October 15, 2026

2025-2026 and 2026-2027 Budget Updates

PURPOSE

Provide updates on the final results of the 2025-2026 fiscal year-end and the current status of the 2026-2027 budget.



Guiding Questions

Review 2025-2026 End-of-Year Projections

What did Leander ISD realize in budget savings in 2025-2026?

Review 2026-2027 Budget Update

Do you have a good understanding of the challenges presented?

Are you supportive of the administrative plan to mitigate the budget shortfall?

2025-2026 Projected End-of-Year

2025-2026 Revenue Generator Updates

- **Facility Rental Revenue Increase = $111,000**
  - Increased rental fees by 2%
  - Baseball fields were added as rental opportunities in 25-26
- **Average Daily Attendance (ADA) Increase = $800,000**
  - Budgeted ADA at 94.125%
  - Actual ADA was 94.4%
- **Open Enrollment Application Fee = $6,359**
  - Implemented January of 2026 (101 applications January - May 2026)
- **Pre-Kindergarten (PreK) Tuition = $185,000**
  - Reflects the difference between Early Learning Environment (ELE) Friends program revenue vs. PreK ($569,300-$384,300)
  - PreK tuition students are placed when capacity exists
  - PreK partnership is required to continue the tuition-based program

2025-2026 FISCAL YEAR-END

	Original Budget	Current Revised Budget	Projections Thru EOY	Variance	Explanation of Variances
Revenues:					
Taxes Gross (Current & Delinque	$ 325,546,587	$ 325,546,587	$ 324,144,375	$ (1,402,212)	
Taxes (P&I)	1,100,000	1,100,000	$ 1,362,238	262,238	
Other Local	13,735,000	13,873,179	$ 14,739,489	866,310	Increased interest earnings
State - ASF & FSF	88,096,013	88,096,013	$ 91,623,767	3,527,754	Enrollment loss offset primarily by PV (T2) updates and adjustments in various allotments; property value audit revenue
State - Other	27,175,184	27,175,184	$ 27,140,298	(34,886)	
Federal	4,995,000	4,995,000	$ 2,246,647	(2,748,353)	Indirect costs, SHARS - reduction in cost report settlement
Total Revenues	$460,647,784	$ 460,785,963	$ 461,256,814	$ 470,851	
Expenditures:					
Payroll Costs	$ 415,351,843	$ 415,349,485	$ 408,776,385	$ 6,573,100	Unfilled vacancies/positions due to lower enrollment
Contracted Services	16,281,601	18,485,019	$ 15,443,119	3,041,900	Availability of grant funds
Utilities	10,365,070	10,323,802	$ 9,609,730	714,072	
Supplies and Materials	19,334,351	19,207,723	$ 15,342,580	3,865,143	Anticipated savings
Other Operating Costs	7,604,389	7,671,166	$ 6,177,914	1,493,252	Anticipated savings
Debt Service	501,756	1,701,756	$ 1,245,181	456,575	Recoding of subscription-based software and leased vehicles
Capital Outlay	751,766	2,623,725	$ 3,312,492	(688,767)	Department vehicles/equipment
Recapture	11,039,386	11,439,386	$ 10,897,887	541,499	
Total Expenditures	$481,230,162	$ 486,802,062	$ 470,805,288	$ 15,996,774	
Net Operating Results	$ (20,582,378)	$ (26,016,099)	$ (9,548,474.00)	$ 16,467,625	
Other Sources	350,000	350,000	1,795,512	(1,445,512)	Vehicles
Transfers Out - Other	-	-	-	-	
Transfers Out - Health Insurance	-	(4,060,618)	(4,060,618)	-	$2 million in December 2025/$2 million in June 2026
Net Change to Fund Balance	$ (20,232,378)	$ (29,726,717)	$ (11,813,580)		
Beginning Fund Balance July 1	157,919,746	157,919,746	157,919,746		
Estimated Ending Fund Balance	$137,687,368	$ 128,193,029	$ 146,106,166		

Annual Financial Audit is not final

Approximately
$16 million in savings

Unbudgeted/unanticipated transfers out of
$4 million to the health insurance fund

2026-2027 Budget Update

What has changed since adopting the 2026-2027 Budget on June 18, 2026?

Enrollment
&
Healthcare Costs

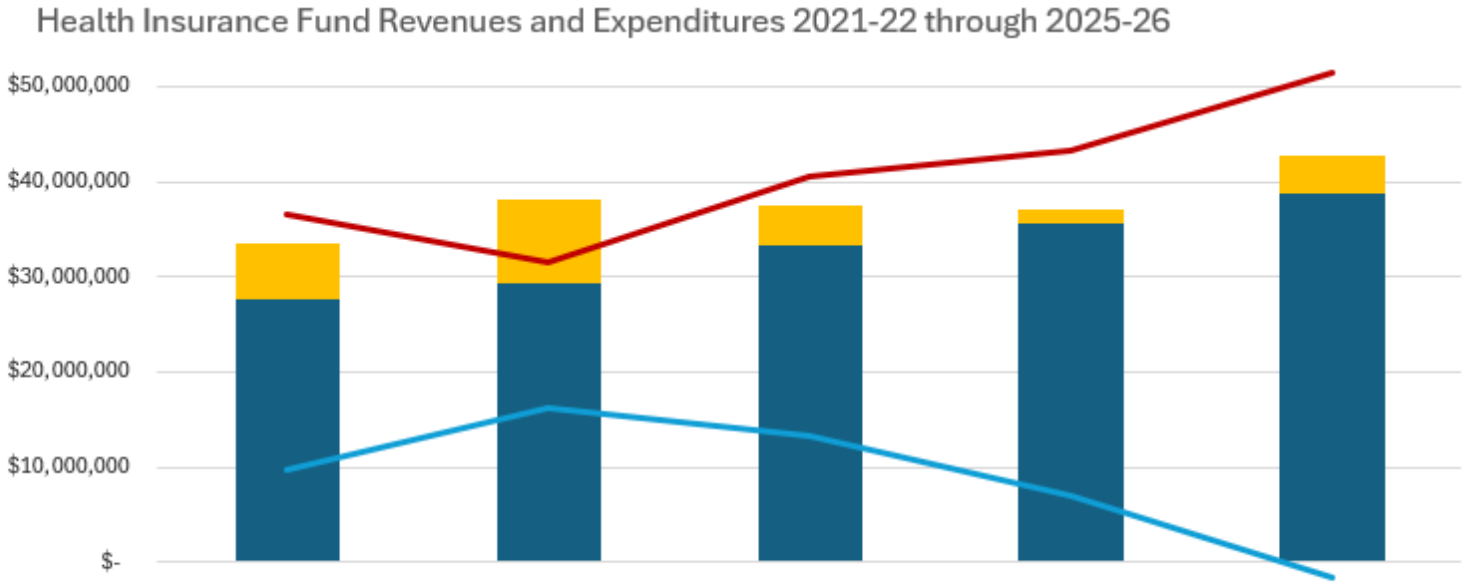
Projected Enrollment vs. Actual Enrollment

	26-27 Projected Enrollment	26-27 Actual Enrollment (9/15/26)	Variance
Elementary Early Education (EE) & PreK (not adjusted)	1,762	1,697	(65)
Elementary K-5	16,163	15,543	(620)
Middle School	9,981	9,927	(54)
High School	13,935	13,976	41
Total Enrollment	**41,841**	**41,143**	**(698)**

Healthcare Costs and Funding Considerations

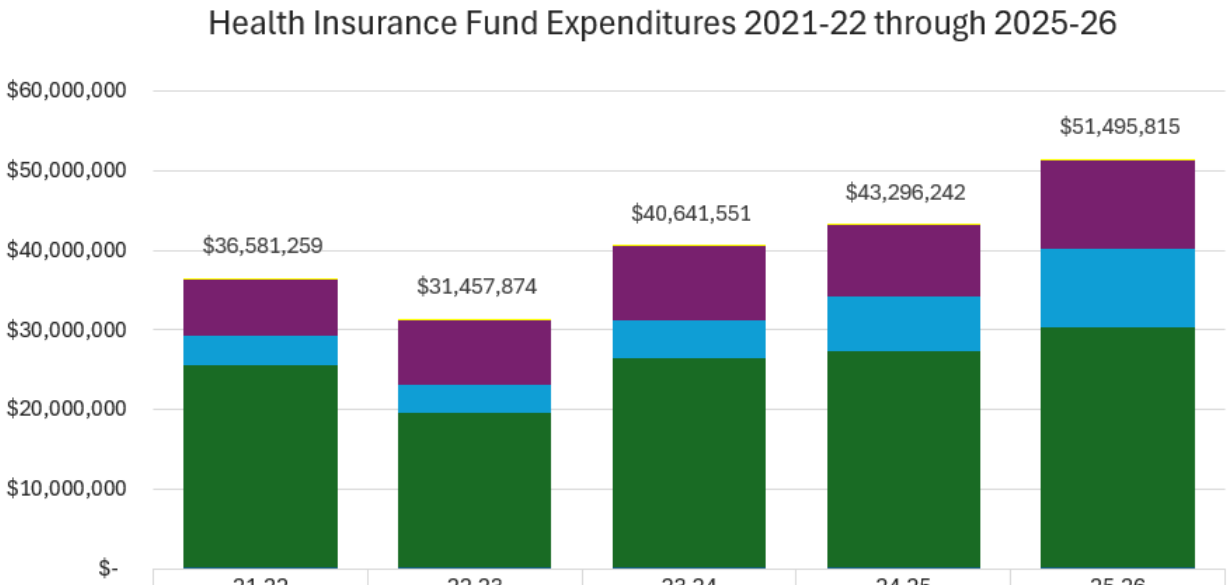
- Healthcare Reserve Fund has been depleted due to high-cost, catastrophic medical claims
- Healthcare participants were lower than projected over the last two years
- Medical care costs have outpaced standard inflation
- Change in funding structure for District contributions
- No net new funding provided to Leander ISD
  - Tier II funding was re-allocated as a $55 increase to the Basic Allotment
  - Basic Allotment increase from $6,160 (since 2019) to $6,215
- Staff feedback favors preserving plan options and current coverage networks rather than reducing benefits

HEALTHCARE REVENUE, EXPENDITURES & FUND BALANCE



	21-22 $350/month	22-23 $360/month	23-24 $410/month	24-25 $460/month	25-26 $510/month
Other Sources	$5,734,644	$8,771,729	$4,239,600	$1,500,000	$4,000,000
Revenue	$27,687,044	$29,381,571	$33,329,992	$35,613,747	$38,780,067
Expenditures	$36,581,259	$31,457,874	$40,641,551	$43,296,242	$51,495,815
Ending Healthcare Fund Balance	$9,597,749	$16,293,176	$13,221,217	$7,038,721	$(1,677,027)

HEALTHCARE EXPENDITURE BREAKDOWN



	21-22	22-23	23-24	24-25	25-26
Other (EAP & App)	$170,070	$188,877	$170,525	$164,947	$165,723
Prescriptions	$7,106,418	$8,100,439	$9,244,196	$8,967,589	$11,062,353
Medical Admin Fees	$3,705,958	$3,626,251	$4,693,400	$6,832,155	$9,933,309
Medical Claims	$25,448,813	$19,392,307	$26,361,330	$27,181,552	$30,184,430
MMA Consulting Fees	$150,000	$150,000	$172,100	$150,000	$150,000
Total	$36,581,259	$31,457,874	$40,641,551	$43,296,242	$51,495,815

EAP - Employee Assistance Program, MMA - Marsh McLennan Agency

2026-2027 Cost Containment Strategies

- **Reducing 27 vacant unfilled teacher positions due to lower enrollment**
  - Classroom waivers are anticipated
- **Reducing personnel contingency fund**
- **Vacant positions will require superintendent approval prior to posting**
- **Departments to reduce general fund budget by 5%, where feasible**
  - Certain expenses, including utilities, recapture & other fixed/unavoidable costs, will be excluded
- **One-time savings in copy center contract**
- **Out-of-state travel for employees is restricted**

26-27 BUDGET UPDATE

Excludes Voter-Approval Tax Rate Election (VATRE) Revenue

	Adopted 2026-2027	Projected 2026-2027 as of 9-30-26
PROJECTED ENROLLMENT	41,841	41,143
PROJECTED ENROLLMENT FOR FUNDING	40,925	40,235
REVENUE:		
State Revenue	$ 122,379,307	$ 119,472,241
Local Revenue	340,798,514	339,677,770
Federal Revenue	2,757,000	2,757,000
VATRE Revenue Estimate	-	-
TOTAL ESTIMATED REVENUES:	$ 465,934,821	$ 461,907,011
EXPENDITURES:		
Adopted Payroll	$ 410,815,429	$ 410,815,429
Adjustments to Payroll due to lower enrollment	-	(2,286,700)
Health Insurance contribution	-	2,742,600
TOTAL PAYROLL:	$ 410,815,429	$ 411,271,329
TOTAL OPERATING EXPENDITURES:	$ 54,486,190	$ 54,486,190
RECAPTURE:	10,885,260	11,020,745
RECAPTURE (ADDITIONAL WITH VATRE):	-	-
TOTAL OPERATING AND PAYROLL EXPENDITURES:	$ 476,186,879	$ 476,778,264
RESULTS FROM OPERATIONS:	$ (10,252,058)	$ (14,871,253)
OTHER TRANSFERS IN/OUT		
Other Sources	350,000	350,000
Transfers Out - Healthcare	-	(8,000,000)
Transfers Out - Additional Healthcare	-	(8,000,000)
TOTAL TRANSFERS IN/OUT:	$ 350,000	$ (15,650,000)
TOTAL SURPLUS/DEFICIT:	$ (9,902,058)	$ (30,521,253)
BUDGET PARAMETER		
Budget Deficit Threshold - 3.0%	13,978,045	13,526,588
Deficit (Exceeding)/Within Budget Parameter	$ 4,075,987	$ (16,994,665)

Lower enrollment = 698
Lower funded enrollment = 690

Revenue decrease due to lower enrollment = $4 million

27 Unfilled vacant positions due to lower enrollment = ($2,286,700)

Increase in health insurance contribution from $510 - $610 = $2,742,600 (begins January 2027 with new plan year)

The “Healthcare” line is the amount of general fund balance transfers that have already been approved by the board as of 10/1/26.

The “Additional Healthcare” line is a projection based on historical claims.

Both are above the increased district contribution of $610.

26-27 BUDGET UPDATE

Includes VATRE Revenue

	Adopted 2026-2027	Projected 2026-2027 as of 9-30-26
PROJECTED ENROLLMENT	**41,841**	**41,143**
PROJECTED ENROLLMENT FOR FUNDING	**40,925**	**40,235**
REVENUE:		
State Revenue	$ 122,379,307	$ 119,472,241
Local Revenue	340,798,514	339,677,770
Federal Revenue	2,757,000	2,757,000
VATRE Revenue Estimate - assumes approval	-	12,000,000
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EXPENDITURES:		
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RESULTS FROM OPERATIONS:	**$ (10,252,058)**	**$ (8,871,253)**
OTHER TRANSFERS IN/OUT		
Other Sources	350,000	350,000
Transfers Out - Healthcare	-	(8,000,000)
Transfers Out - Healthcare - based on finance analysis	-	(8,000,000)
TOTAL TRANSFERS IN/OUT:	**$ 350,000**	**$ (15,650,000)**
TOTAL SURPLUS/DEFICIT:	**$ (9,902,058)**	**$ (24,521,253)**
BUDGET PARAMETER		
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Lower enrollment = 698
Lower funded enrollment = 690

Revenue decrease due to lower enrollment = $4 million
Revenue increase due to VATRE = $12 million

27 Unfilled vacant positions due to lower enrollment = ($2,286,700)

Increase in health insurance contribution from $510 - $610 = $2,742,600 (begins January 2027 with new plan year)

Increase in recapture of $6 million due to VATRE

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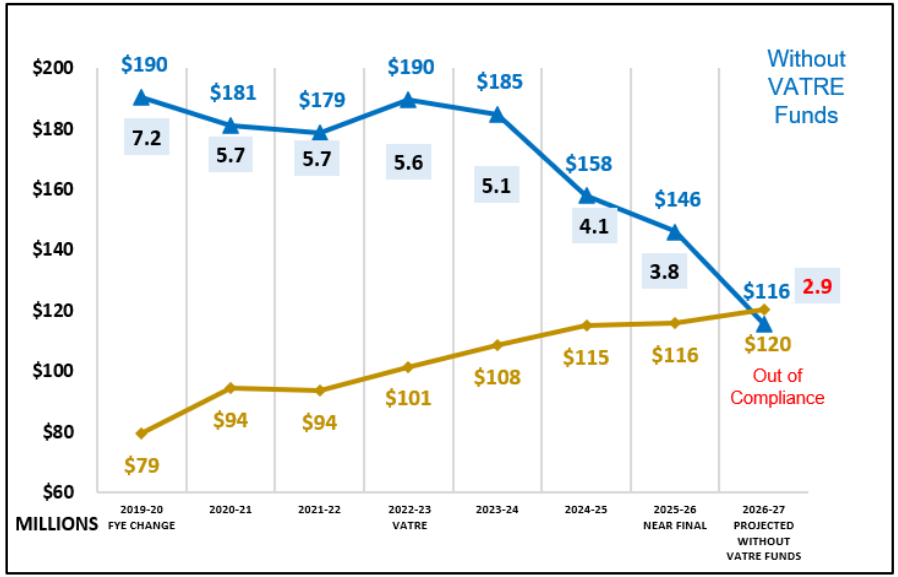
GENERAL FUND BALANCE

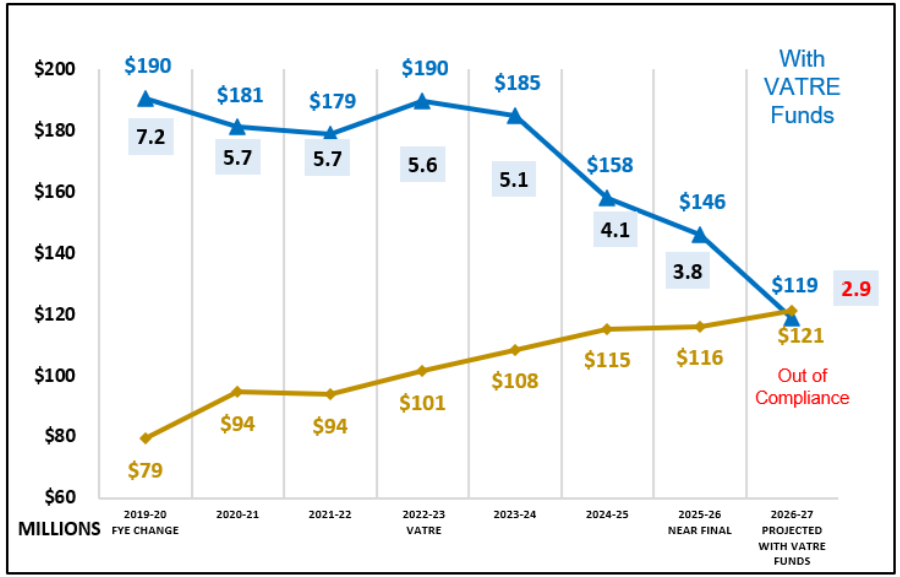
- **Fund Balance:**
  - Accumulation of revenues over expenditures across prior years
  - Provides a cushion against revenue shortfalls
  - Ensures compliance with Board policy (3 months of operating expenses)
  - Impacts cash flow and the District's ability to cover payroll (86% of budget)

- **Fund Balance Board Policy CE (Local):**
  - In order to preserve financial stability…."The District shall, therefore, maintain assigned and unassigned fund balances equal to or exceeding three months of total annual operating expenditures in reserve."
  - "If the assigned and unassigned fund balances fall below three months of the total annual operating expenditures, the Superintendent shall prepare a plan for Board approval to meet the required unassigned and assigned minimum fund balance requirement."

FUND BALANCE ESTIMATE THROUGH 2026-2027

GENERAL FUND BALANCE
ACTUAL COMPARED TO BOARD TARGET (CE LOCAL)





Actual Fund Balance
Board Policy Target Fund Balance - 3 Months (CE Local)
Actual Months of Fund Balance

FUND BALANCE COMPLIANCE IMPLICATIONS

- **School Financial Integrity Rating System of Texas (School FIRST) rating will be lower**
- **Texas Education Agency (TEA) identifies potential noncompliance**
  - Formal notification will be forwarded to District
  - If noncompliance is confirmed, the district must develop a corrective action plan outlining steps to achieve compliance within a specified time period (usually 3 years)
- **Potential downgrade of bond ratings**

Looking Forward - Planning Future Budgets

- **Healthcare plan design being actively monitored**

- **Fiscal Sustainability Committee**
  - Identify potential revenue-generating opportunities for 2027–2028 and beyond.
  - Identify potential expenditure reductions for 2027–2028 and beyond.
  - The Committee is developing additional detail and supporting information for each potential revenue and expenditure opportunity.
  - Finance and Human Resources are developing estimated revenue increases/expenditure savings
  - Prioritized list will be provided to Superintendent for review by the end of October
  - Feedback will be obtained from Campus/Department leaders and other stakeholders

- **2027-2028 – 2029-2030 Projections**
  - Projections will incorporate updated grade-level student enrollment projections from Population and Survey Analysts (PASA).
  - The three-year projections and key budget assumptions will be presented to the Board in December.

Guiding Questions

Review 2025-2026 End-of-Year Projections

What did Leander ISD realize in budget savings in 2025-2026?

Review 2026-2027 Budget Update

Do you have a good understanding of the challenges presented?

Are you supportive of the administrative plan to mitigate the budget shortfall?

DISCUSSION