Bond Funding FAQs

Is the district making any cuts to the approved budgets for each school in the bond program?

No. The district has never proposed cutting approved project budgets. As part of the review process, all projects undergo a scope-to-budget review to ensure designs stay within budget. This review is especially important as the district grapples with spiking construction costs and labor shortages. These challenging market conditions have meant that funding approved by voters in 2012 doesn't buy as much today as it did three years ago. As a result, the district has been considering ways to supplement the bond program so that all original commitments are met.

Why is the district recommending that the bond program receive another $211 million?

In planning for the 2012 bond, HISD established a construction budget of about $160 per square foot. That number was based on anticipated inflation rates of 4 percent to 5 percent a year, as well as the going rate of school construction costs. Since then, the district has seen an unprecedented rise in the cost of construction, fueled by rising inflation rates and a shortage of labor. The average cost of school construction is about $222 per square foot in 2015, up nearly 40 percent from 2012. Using cost projections from the Associated General Contractors, that cost could reach $235 per square foot in 2016. The district already has taken some steps to mitigate these higher costs, including moving inflation and some reserve dollars to each project's construction budget. However, in an effort to ensure that the district fulfills its commitments, it is pursuing this additional funding so that all the projects in the bond program will be completed as promised to voters.

Will any schools be cut from the program?

No. The district is committed to ensuring all projects are completed as promised. With the additional funding, the district would be better able to manage increased costs because of construction inflation.

How was the $211 million amount determined?

The district used actual inflation rates, as well as projected inflation rates over the next few years, to determine the amount needed.

How will the district fund the $211 million?

The district has worked with its financial advisors, First Southwest, to determine options available. The current plan would provide $200 million in proceeds by issuing new debt. The remaining balance of $11 million would be taken from the reserve fund of the 2007 bond program, which now is complete. This new debt would not impact funding for any other school district needs. Specifically, the district was already slated to pay off Maintenance Tax Notes for this amount in the near future and has been budgeting for that amount on an annual basis. A good analogy might be a household that budgets for a car payment. Once the car is paid off, that payment would be available to finance another car, if needed.

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Will this additional debt impact the district's credit rating or tax rate?

No district in Harris County has a higher underlying rating from Moody's or S&P than HISD, and this additional debt would not change that. In addition, there would be no impact to the tax rates paid by homeowners.

How will the district distribute the $211 million among the bond projects?

The money would be distributed proportionately to each project's original construction budget to support academic program needs. For those schools that already have started construction, the money would be returned to other line items in the budget, including furniture, fixtures and equipment. In addition, some of the money also would be distributed to support the districtwide upgrades to the athletics facilities. The goal is to ensure that every project has the money needed to deliver on the original commitment to voters.

Does this mean that all projects will get everything on their wish list, like new pools and bigger auditoriums?

No. In planning for the 2012 bond, HISD established a construction budget of about $160 per square foot. In some cases, schools already made decisions to defer a pool or another amenity, in favor of building a facility to the larger planned capacity. The money would support the core academic program, rather than wish list items. However, consideration would be given to deferred pools at the end of the bond program, if finances allow.

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