

2023-2024 Proposed Budget
June 13, 2023

SUMMARY:

This item requests adoption of the 2023-2024 Proposed Budget.

BOARD GOAL:

Growth and Management

- Demonstrate effective and efficient management of district resources
- Develop a budget focused on student and professional learning

PREVIOUS BOARD ACTION:

The 2022-2023 budget was adopted by the Board of Trustees on June 21, 2022.

BACKGROUND INFORMATION:

The Board has reviewed Budget projections throughout the budget process.

SIGNIFICANT ISSUES:

The revenue formula approved in the 86th Legislature continues to be based on student attendance in the regular classroom and in special settings. However, the formula restricts overall state foundation and local tax revenue growth unless you have additional student growth. Additional student growth is driven by the basic allotment, which is funded by the state. The basic allotment has not been increased since 2019, during the 86th Legislative session. Inflation has increased over 14% since 2019. In order for districts to keep up with inflation costs, the basic allotment would need to increase by \$1,000. The 88th Legislative session began with an unprecedented surplus of \$32.7 billion. Of this amount, \$5 billion was set aside for school finance changes in the state budget bill. Public schools had very high hopes that this session would provide the resources needed to support students and staff. As the regular session of the 88th Legislative session ended, no action was taken to provide additional funding for Texas public schools. A special session of the 88th Legislative session was called to specifically address the compression of property taxes. Because we are not certain of the outcome at this time, the 2023-24 budget is based on current law at the lowest allowable maintenance and operation tax rate. Any additional compression of the tax rate should not affect the bottom line of the General Fund revenue budget. State compression that ultimately results in lower local collections should be offset with additional state funding.

The focus for the Denton Independent School District budget process has been to continue to provide resources to meet the needs of our students and staff, as well as recognize the efforts put forth by our employees. We continue to see student growth across the District. The District is maintaining a consistent growth in property values, with approximately \$2.2B in new property added to the appraisal rolls.

The three major areas of emphasis that defined the 2023-2024 budget priorities throughout the budget development process were: 1) Provide a raise for all employees; 2) Provide resources for the opening of Pat Cheek Middle School; and 3) Provide resources to maintain contractual obligations, including inflation.

The 2023-2024 budget proposal includes a compensation plan that incorporates a 3% raise for all employee groups, with the exception of administrative professionals, who will receive a 2% raise.

FISCAL IMPLICATIONS:

The District is projected to receive a decrease in state funding of approximately \$26.3M, as compared to the prior year's adopted budget. Property tax collections are expected to increase by \$23.3M. The Maintenance and Operations Tax Rate needed is \$0.7846. This is a decrease of \$0.08 from prior year. The Maintenance and Operations tax revenue is based on certified values from July 2022 plus estimated property value growth of eighteen percent. The proposed expenditure budget reflects an increase of \$10.1M over the prior year. While this does represent a deficit budget, the district will monitor the budget throughout the year and focus on any potential savings. The already healthy fund balance will assist in bridging the gap of the proposed deficit.

BENEFIT OF ACTION:

Adoption of the 2023-2024 Proposed Budget will allow the District to begin the new school year with funds available for Operations, Debt Service payments and Child Nutrition expenditures.

PROCEDURAL AND REPORTING IMPLICATIONS:

The budget must be prepared by June 20, 2023 and adopted by June 30, 2023.

PUBLIC COMMENT RECEIVED:

A public hearing was held on June 13, 2023 as required by the Truth in Taxation guidelines.

SUPERINTENDENT’S RECOMMENDATION:

Recommend adoption of the Proposed Budget for the 2023-2024 school year as presented in the budget book:

	<u>Revenue</u>	<u>Expenditure</u>
General Fund	\$315,229,362	\$333,079,765
Debt Service Fund	\$157,338,201	\$157,338,201
Child Nutrition Fund	\$ 17,668,119	\$ 17,668,119

STAFF PERSONS RESPONSIBLE:

Dr. J. Scott Niven – Deputy Superintendent
Jennifer Stewart – Executive Director of Budget

ATTACHMENT:

2023-2024 Proposed Budget Amendment and Base Budget

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Signature of Divisional Assistant Superintendent: _____

Signature of Superintendent: _____