

Francis Howell School District - Facilities and Bond Issue FAQ



The Francis Howell School District has worked proactively to develop a Comprehensive Facilities Master Plan (CFMP). This plan identifies both the current state of the District's facilities as well as its future needs.

The Facilities Committee, made up of Board members, building administrators, community members, and facilities managers, met over the spring and summer of 2019 to identify priority areas in the CFMP and to determine the initial phases of a multi-year plan to address facility issues.

The FHSD Board of Education is considering placing a no tax rate increase bond issue on the ballot to pay for the construction, repair, and renovation costs outlined in the CFMP. The bond issue would NOT raise the tax rate, and funds from a bond issue CANNOT be used to pay for salaries, benefits, supplies, utilities, or other operating costs.

Why is this bond issue being proposed?

The District has 29 separate facilities, including three early childhood centers, ten elementary schools, five middle schools, three high schools, an administration building, and seven other sites. These sites include over 2.7 million square feet of building space under roof, with miles of plumbing and wiring and hundreds of mechanical systems. The average building in the District is 30 years old, and the oldest building is now more than 50 years old. Many systems, like HVAC, plumbing, and electrical, are reaching the end of their useful life.

How would the funds be used?

The plan calls for major updates at the older schools in the District, including Henderson, Fairmount, Becky-David, Hollenbeck, and Barnwell. The CFMP includes improvements and safety updates at all FHSD schools. The plan also includes the construction of a new Francis Howell North High School. Links to the full CFMP and drafts of phase one and phase two projects are available on the [District website](#).

How old is the average school in Francis Howell?

The average building in the District is 30 years old, and the oldest building is now more than 50 years old. Many systems, like HVAC, plumbing, and electrical, are reaching the end of their useful life.

How does a bond issue work?

Bond issues allow schools to pay for costly repairs and renovation over time instead of having to pay all at once. They also allow schools to devote most of their day-to-day operating budgets for classroom instruction instead of major repair work.

When voters approve a bond issue, Francis Howell obtains bids and sells bonds to the purchaser who offers the lowest interest rate. The District uses the funds to complete capital projects and pays back the debt over time. This process is similar to a home loan. When you purchase a home, you borrow money at a specific interest rate. You make payments on that loan, which include principal and interest, over time. A certain amount of your regular income is budgeted to make those payments.

What's the difference between a bond issue and a tax levy?

A bond issue raises money that, by law, can be used only for capital costs such as building construction and/or renovations. The district sells bonds to investors, uses that money for capital projects, and then pays it back to investors over a specific time, usually 20 years.

A tax levy increases the amount a district can collect from property taxes, and the adjusted operating levy generates money to pay a district's operating costs, like salaries and benefits, textbooks, utilities, etc.

Does a bond issue raise taxes?

Not necessarily. Every year, Francis Howell pays off old debt from previous bonds. As our loan balance decreases. This provides the flexibility for Francis Howell to borrow more money and pay it back using revenue from the existing tax rate.

How does the District pay the debt from a bond issue without increasing taxes?

A portion of the District's current tax levy is allocated to the repayment of the District's outstanding debt (bonds). The District's ability to pay off its debt is affected by repayment of old bonds (which decreases the payment requirements) and growth in the District's assessed valuation (which increases revenue). The District's bond

underwriting firm determined that the existing debt levy can provide sufficient resources to service the District's current (old) and planned (new) debt. Accordingly, there are no plans to increase the debt levy when new bonds are issued.

How much debt does Francis Howell have?

Francis Howell has been fiscally conservative and currently only has four percent of its assessed value in debt. The state allows school districts to borrow up to 15 percent of their assessed value. Francis Howell has an AA1 bond rating from Standard and Poor's, one of the highest ratings available for school districts.

Can the funds be used in other ways?

No. Money from bond issues can only be used for capital expenditures such as major maintenance, repair, and renovation costs. Bond funds may not be used for operating expenses such as salaries, benefits, transportation costs, utilities, textbooks or other supplies.

How will people in our community who don't have students in FHSD benefit from passing this bond issue?

The school district in each community is an important part of maintaining high property values. High-quality schools are one of the key components people look for when moving into a new community, and studies have confirmed the link between strong school districts and strong communities. A strong public school system protects property values, provides a qualified workforce, lowers crime rates, creates a better sense of community, and enhances public services with less demand for social programs.

What would happen if the bond issue does not pass?

Many of the items identified in the CFMP are critical. Without the bond funding, the District would need to allocate general operating funds to address the most critical issues. Some of the items have large costs associated with them, so this would have a significant impact on our general operations budget (the part that normally pays for classroom instruction, teachers, staff, and supplies). Some maintenance and repair work would have to be deferred, and most school renovation projects would be postponed indefinitely.

When was Francis Howell's last bond issue?

In 2008, voters in Francis Howell approved a \$78.5 million bond issue for several capital improvements, including the building the new Francis Howell High School and renovations to and additions of academic and athletic facilities at Daniel Boone, Castlio elementary schools, Francis Howell North and Francis Howell Central high schools, and HVAC improvements at Barnwell Middle School and Fairmount Elementary School.

What percentage of voter approval is required to pass a bond issue?

While tax levies only require a simple majority (50 percent plus one vote) to pass, a bond issue would require approval by a little more than 57 percent.

What if my question was not addressed in the FAQ?

District residents can email communications@fhdschools.org to submit any additional questions. More information is available on the [District website](#).