funding for Destination Imagination FISD is not able to adequately supervise the practices and travel associated with Destination Imagination due to it being a parent-driven, off campus activity. The program will still be offered, but FISD resources will no longer be used to support it. Funding will be shifted to parents and other parent organizations beginning in 2017-18. Budget reduction in 2017-18	\$ 150,000
Campus Budgets & Support Staff	Expenditure Budget	07 Recommendation: Comments: Impact: Increase the operating budget for Fine Arts at new campuses The start-up budget provided to new campuses is outdated. Fine Arts has moved to a per-pupil allotment model, and this change will provide funds to bring new campuses in line with existing campuses as programs mature. 2017-18 new allocation	(\$ 25,000)
Central Administration	Expenditure Budget	08 Recommendation: Comments: Impact: Reduce the budget for phone maintenance and repairs This brings the budget in line with recent spending. Implemented in 2016-17	\$ 142,800
Central Administration	Expenditure Budget	09 Recommendation: Comments: Impact: Reduce the budget for maintenance of the District's timekeeping system This brings the budget in line with recent spending. Implemented in 2016-17	\$ 78,566
Central Administration	Expenditure Budget	10 Recommendation: Comments: Impact: Reduce the budget for internet and fiber maintenance This brings the budget in line with recent spending. Implemented in 2016-17	\$ 486,190
Central Administration	Expenditure Budget	11 Recommendation: Comments: Impact: Eliminate centralized summer registration for all schools except the Early Childhood School Beginning in summer 2017, campuses will be required to register their new students onsite rather than at a centralized location. Budget reduction in 2017-18	\$ 75,000
Central Administration	Expenditure Budget	12 Recommendation: Comments: Impact: Reduce the budget for Communications This brings the budget in line with recent spending. Budget reduction in 2017-18	\$ 6,750
Central Administration	Expenditure Budget	13 Recommendation: Comments: Impact: Reduce Fine Arts conference travel Implement a rotation schedule for attendance at state conferences. Budget reduction in 2017-18	\$ 15,500
Central Administration	Expenditure Budget	14 Recommendation: Comments: Impact: Terminate work order software contract Maintenance work orders will be processed through existing software managed by the District. Implemented in 2016-17	\$ 27,000
Central Administration	Expenditure Budget	15 Recommendation: Comments: Impact: Terminate extended service agreement for digital monument signs This contract is not required. Savings may be offset by the need to purchase replacement parts. Implemented in 2016-17	\$ 20,000

Frisco Independent School District

Priorities-Based Budget

Final Budget Recommendations

FOCUS AREA	CLASSIFICATION	RECOMMENDATION	AMOUNT
Central Administration	Expenditure Budget	16 Recommendation: Reduce central budgets for Curriculum & Instruction Comments: Remaining allocated funds will be prioritized to areas of greatest need. Impact: Budget reduction in 2017-18	\$ 100,890
Central Administration	Expenditure Budget	17 Recommendation: Reduce central budget for Library & Media Services Comments: Reduce the number of databases, author visits, travel, and other hosting fees. Impact: Budget reduction in 2017-18	\$ 113,350
Central Administration	Expenditure Budget	18 Recommendation: Reorganize Student Services Staff Comments: Positions vacated due to attrition were evaluated and reorganized to achieve savings while addressing key needs. Impact: Implemented in 2016-17	\$ 75,000
Central Administration	Expenditure Budget	19 Recommendation: Reorganize Business Office Staff Comments: Positions vacated due to attrition were evaluated and reorganized to achieve savings while addressing key needs. Impact: Implemented in 2016-17	\$ 80,000
Central Administration	Expenditure Budget	20 Recommendation: Eliminate 10 maintenance positions Comments: Positions are currently vacant, and duties will be absorbed. Impact: Implemented in 2016-17	\$ 362,000
Central Administration	Expenditure Budget	21 Recommendation: Eliminate 1 Flex Nurse position Comments: Position is currently vacant, and duties will be absorbed. Impact: Implemented in 2016-17	\$ 60,000
Central Administration	Expenditure Budget	22 Recommendation: Discontinue Adult Ed/GED program Comments: Student enrollment in these courses has decreased, so the program will be discontinued. Impact: Budget reduction in 2017-18	\$ 35,000
Central Administration	Expenditure Budget	23 Recommendation: Eliminate transaction processing fees for accepting online payments Comments: Transaction processing fees will be passed to the consumer. Impact: Budget reduction in 2017-18	\$ 200,000
Central Administration	Local Revenue	24 Recommendation: Charge fees for printing transcripts Comments: For currently enrolled students, the first 3 transcripts requested will be free; then a fee of \$3 per transcript will be charged. \$6 per transcript will be charged to alumni. Impact: Additional revenue in 2017-18	\$ 25,000
Central Administration	Expenditure Budget	25 Recommendation: Reduce the cost of the summer PLC Symposium Comments: Savings will be achieved by utilizing district staff and facilities and minimizing consulting fees and facility rentals. Impact: Budget reduction in 2017-18	\$ 137,500
Central Administration	Expenditure Budget	26 Recommendation: Provide budget to Fine Arts for FISD Band Night Comments: Expenses for the 2016 Band Night were covered by the Business Office. This brings the budget for Fine Arts in line with recent spending. Impact: 2017-18 new allocation	(\$ 15,000)
Central Administration	Expenditure Budget	27 Recommendation: Increase budget for legal fees for Student Services Comments: Additional budget is necessary due to the increasing number of conflicts that require legal representation as the District grows. Impact: 2017-18 new allocation	(\$ 50,000)
Central Administration	Expenditure Budget	28 Recommendation: Add an Internal Auditor position Comments: To satisfy the priorities of the Board, an Internal Auditor position will be added beginning in 2017-18. Impact: 2017-18 new allocation	(\$ 100,000)
Class Size / Class Schedules	Expenditure Budget	29 Recommendation: Adjust staffing guidelines to accommodate growth in student population (Refer to Appendix A) Comments: In order to achieve savings from delaying the opening of 4 schools, staffing guidelines must be adjusted to accommodate enrollment growth with existing staff. See Appendix A for a list of staffing guidelines to be implemented. Impact: Budget neutral	-
Class Size / Class Schedules	Expenditure Budget	30 Recommendation: Reduce discretionary Academic Decathlon stipends by \$10,000 per campus Comments: Each campus will receive \$2,000 in discretionary stipends rather than \$12,000. Head coaches and assistant coaches stipends will remain the same. Impact: Budget reduction in 2017-18	\$ 90,000
Class Size / Class Schedules	Expenditure Budget	31 Recommendation: Reduce fine arts allocations by 14.5 FTE's Comments: Positions will be eliminated through attrition over the next two years. The reduction includes 1.5 Band FTE; 5 Visual Arts FTE; 5 Theatre Arts FTE; 6 Dance FTE. The reduction will bring these programs into alignment with Fine Arts staffing guidelines. Impact: Budget reduction in 2017-18	\$ 747,000

Frisco Independent School District

Priorities-Based Budget

Final Budget Recommendations

FOCUS AREA	CLASSIFICATION	RECOMMENDATION	AMOUNT
Class Size / Class Schedules	Expenditure Budget	32 Recommendation: Comments: Impact: Reorganize summer school offerings Shift to an online model for summer school to reduce District personnel and facility usage. Budget reduction in 2017-18	\$ 650,000
Class Size / Class Schedules	Expenditure Budget	33 Recommendation: Comments: Impact: Add 7 FTE for Special Education Additional FTE's are needed to address the growing special education population. This increase includes 4 paraprofessionals, 1 Diagnostician, 1 LSSP, and 1 SLP. 2017-18 new allocation	(\$ 300,000)
Class Size / Class Schedules	Expenditure Budget	34 Recommendation: Comments: Impact: Eliminate contingency budget for new teacher allocations Staffing for 2017-18 will be based on larger class size ratios. Should a critical need arise for new FTE's, Administration will bring a budget amendment to the Board. Implemented in 2016-17	\$ 1,200,000
Compensation	Expenditure Budget	35 Recommendation: Comments: Impact: Suspend contributions to the TERRP 401(A) plan Employees contributing to voluntary retirement accounts would cease to receive matching funds from FISD. Less than 25% of FISD employees currently take advantage of this match. Budget reduction in 2017-18	\$ 777,000
Compensation	Expenditure Budget	36 Recommendation: Comments: Impact: Update: Provide a 1% raise to all staff Staff will receive a raise equal to 1% of the mid-point of their paygrade. 2017-18 new allocation Administration updated this recommendation from 1% to 2% at the May 8, 2017 Board Meeting to stay competitive with surrounding districts. The average salary increase in the region is 2.5% for 2017-18. The total cost of this recommendation changed from (\$3,750,000) to (\$7,500,000).	(\$ 7,500,000)
Compensation	Expenditure Budget	37 Recommendation: Comments: Impact: Utilize grant funding to the extent allowable for Special Education positions Provides consistent and equitable staffing to campuses based on benchmarked staffing ratios and maximizes the use of federal grants. Budget reduction in 2017-18	\$ 1,200,000
Compensation	Expenditure Budget	38 Recommendation: Comments: Impact: Eliminate the monthly wellness benefit for employees Employees will no longer receive partial reimbursement for memberships to the Frisco Athletic Center or YMCA. An average of 133 employees per month utilize this benefit. Budget reduction in 2017-18	\$ 30,000
Compensation	Expenditure Budget	39 Recommendation: Comments: Impact: Eliminate the Masters Tuition Reimbursement Program and replace with an incentive for teacher certification Return on investment for a teacher certification program was found to be greater than the Masters degree reimbursement. Budget reduction in 2017-18	\$ 50,000
Extracurricular Activities	Local Revenue	40 Recommendation: Comments: Impact: Increase fees for summer athletics camps Fees for Summer Sports Camp will increase by \$2 per hour; fees for Strength & Conditioning Camp will increase by \$11.50 per hour. Additional revenue in 2017-18	\$ 155,000
Extracurricular Activities	Local Revenue	41 Recommendation: Comments: Impact: Increase adult gate admission to middle school and high school contests Ticket prices for all events except varsity football will increase by \$1 Additional revenue in 2017-18	\$ 150,000
Extracurricular Activities	Local Revenue	42 Recommendation: Comments: Impact: Implement an operations fee for middle school and high school athletics Middle school athletes will pay \$100, and high school athletes will pay \$200 to cover the costs of security, transportation, game officials and laundry. The fee is per student, not per sport. Allowances will be made for students needing assistance. Additional revenue in 2017-18	\$ 1,278,750
Extracurricular Activities	Expenditure Budget	43 Recommendation: Comments: Impact: Eliminate funding for national travel for academic competitions Funding for national-level competitions will be shifted to parents and other parent organizations beginning in 2017-18. This brings academic travel guidelines in line with fine arts and athletics. Budget reduction in 2017-18	\$ 120,000
Extracurricular Activities	Expenditure Budget	44 Recommendation: Comments: Impact: Reduce high school musical theatre funding by 10% Reduce seed money for musicals by \$1,000. Remaining costs will be funded through ticket sales and/or parent organizations for each production. Budget reduction in 2017-18	\$ 5,000
Extracurricular Activities	Expenditure Budget	45 Recommendation: Comments: Impact: Reduce high school dance team funding by 25% Costumes and choreography purchases for spring shows and competitions will be funded by fundraising and/or parent organizations. Budget reduction in 2017-18	\$ 45,000

Frisco Independent School District

Priorities-Based Budget

Final Budget Recommendations

FOCUS AREA	CLASSIFICATION	RECOMMENDATION	AMOUNT
Extracurricular Activities	Expenditure Budget	46 Recommendation: Reduce high school cheerleading funding by 7% Comments: Extended season activities may be impacted, and funding for optional events such as the UIL Spirit competition will need to be addressed through fundraising and/or parent organizations. Impact: Budget reduction in 2017-18	\$ 4,500
Extracurricular Activities	Expenditure Budget	47 Recommendation: Reduce contracted services for high school marching bands by 27% Comments: Reduce allotment for marching band technicians by \$2,000 per campus. Remaining costs will be funded by fundraising and/or parent organizations. Impact: Budget reduction in 2017-18	\$ 18,000
Extracurricular Activities	Expenditure Budget	48 Recommendation: Reduce elementary honor choir funding by 15% Comments: Savings will be achieved by providing a stipend to participating employees instead of an hourly rate. The funding reduction may impact participation, and additional costs will need to be offset by fundraising and/or parent support. Impact: Budget reduction in 2017-18	\$ 2,500
Extracurricular Activities	Expenditure Budget	49 Recommendation: Increase the UIL budget for Fine Arts Comments: Costs have been increasing for years and covered by the Business Office. This brings the budget for Fine Arts in line with recent spending. Impact: 2017-18 new allocation	(\$ 168,000)
Extracurricular Activities	Expenditure Budget	50 Recommendation: Increase UIL and game fees budgets for Athletics Comments: Budgets for game fees have not been increased with the addition of new high schools and new facilities, and the cost of UIL officials will be increasing next year. Impact: 2017-18 new allocation	(\$ 395,000)
Transportation / Custodial / Energy Management	Expenditure Budget	51 Recommendation: Reduce partner campus shuttles Comments: Shuttles will be provided to and from partner campuses for courses that are not offered at the student's home campus. Students will not be guaranteed an opportunity to take all courses offered by FISD, and in some instances choices will have to be made. This does not impact transportation to/from the CTE Center. Impact: Budget reduction in 2017-18	\$ 150,000
Transportation / Custodial / Energy Management	Local Revenue	52 Recommendation: Eliminate personal appliances from classrooms/offices Comments: Personal appliances are a significant source of energy inefficiency, and the District's insurance policy does not cover damage caused by personal appliances. This recommendation is to remove personal refrigerators, cooking appliances, and space heaters from classrooms and offices. Impact: Budget reduction in 2017-18 Update: Administration updated this recommendation to charge a fee for personal appliances rather than eliminate them. The fee is to be determined by the District's Energy Management Department before the beginning of the school year, and will be charged to staff on a per appliance / per year basis.	\$ 500,000
Transportation / Custodial / Energy Management	Expenditure Budget	53 Recommendation: Reduce summer operating hours for energy conservation Comments: The District will be open Monday - Thursday and closed on Fridays during the summer months. Impact: Budget reduction in 2017-18	\$ 200,000
Transportation / Custodial / Energy Management	Expenditure Budget	54 Recommendation: Reduce custodial positions Comments: 2 custodial positions at each high school will be eliminated through a combination of attrition and elimination of at-will positions. All duties will be absorbed by existing staff. Impact: Budget reduction in 2017-18	\$ 450,000
Transportation / Custodial / Energy Management	Expenditure Budget	55 Recommendation: Reduce transportation budget Comments: This brings the budget in line with recent spending. Impact: Budget reduction in 2017-18	\$ 24,712
Transportation / Custodial / Energy Management	Expenditure Budget	56 Recommendation: Add 17 bus drivers and 10 bus monitors Comments: Additional allocations are needed for growth and changes in attendance zones. Impact: 2017-18 new allocation	(\$ 361,800)
Revenue Generation	Local Revenue	57 Recommendation: Increase facility rental fees by 20% Comments: This includes fees for gyms, cafeterias, indoor facilities, tennis courts, Memorial Stadium, etc. It also includes contract negotiations for after school programs. Impact: Additional revenue in 2017-18	\$ 500,000
Revenue Generation	Federal Revenue	58 Recommendation: Maximize charges for indirect costs of federal grant programs to the extent allowable Comments: Indirect costs incurred by the District to operate federal grant programs, such as the Child Nutrition Program, will be charged to the maximum extent allowable. Impact: Additional revenue in 2017-18	\$ 1,000,000
Revenue Generation	Local Revenue	59 Recommendation: Charge fees for parking passes at high school campuses Comments: The communications office will print student parking tags for each high school campus and charge \$25 per semester per tag. Impact: Additional revenue in 2017-18	\$ 250,000

Frisco Independent School District **Priorities- Based Budget Budget Recommendations**

RECOMMENDATION: Adjust staffing guidelines to accommodate growth in student population

ACTIONS:

- Establish 15 as the minimum number needed for a secondary course to "make."
- Limit one teacher per class for Academic Decathlon and Student Council.
- Eliminate support periods for teachers such as:
 - Website coordinator
 - Marketing store
 - Cheer coordinator
 - "Coordinator" for ISM
 - CTE department chairs
- Follow guidelines for GT Humanities scheduling by scheduling two teachers with up to 60 students in a large space such as the lecture hall or multi-purpose room.
- Eliminate PSAT classes
- Establish a functional load of 160-180 students for teachers teaching 6 of 8 class periods at the secondary level.
- Transfer Fine Arts allocations between campuses as necessary to align with staffing guidelines.
- Reduce middle school and high school coaching allocations through attrition to gain teaching blocks.
- Eliminate "extra", non-TEKS Fine Arts programs, such as the guitar programs at Lone Star High School and Staley Middle School.

