

BOND 2022



Paving Our Path

FREQUENTLY ASKED QUESTIONS

Updated January 24, 2022

1. What is a bond?

You can think of a bond like a home mortgage. It is effectively an agreement to repay borrowed money with interest over time. Bonds are sold by a school district to competing lenders to raise funds to pay for the costs of construction, renovations and equipment. School districts in Texas use bonds to finance renovations and new facilities.

2. What is a bond election?

Under state law, school districts must ask voters for permission to sell bonds to investors to raise the dollars required for capital projects such as renovation to existing buildings or building a new school.

When a bond is approved in an election, voters are giving permission for the district to take out a loan and pay that loan back over an extended period, much like a family takes out a mortgage loan for their home. A school district Board of Trustees must call for a bond election.

3. How can bond funds be used by the school district?

Bond funds can be used to pay for new buildings, additions and renovations to existing facilities, land acquisition, technology infrastructure and equipment for new or existing buildings. Bonds cannot be used for salaries or operating costs such as utility bills, supplies, building maintenance, fuel and insurance.

4. Can bond funds be used to provide pay raises, bonuses or stipends for staff?

No. As stated above, bond funds cannot be used for salaries or general operating costs incurred by the district.

5. Who developed the bond proposal?

The bond proposal was developed by the Community Bond Task Force Committee, which was made up of nearly 60 community members to ensure that it represented the entire MISD Community. Parents and non-parents, campus and district staff, community members and business leaders, students from each high school, all with a mix of backgrounds and geographic representation.

6. Why did the district form a committee to create the bond proposal?

Montgomery ISD wants to ensure the entire community is represented in this important decision-making process. These committee members were selected to assist the district in assessing and prioritizing the district's current and long-term facility needs, including, but not limited to district

growth and capacity; building age, safety and security; needs for technology and infrastructure to enhance technology in classrooms; facility and program comparability across the district; and evolving educational delivery and programs, like Career and Technical Education.

Having a committee of stakeholders ensures transparency and that the district is making decisions that will consider the needs of all MISD families, staff and campuses. The bond committee was charged with considering the educational needs of all students and aligning with the district's mission, vision and goals, while also considering the district's current financial situation and funding methods to develop a recommendation that is fiscally responsible.

7. What is Montgomery ISD's current student enrollment?

As of January 24, 2022, Montgomery ISD has 9,409 students.

At the start of the 2021-2022 school year, MISD had 8,917 students enrolled.

At the start of the 2020-2021 school year, MISD had 8,809 students enrolled.

8. Has the Board determined if there will be a bond election?

No. The Board must vote to move forward with a bond referendum in May. by February 18, 2022. The board also has the authority to modify any of the recommendations put forward by the Task Force.

9. Who determines the final projects to ultimately be included in the bond election?

The Task Force's role was to provide recommendations in their bond package that was presented to the Board of Trustees at their monthly board meeting on January 18, 2022. The Montgomery ISD Board of Trustees determine the timing, structure and content of any potential bond issue.

10. When would the bond election take place?

If called by the Board during their February meeting, the bond election would take place on Saturday, May 7, 2022.

11. What is in the committee's bond proposal?

The Task Force's recommendation encompasses three areas: Career and Technical Education, growth, and facility upgrades/comparability of campuses and facilities.

Below is an itemized scope of projects and projected costs:

Proposition A

- New Elementary #7: \$43,492,119
- Central Career and Technical Education (CTE) facility serving both high schools: \$61,611,905
- Phase two of Lake Creek High School: \$27,882,715
- Infrastructure needed to enhance technology in classrooms: \$21,008,364
- Central Ag Science Center serving both high schools: \$21,314,617
- New Buses: \$6,325,000
- Transportation Improvements: \$8,622,248
- School Safety & Security: \$5,336,464
- Districtwide Facility Upgrades: \$75,000,000
- Enhancements to increase comparability of all campuses: \$15,000,000

- Land Purchase for new elementary school, CTE Center and Ag Science Center: \$15,000,000
- Planning and Design of Junior High #3: \$6,000,000
- MHS Campus Athletic Renovations: \$1,284,436
- Turf for baseball and softball fields at MHS and LCHS: \$4,371,418
- Cover Existing Batting Cages at LCHS: \$743,759

Proposition B

- MISD Athletic Complex Expansion: \$6,687,402
- MISD Athletic Complex Renovation: \$1,826,643

Proposition C

- Technology Devices: \$5,400,000

12. What is the total proposed bond amount?

Under the committee’s proposal, voters would be asked to consider three separate ballot items:

The ballot items and costs would be as follows:

- Proposition A- Growth, School Facility Upgrades, Land and Buses: \$312,993,045
- Proposition B- Athletic Complex Updates and Renovations: \$8,514,045
- Proposition C- Technology Devices: \$5,400,000
- Total: \$326,907,090

13. What is Montgomery ISD’s property tax rate?

A school district’s tax rate consists of two components- Maintenance and Operations (M&O) and Interest & Sinking (I&S) or debt service.

Maintenance and operations taxes fund the General Operating Fund, which pays for salaries, supplies, utilities, insurance, equipment, and the other costs of day-to-day operations. The debt services taxes are used to repay bond debt – like paying the mortgage on a house.

In other words, M&O taxes are used for day-to-day operations; to pay for salaries, supplies, utilities, insurance, fuel, etc. Revenue from the Debt Service tax rate can be used only to retire bonds sold for specific purposes: construction, renovations, buses, portable buildings, land, technology, and the cost of issuing bonds.

Montgomery ISD’s total property tax rate is \$1.26 per \$100 of assessed value. A graph of the recent tax rate history in Montgomery ISD is below.

Montgomery ISD Tax Rate History



14. If the bond proposed by the Community Bond Task Force Committee is approved by voters, will my school district property tax rate increase?

It is estimated that the district's I&S tax rate would increase by less than a penny per \$100 of assessed value from \$1.26 to \$1.267.

This means that for a home with a market value of \$350,000 in Montgomery ISD, total school district property taxes would increase by \$22.29 per year. For a home with a market value of \$500,000 in Montgomery ISD, total school district property taxes would increase by \$33.25 per year.

The tax rate would not increase until the bonds are actually sold by the district.

15. Is it true that voters will have the opportunity to increase the homestead exemption during the May election?

Yes. Texas lawmakers approved legislation that would increase the homestead exemption from \$25,000 to \$40,000, pending voter approval. If approved by voters in May, taxpayers in Montgomery ISD would see a decrease in their school district property taxes, even if the bond proposed by the Task Force Committee is approved.

For example, if the change to the homestead exemption and bond proposed by the Community Bond Task Force Committee are both approved by voters, a home with a market value of \$350,000 in

Montgomery ISD, would see a property tax DECREASE of \$167.30 per year. A home with a market value of \$500,000 in would see a DECREASE of \$156.80 per year.

16. How would this bond election affect homeowners over the age of 65?

There is no impact on homeowners over the age of 65. School district taxes on resident homesteads may be frozen in the year the taxpayer turns 65 years of age and will not increase because of a school district bond election.

17. Are bond funds subject to the state’s recapture, or “Robin Hood” law?

Funds obtained by the district when it sells bonds are not subject to this provision of state law.

Under Texas School Finance Law, Montgomery ISD is considered “property wealthy” and therefore is subject to a provision of state law that requires the district to send a portion of the local Maintenance & Operations property taxes it collects from residents to the state for redistribution to other school districts. However, every dollar collected from the I&S tax rate stays in the district.

18. Would a new bond address upgrades to older schools in the district?

Comparability of schools and facilities is an important topic of discussion as it relates to prioritizing bonds funds for our district. The proposal includes \$15M to ensure the MISD standard of excellence is upheld for all campuses including academic and curricular programs, playgrounds and furniture and aesthetics.

In addition, facility upgrades and improvements totaling \$75M, as noted in the district’s Spring 2021 facilities assessment, would be included in the potential bond package, supporting enhancements to both elementary and secondary campuses.

19. What schools will be upgraded with bond funds?

Every school in Montgomery ISD would receive attention in this bond. In Spring 2021, the district had a facilities assessment completed by Huckabee Architects, and the Community Bond Task Force committee reviewed the findings from that assessment during their work to develop a bond proposal. The assessment items for facility upgrades and improvements in the bond proposal total \$75M for both elementary and secondary campuses throughout the district, before considering the comparability factors (\$15M) that have also been added by the Committee.

20. Would the bond be used to upgrade athletic facilities?

The Community Bond Task Force voted in favor of athletic renovations, including installing turf on all MISD baseball and softball fields, covering existing batting cages at Lake Creek HS, and renovations to tennis courts and the auxiliary stadium at Montgomery HS.

In addition, Proposition B would include necessary renovations and an expansion project for the MISD Athletic Complex (a facility utilized as the home field for both MISD high schools) to be voted on separately.

21. Where would a new elementary school be built?

If a bond passes, the district will purchase land that is available in the most rapidly growing areas of our elementary school zones.

22. Why does Lake Creek HS need to be expanded?

When Lake Creek was constructed in 2015, it was designed to be a two-phase project. Due to rapid growth on the south side of Montgomery ISD, it is necessary to complete phase two of the construction.

23. When was Montgomery ISD's last bond election?

The last bond election in Montgomery ISD occurred in 2015.

Major projects in this bond included the construction of Lake Creek High School (phase one), Oak Hills Junior High School, and Keenan Elementary School and safety and security enhancements across the district.

All projects included in this bond were completed on time and at, or under budget.

24. What will happen if the bond is not approved?

If Montgomery ISD is not able to expand facility capacity and make the necessary facility updates with additional funds provided through a bond, the district will need to continue using its general operating fund to pay only for the highest prioritized maintenance and repairs currently needed throughout the district. The district's annual operating budget is approximately \$80 M. Roughly 80% of the district's annual budget covers employee salaries and benefits. This means that Montgomery ISD has limited capacity in its general operating budget to cover needs for transportation and technology, and thus, those areas would not be addressed to the level needed to see significant improvements. Additionally, should other major maintenance issues arise, like the need to replace an air conditioning unit on a campus, the district would have limited resources to make the replacement or repairs.

Due to the increase in enrollment and development on the south side of Montgomery ISD, several campuses, including Lake Creek HS, will likely require rezoning if a bond referendum is not approved.

Additionally, without the improvements to the transportation department provided by the proposed bond, students will likely experience longer wait times for bus routes. Other significant changes to student transportation may be needed without the ability to purchase additional buses to accommodate for growth.

If any of these bond-proposed expenses were to come from the MISD general operating fund, the district's ability to increase program offerings, technology, learning tools in our classrooms, and employee compensation would be limited. In addition, Montgomery ISD would require the addition of portable learning buildings at many of our campuses to serve the increase in student enrollment.

Have additional questions? Submit them [here](#).