

FAQs

(Frequently Asked Questions): Preparing for a Nov. 6, 2007 Bond Referendum in Fort Bend ISD

- 1 Exactly what is a school bond?**
A school bond is similar to a contract to repay borrowed money on a given date, and to pay interest at an agreed rate, similar to an individual's promissory (or home mortgage) note.
- 2 How does the bond process work?**

 - Following voter approval of a bond referendum, bonds are sold to investors at a competitive sale.
 - Bond proceeds are delivered to the school district about five weeks after the bond sale and are invested until paid out for items contained in the approved bond package.
 - Bond money can be used only for new construction, capital improvements to existing facilities, school buses, or to support major costs associated with technology/security needs. Bond money cannot be spent to pay salaries—which amount to approximately 87% of the district's annual operating budget.
 - Each year the School Board sets a tax rate in two parts. The Maintenance and Operations Rate is used to cover operating costs (salaries, supplies, equipment, insurance, utilities, etc.), while the Debt Service Rate pays off principal and interest due on bonds and other debt.
- 3 Why does the school district need to ask voters to approve a bond referendum?**
School districts today, especially fast-growth districts such as Fort Bend ISD, do not have money in their annual operating budgets to pay for new schools and/or to fund major expenditures. Just as most homeowners generally find it necessary to finance the purchase of a home through a mortgage, school districts sell bonds in order to spread the cost of buildings and other capital assets over their useful lives.
- 4 How were the needs for this bond package identified?**
The district studied lists of proposed new facilities, renovation projects, security upgrades, bus purchases, and technology needs prepared by a professional demographer, construction consultant, campus principals and department heads, and community members. From that information, the district compiled a master list of those items that were considered by the Bond Steering Committee. This committee was comprised of approximately 60 community members, including FBISD staff, and was charged with developing a bond recommendation to present to the School Board. The committee worked over the summer and trimmed approximately \$60 million from the original list to develop a \$430 million bond proposal. The district administration modified that proposal and presented a bond package of \$428 million for Board consideration. On August 27, the Board voted to call a \$428 million bond election that will be presented to voters on November 6.
- 5 If voters approve the school bonds, is the district obligated to spend the money?**
No. Voter approval is an authorization for the district to issue bonds. Bonds will be sold at future dates when the funds are actually needed. In addition, the sale of bonds is subject to the district's ability to repay the debt.
- 6 Will the school bonds be spent on needs district-wide, or just in certain locations, i.e., fast growth areas?**
This bond package will contain funds to build new campuses and address major refurbishing needs at existing facilities, as well support technology, transportation and security needs throughout the district. Virtually all students, parents and taxpayers will be impacted by the bond initiative.
- 7 How far into the future will this bond package support district needs?**
If approved by the voters, the November 6, 2007, bond money is scheduled to address district needs for approximately three years. At the end of that time, the district may take another bond referendum to the voters.
- 8 If voters approve the \$428,000,000 bond referendum, how will my tax rate be affected?**
If approved by voters, it is projected that the bond issue would increase the district's current debt service tax rate by a maximum of 11 cents over the next three years. An 11 cent tax rate increase would raise the tax bill for a \$180,000 home (the current FBISD average home price) by a maximum of \$180 per year, or \$15 per month. However, that rate increase would be more than offset by a 46 cent reduction in the district's Maintenance and Operations (M&O) tax rate adopted by the district over the past two years.
- 9 What will happen if voters do not approve the bond referendum?**
The district will make short term accommodations, possibly adjusting attendance zones and purchasing additional temporary classrooms, to address growth and the annual increase in the student population. Additionally, renovations of existing buildings, as well as technology, transportation and security improvements contained in the bond package, will be put on hold.
- 10 If approved, would the bond issue increase my taxes if I AM 65 YEARS OF AGE OR OLDER?**
Homeowners who are 65 years of age or older, and who have been granted an "over 65 tax freeze," will not experience an increase in tax rate as a result of the bond.

Vote on Election Day - Tuesday, Nov. 6
For polling locations/addresses and voter
information go to www.fortbendisd.com