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BUDGET PARAMETERS 2025-2026 SCHOOL YEAR

Purpose:

To develop parameters that enable the district to provide a financially solvent budget that meets all short-term and long-term obligations and is aligned to the vision, mission, and goals alignment with the G-PISD balanced scorecard.

Opening Statement:

As the board of trustees prepares to adopt a budget and tax-rate for the upcoming 2025-2026 school year, the following factors will be under continuous analysis during the budget development process:

1. Enrollment & Demographic Trends
2. Current Fiscal Year Budget
3. Revenue Projections
4. Chapter 313 Limitation Agreements
5. Improving the Cost-Effectiveness of Operational Expenditures
6. Long-Range Compensation Plan

Key Budget Development Personnel:

- Dr. Michelle Cavazos - Superintendent of Schools
- Dr. Ismael Gonzalez III - Assistant Superintendent for Business-Finance & Operations
- Mr. Albert Silguero - Director of Business Services

ASSUMPTIONS AND CONSIDERATIONS

Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
Enrollment Growth Demographics Study 2024	<ul style="list-style-type: none"> • Projecting 1.6% increase for upcoming school year (80 more students) 	<ul style="list-style-type: none"> • Increase in state funding <ul style="list-style-type: none"> ○ \$492,800 = 80 students x \$6,160 (Basic Allotment) <ul style="list-style-type: none"> ▪ This does not include Special Population weights • Additional staffing may be necessary <ul style="list-style-type: none"> ○ 22:1 Ratio ○ Approximately six (4) new teacher positions <ul style="list-style-type: none"> ▪ Average teacher pay: \$75,000 ▪ Total cost: \$300,000
Demographic Changes PEIMS Snapshot Fall 2024	<ul style="list-style-type: none"> • Economically Disadvantaged Population Decrease • Special Education Program Growth 	<ul style="list-style-type: none"> • Program and services delivered to specialized student groups will be budgeted accordingly
Out of District Transfers	<ul style="list-style-type: none"> • Prior 5 years: Transfer IN students exceed transfer OUT students <ul style="list-style-type: none"> ▪ Approx. \$210K net revenue 	<ul style="list-style-type: none"> • No Homestead Tax Revenue Earned by G-PISD <ul style="list-style-type: none"> ○ Approximately \$2,000 annually per household • Currently Tuition FREE
Continuous Improvement on Average Daily Attendance (ADA)	<ul style="list-style-type: none"> • Key state funding source • Maintain 94% or better district-wide 	<ul style="list-style-type: none"> • Annual budget is based on enrollment <ul style="list-style-type: none"> ○ Basic Allotment: \$6,160

Current Fiscal Year Budget

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Approximately 30% Cost Increase for Property Insurance	<ul style="list-style-type: none"> Insurance premiums continue to rise <ul style="list-style-type: none"> 2024 premium: \$1.4M Adding additional facilities in upcoming fiscal year 	<ul style="list-style-type: none"> No additional State Funding to Support Cost Increase <ul style="list-style-type: none"> 2025 projected premium: \$2.0M
Maintenance & Operations Cost Increase Due to New Facilities	All-Purpose Practice Facility Baseball-Softball Fields	2025-2026 projections: <ul style="list-style-type: none"> Utilities <ul style="list-style-type: none"> \$50K Property Insurance <ul style="list-style-type: none"> 200K
98% Tax Collections for both M&O and I&S	<ul style="list-style-type: none"> Ensure Bond Obligation Payments Defease Eligible Bonds 	<ul style="list-style-type: none"> Ensure adopted budget receivables
No Change in State Funding	<ul style="list-style-type: none"> Ongoing Uncertainty from Legislative Session 	<ul style="list-style-type: none"> Adoption of deficit budget
Child Nutrition – All Kids Eat FREE FOOD SERVICE OVERVIEW.pptx Food Service Department Webpage	<ul style="list-style-type: none"> Consider funding availability to continue to support FREE meals: <ul style="list-style-type: none"> General Fund Balance Workers Compensation Fund Balance 2023-2024 SY Actual District Contribution: <ul style="list-style-type: none"> \$451K 2024-2025 SY Budgeted District Contribution: <ul style="list-style-type: none"> \$1M 	<ul style="list-style-type: none"> Increase in Free and Reduced student population Plan to continue for upcoming school year via Workers Compensation Fund Balance and Prior Year(s) Budget Efficiency 2025-2026 SY Projected District Contribution: <ul style="list-style-type: none"> \$1.2M

Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Potential changes in State Funding	<ul style="list-style-type: none"> Pending legislative guidance School Finance Overview 	<ul style="list-style-type: none"> Currently operating with a budget deficit in general fund <ul style="list-style-type: none"> Approximately \$13.8M
5% Taxable Value Growth Annually	<ul style="list-style-type: none"> Historical trend for G-PISD Residential Development Ongoing Business, Commercial, Industry Growth 	<ul style="list-style-type: none"> As local revenues increase, state revenue decreases (Recapture)
Recapture (Chapter 49)	<ul style="list-style-type: none"> As Chapter 313 limitation agreements reach year 11, full valuation will be subject for M&O tax revenue HB3 Formula Transition Grant expired after 23-24 <ul style="list-style-type: none"> FTG Overview Property Wealthy School District as per TEA 	<ul style="list-style-type: none"> Program Overview Projected Recapture Payment for 25-26: <ul style="list-style-type: none"> \$16M
HB 3 Tax-Rate Compression	<ul style="list-style-type: none"> Projected property value growth, thus upcoming M&O tax-rate compression 2024-2025 Tax Rate: <ul style="list-style-type: none"> M&O: \$0.7626 I&S: \$0.3400 	<ul style="list-style-type: none"> M&O: \$.01 cent equals approximately \$350,000 I&S: \$.01 cent equals approximately \$1.6M 2025-2026 Projected Tax Rate: <ul style="list-style-type: none"> M&O: \$0.7626 I&S: \$0.3400
Federal Funding (ESSA) ESSA Overview	<ul style="list-style-type: none"> All campuses are currently considered Title I - Schoolwide 	<ul style="list-style-type: none"> Revenues based on annual estimates of income and poverty statistics via census bureau
Special Populations State Allotments Overview TEA Guidelines 2024-2025 SOF	<ul style="list-style-type: none"> Must meet required threshold spending per program 	<ul style="list-style-type: none"> Funding based on student demographics submitted to TEA through PEIMS

Chapter 313 Limitation Agreements

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>Receive Projected Revenue Protection and Supplemental Payments</p> <p>Ch. 313 Program Overview</p>	<ul style="list-style-type: none"> As 10-year agreements close, payments will continue to reduce annually 2024-2025 projected payments to district: \$16M 	<ul style="list-style-type: none"> Future projections: <ul style="list-style-type: none"> 25-26: \$17M 26-27: \$12M
<p>Previous Approved Chapter 313 Limitation Agreements Pending</p>	<ul style="list-style-type: none"> CC Liquefaction (Stage 4B) CC Liquefaction (Stage 4A) CC Liquefaction (Stage 3C) CGRP 04, LLC (Solar Farm) 	<ul style="list-style-type: none"> Anticipated Financial Analysis Link
<p>Consider Property Valuation Tax Appeals from Industry</p>	<ul style="list-style-type: none"> Set-aside fund balance allocation to cover any losses 	<ul style="list-style-type: none"> Litigation and Tax Settlements Annual Set-Aside: <ul style="list-style-type: none"> \$6M
<p>Industry Growth in G-PISD Boundaries</p>	<ul style="list-style-type: none"> No longer subject to Chapter 313 as of 12-31-22 Subject to new HB5 Chapter 403 for all future inquires 	<ul style="list-style-type: none"> Monitor general fund budget to reduce re-occurring cost currently being covered by Chapter 313 revenue protection and supplemental payments

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Long-Range Compensation Plan

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Basic Services Staffing Due to Growth	Staffing average cost: <ul style="list-style-type: none"> • Teacher = \$75,000 • Administrator = \$110,000 • Auxiliary = \$45,000 • Paraprofessional = \$55,000 	District administration continue to assess compensation plan periodically with Long-Range Compensation Committee
Staffing	<ul style="list-style-type: none"> • Leading surrounding regions in wages earned 	N/A
Pay Raises Compensation Handbook	<ul style="list-style-type: none"> • 2024-2025 <ul style="list-style-type: none"> ○ 1% Pay • Substitute Pay <ul style="list-style-type: none"> ○ Ensure market competitiveness 	2025-2026 SY <ul style="list-style-type: none"> • Upcoming meeting with Committee to discuss considerations
Employee Benefits	<ul style="list-style-type: none"> • Health Insurance District Contribution per Employee: <ul style="list-style-type: none"> ○ \$325.00 Monthly • Voluntary Insurance Products Offered via TPA, First Financial Link • Employer Paid Benefits: <ul style="list-style-type: none"> ○ Workers Compensation ○ Employee Assistance Program (EAP) ○ iLock 360 (Identity Theft) ○ Life Insurance: \$10K • Tenure Incentive Based on Years of Service with GPISD <ul style="list-style-type: none"> ○ Year 0 = \$30.00 ○ Year 20 = \$900.00 	<ul style="list-style-type: none"> - Potential changes for the upcoming school year - Changes based on increases from TRS
Stipends/Allowances	<ul style="list-style-type: none"> • Bilingual Teachers: \$5,000 • Special Ed. Teachers: \$2,500 • Master's Degree: \$1,000 • Other stipend allocations: <ul style="list-style-type: none"> ○ UIL Sponsors ○ Extra-Curricular ○ Athletic Coach • Phone Allowance • Travel Allowance 	

Improving the Cost-Effectiveness of Operational Expenditures

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Campus Budgets	<ul style="list-style-type: none"> • Enrollment by campus (snapshot data) • Based on per pupil allotment • 2024-2025 total campus allocations <ul style="list-style-type: none"> ○ \$789,517 <p>Allocations:</p> <ul style="list-style-type: none"> • Basic Allotment • Library • Staff Development • Health Services • Physical Education • State Compensatory • Gifted & Talented • Special Education • Dyslexia • Career & Technical • Bilingual 	<ul style="list-style-type: none"> • Maintain campus budget allocations ensuring cost-effectiveness across all areas
Department Budgets	<ul style="list-style-type: none"> • Needs assessment drives budget allocation • Conduct resource allocation study identifying areas to reduce expenses 	<ul style="list-style-type: none"> • Reduce department/operating expenditures by 5%
Prioritize Federal Programs Funding – Title I	<ul style="list-style-type: none"> • Current Title I Budget <ul style="list-style-type: none"> ○ \$670K 	<ul style="list-style-type: none"> ○ Title I District-wide
Continuous Evaluation of Safety & Security to Ensure Optimal Services	<ul style="list-style-type: none"> • Security Services <ul style="list-style-type: none"> ○ 7 – School resource officers 	<ul style="list-style-type: none"> • Projected state funding <ul style="list-style-type: none"> ○ \$134K • BOND 2023 <ul style="list-style-type: none"> ○ \$2M
Monitor and Manage Property Insurance Inflation	<ul style="list-style-type: none"> • Coastal proximity • 5-Year History • 2022-2023 Premium <ul style="list-style-type: none"> ○ \$1.5M • 2023-2024 Premium <ul style="list-style-type: none"> ○ \$2.0M projection <ul style="list-style-type: none"> ▪ Adding ECC & Agriscience Facility 	<ul style="list-style-type: none"> • Anticipated premium increase for 2024-2025 <ul style="list-style-type: none"> ○ 30% - 40% increase

Fund Balance Management

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>Monitor and safeguard general fund balance annually to ensure state compliance and fiscal responsibility</p> <p>Fund Balance Overview.pdf</p>	<ul style="list-style-type: none"> The general fund is operating with approximately \$12M deficit in the current 2024-2025 school year. Infusion of fund balance was caused by Chapter 313 Limitation Agreements (revenue protection and supplemental payments) <ul style="list-style-type: none"> Future agreements are no longer include school district incentives 	<ul style="list-style-type: none"> Significant reduction to general fund balance over the next 8 years resulting in non-compliance with state standards relating to school finance
Unassigned Fund Balance	<ul style="list-style-type: none"> Six (6) Months of Operating Cost 	<ul style="list-style-type: none"> \$54,610,927
Assigned Fund Balance	<ul style="list-style-type: none"> Litigation and Tax Settlements 	<ul style="list-style-type: none"> \$6,000,000
	<ul style="list-style-type: none"> Insurance deductibles 	<ul style="list-style-type: none"> \$3,000,000
	<ul style="list-style-type: none"> Claims and judgements 	<ul style="list-style-type: none"> \$500,000
	<ul style="list-style-type: none"> Disaster Recovery 	<ul style="list-style-type: none"> \$18,000,000
	<ul style="list-style-type: none"> Ten-Year Capital Replacement Plan 	<ul style="list-style-type: none"> \$15,000,000
	<ul style="list-style-type: none"> Capital Improvement Contingency 	<ul style="list-style-type: none"> \$5,000,000
	<ul style="list-style-type: none"> “All Kids Eat FREE” Food Services (2023-2024) 	<ul style="list-style-type: none"> \$1,200,000
Committed Fund Balance	<ul style="list-style-type: none"> All-Purpose Practice Facility 	<ul style="list-style-type: none"> \$44,832,093

Long-Range Facility Planning

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Approved BOND Projects Underway	<ul style="list-style-type: none"> • Monitor progress for all projects • Ensure scope of project(s) are within allocated budget 	<ul style="list-style-type: none"> • Cost of M&O may emerge with newer facilities • Additional Staffing
Monitor and Maintain 10-Year Replacement Plan	<ul style="list-style-type: none"> • Technology Equipment • Student and Teacher Devices • Uniforms • Buses • Maintenance Fleet • Deferred Maintenance 	<ul style="list-style-type: none"> • Budget accordingly via: <ul style="list-style-type: none"> ○ BOND Funds ○ General Fund
District Planning for Future BOND	<ul style="list-style-type: none"> • Update Facility Condition Assessments • Development of committee including all stakeholder groups 	<ul style="list-style-type: none"> • N/A
Land Acquisition	<ul style="list-style-type: none"> • Consider purchase of land for future needs of the district 	<ul style="list-style-type: none"> • Expensed either through general fund balance or future bond
Residential Growth	<ul style="list-style-type: none"> • Three (3) active single-family developments (306 lots) • 116 multi-family units under construction • 863 future single-family lots are currently planned • Primarily located in WCA and SFA zones 	<ul style="list-style-type: none"> • Future elementary campus • Explore land acquisition <ul style="list-style-type: none"> ○ Local “land” real estate market: \$100,000 - \$150,000 per acre