



Brownsville Independent School District

Agenda Category: General Function Board of Education Meeting: 10/06/2026

Item Title: Budget Amendment #008 X Action
Information
Discussion

BACKGROUND:

A Budget Amendment is necessary to set up budget for the unbudgeted Teacher Retention Allotment (TRA) prorated portion of Federally funded teachers in the amount of \$650,000.00.

FISCAL IMPLICATIONS:

Local Funds

Function 11-Instruction \$ 650,000.00

RECOMMENDATION:

Recommend approval of Budget Amendment #008 in the amount of \$650,000.00 from Local Funds. (Unassigned Fund Balance)

Lyzeth Alaffa

Submitted by: Principal/Program Director

Rosario Peña, RTSBA

Recommended by: Executive Director

Rosario Peña, RTSBA

Approved by: Assistant Superintendent

Approved for Submission to Board of Education:

Dr. Timothy E. Cuff

Dr. Timothy E. Cuff
Superintendent



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BROWNSVILLE

INDEPENDENT SCHOOL DISTRICT

Dr. Timothy E. Cuff
Superintendent

TO: Rosario Peña, RTSBA
Assistant Superintendent

FROM: Lyzeth Alaffa
Director for Finance & Business Manger

DATE: October 6, 2026

SUBJECT: Budget Amendment #008

A Budget Amendment is necessary to set up budget for the unbudgeted Teacher Retention Allotment (TRA) prorated portion of Federally funded teachers in the amount of \$650,000.00.

Budget Amendment #008

FUNCTION	SALARIES	CONTRACTED SERVICES	SUPPLIES & MATERIALS	OTHER MISC. EXPENSES		EQUIPMENT	TOTAL
	6100	6200	6300	6400	6500	6600	
11	\$ 650,000						\$ 650,000
12							\$ -
13							\$ -
21							\$ -
23							\$ -
31							\$ -
32							\$ -
33							\$ -
34							\$ -
35							\$ -
36							\$ -
41							\$ -
51							\$ -
52							\$ -
53							\$ -
61							\$ -
71							\$ -
81							\$ -
99							\$ -
TOTAL	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000



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MEMORANDUM

TO: Board of Trustees
THRU: Dr. Timothy E. Cuff, Superintendent of Schools
FROM: Rosario Peña, Assistant Superintendent for Administration & Finance
SUBJECT: Teacher Retention Allotment – Financial Impact

The purpose of this memorandum is to make the Board aware of an additional financial issue recently identified by the Finance Department involving the Teacher Retention Allotment (TRA) and its impact on the 2025–2026 and 2026–2027 fiscal years.

Since the beginning of this Administration, we have undertaken an extensive review of the district's financial operations, accounts, payroll expenditures, funding sources, and internal processes. The purpose of this review has been to ensure that financial transactions are properly recorded, expenditures are charged to the appropriate funding sources, and District practices comply with applicable State and Federal requirements, local policies, grant requirements, and generally accepted accounting practices.

As part of this ongoing review, we recently identified an issue involving the Teacher Retention Allotment.

Beginning with the 2025–2026 school year, the State implemented the TRA, which provides additional compensation of \$2,500 for eligible classroom teachers with three to fewer than five years of experience and \$5,000 for eligible classroom teachers with five or more years of experience.

Our review determined that, during the 2025–2026 fiscal year, the TRA portion of compensation for teachers whose salaries were paid through federal programs was not separated from the federally funded portion of their salaries. While the teachers received the TRA compensation they were entitled to receive, the state-funded TRA portion remained included in the salary expenditures charged to the applicable federal programs.



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As a result, the district requested reimbursement from the applicable federal programs for the full salary amounts while also receiving State funding for the TRA portion. **In essence, the district received funding from two sources for the same portion of these payroll costs.** Once this was identified, Finance began the process of determining the amount that must be corrected and moved from the federal programs to the Local Maintenance Fund.

For the **2025–2026 fiscal year**, the amount that must be moved from the federal programs to the Local Maintenance Fund is **\$640,037.24**. This correction will increase the district's previously estimated General Fund deficit for 2025–2026 by the same amount.

It is important to clarify that the \$640,037.24 does not represent additional payments to employees. The teachers received the compensation to which they were entitled. The issue is the funding source to which the TRA portion of those expenditures was charged and the federal reimbursement received for those expenditures.

The issue also affects the **2026–2027 fiscal year**. Because the TRA portion for federally funded teachers was not separated during the prior-year process, the local funding necessary to cover these expenditures was not included in the 2026–2027 adopted budget. Since this issue was identified after adoption of the budget, Administration will need to bring forward a budget amendment of approximately **\$650,000** to properly budget these expenditures.

The approximately \$650,000 was not included in the adopted budget and will therefore require the use of **Unassigned Fund Balance**, resulting in an additional reduction of approximately \$650,000 to the district's available fund balance.

The financial impact identified at this time is summarized below:

Fiscal Year	Amount	Financial Impact
2025-2026	\$640,037.27	Increase to estimated General Fund deficit
2026-2027	\$650,000.00 (projected)	Reduction to Unassigned Fund Balance
Total Impact	\$1,290,037.27	Impact to Fund Balance over the two fiscal years.



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Finance, together with the Human Resources Department, are making the necessary corrections to the 2025–2026 funding allocations and updating employee funding distributions for the current fiscal year. We are also continuing the reconciliation of payroll expenditures, employee funding sources, budgeted payroll amounts, and Position Control to determine whether any additional adjustments are necessary.

This matter is another example of why this Administration has placed significant emphasis on the continued review and reconciliation of the district's financial records. **Our responsibility is not only to identify financial discrepancies, but to correct them when found and put processes in place to prevent them from recurring.** This includes ensuring that District expenditures are properly supported, charged to the correct funding source, accurately reflected in our financial records, and handled in accordance with applicable State and Federal requirements and established District policies and procedures.

As these reviews continue, it is possible that additional prior-year items may be identified that require correction. When that occurs, Administration will address those matters promptly and will continue to keep the Board informed of any material financial impact. **Our objective is to provide the Board and our community with financial information that is accurate, transparent, and supported by the district's financial records.**

The necessary budget amendment for the 2026–2027 fiscal year will be brought to the Board for consideration at the October 6, 2026 Board meeting.



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Finance/Payroll Departments Week of September 14 thru September 18

Finance

Teacher Retention Allotment

- House Bill 2 (HB 2) introduced the Teacher Retention Allotment (TRA) beginning in FY 2025-2026.
- For districts with more than 5,000 enrolled students, the allotment provides:
 - \$2,500 for each classroom teacher with 3 to less than 5 years of experience.
 - \$5,000 for each classroom teacher with 5 or more years of experience.
- Because the TRA is funded through the State General Fund, teachers paid from federal grants must have the TRA amount appropriately prorated between federal and state funding sources.
- The required proration was not completed in FY 2025-2026. Although teachers received the full TRA payments during the year, the related expenses were not properly allocated in the general ledger between state and federal funding sources.
- As a result, the prorated amounts were not reflected in employee pay assignments and were therefore not incorporated into the FY 2026-2027 budget.
- Implications:
 - FY 2025-2026 - Staff funded through federal grants require funding adjustments to ensure compliance with TRA funding requirements.
 - FY 2026-2027 - Employee pay assignments must be updated to reflect the prorated TRA amounts. In addition, a budget amendment will be required to transfer funds from the Unassigned Fund Balance to cover unfunded account codes and maintain budget compliance.
- Teachers did receive this allotment through the year for FY 2025-2026 only the expense on the general ledger was not adequately posted.

Position Control Process

- BusinessPlus Position Control is the district's budgeting tool used to project payroll costs for the upcoming fiscal year.
- The module was intended to be used for FY 2026-2027; however, due to limited staff familiarity with the system, delayed vendor support, and budget development timelines, the Position Control process could not be fully implemented.
- As a result, the FY 2026-2027 payroll budget was developed using estimates, including a manual 2.5% salary increase, rather than position-level calculations for all employees

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Next Steps

- Finance is conducting a reconciliation between the estimated payroll budget and the Position Control budget to identify any variances (Business Plus Training Provided).
- If the payroll budget is understated, a budget amendment will be presented to the Board to ensure sufficient funding for payroll expenditures.
- If the payroll budget is overstated, the excess funding will be transferred to a districtwide reserve account to prevent its use and help reduce the currently adopted budget deficit.