



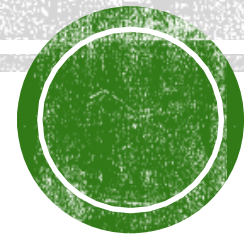
BROWNSVILLE ISD 2021-2022 BUDGET WORKSHOP #1

Presented by Mr. David Robledo, Chief Financial Officer

March 3rd, 2021

Dr. Rene Gutierrez, Superintendent of Schools

Dr. Nellie Cantu, Deputy Superintendent





BUDGET WORKSHOP #1 AGENDA

- Budget Requirements
- Budget News from Across the State
- Current Landscape
- District Response
- Budget Challenges
- Changes in Revenues
- Changes in Expenses
- Net Effect



BUDGET REQUIREMENTS

- Brownsville ISD must prepare an annual budget by June 19, since the District's **fiscal year starts July 1**
- In general, the District must include at least the following funds in its budget:
 - **General Fund**—must be included each year
 - **Food Service Fund**—must be budgeted for and submitted to the PEIMS
 - **Debt Service Fund**—must be budgeted expenditures recorded with function code 71, Debt Service.



BUDGET REQUIREMENTS (CONTINUED)

- BISD’s budget must be **itemized in detail** according to the classification and purpose of expenditure. **BISD has 21** character Fund Code Structure.
- BISD’s budget must be **adopted before expenditures can be made**, and this adoption must be prior to setting of the tax rate for the budget year.
- BISD must **post the adopted budget on the district’s website** for three years from the date the budget was originally adopted.
- BISD must **file its original and final amended budget with the TEA electronically** as part of its annual financial and compliance report (AFR).

The Fund Code Structure

Fund/Group	Function	Object	Local Option Codes 1 and 2	Organization	Fiscal Year	Program Intent Code	Local Option Code 3	Local Option Codes 4 and 5
X X X	- X X	- X X X	- X X	- X X X	- X	- X X	- X	- X X



NEWS FROM ACROSS THE STATE



EDUCATION

School districts face critical budget decisions while not knowing if 'hold harmless' agreement will be extended

Overall, attendance across the state is down 3% from October 2019 to October 2020. That equals out to 156,596 fewer students, according to the TEA.

<https://www.12newsnow.com/article/news/education/hold-harmless-north-texas-school-education-district-budgets/287-1f4b6af2-a9da-4d06-b7df-634530854c0b>

For Brownsville ISD, as of January 26, 2021, the District has enrollment of 40,777, a 5.25% decrease when compared to last year.



NEWS AT THE STATE CAPITAL



SCHOOLS

82 Texas House members ask TEA to give school districts financial flexibility through end of school year

Texas Rep. Steve Allison wrote a letter to the TEA asking to 'continue the Hold Harmless Guarantee' for the rest of the 2020-21 school year.



<https://www.12newsnow.com/article/news/education/schools/texas-reps-ask-to-extend-hold-harmless/269-ec6f22c0-3b71-487a-a483-8748268321a9>



CURRENT LANDSCAPE

- **Student Enrollment Down**
 - 3% at State Level
 - 5.25% at BISD Level
- **Property Values Up, Tax Payments Down?**
- **Higher Incidence of COVID-19**
- **Vaccination Challenges – Not Going Fast Enough**
- **Unknown State Funding Levels**
- **Possible Additional Federal Funding**



CURRENT LANDSCAPE, CONTINUED

Revenues by Major Sources	BUDGET FY 2021	% of Total	ACTUALS FY 2021	% of Total	% of Remaining
5700 Local and Intermediate Sources Revenues	86,526,817	13.99%	70,860,992	21.61%	18.11%
5800 State Sources Revenues	380,120,710	61.44%	194,727,585	59.40%	48.77%
5900 Federal Sources Revenues	48,502,253	7.84%	11,047,542	3.37%	77.22%
7900 Other Resources	103,508,982	16.73%	51,212,259	15.62%	50.52%
Total Revenues	618,658,762	100.00%	327,848,377	100.00%	47.01%

Note: With 7 of the 12 months completed, approximately 58.33% being earned, the District has only earned 52.99% or **5.34% less than Budget**

Note #2: The District strives for **41.67% or less** to be the ideal percentage of Remaining Budget



CURRENT LANDSCAPE, CONTINUED

Expenditures by Major Costs	BUDGET FY 2021	% of Total	ACTUALS FY 2021	% of Total	% of Remaining
6100 Payroll and Benefits Costs	381,955,322	60.17%	223,030,171	61.80%	41.61%
6200 Professional & Contracted Services	39,604,988	6.24%	18,686,712	5.18%	52.82%
6300 Supplies and Materials	62,825,932	9.90%	20,883,660	5.79%	66.76%
6400 Other Operating Expenses	14,657,676	2.31%	5,707,131	1.58%	61.06%
6500 Debt Service	31,975,655	5.04%	28,398,335	7.87%	11.19%
6600 Capital Outlay	53,106,705	8.37%	13,519,772	3.75%	74.54%
8900 Other Uses	50,687,709	7.98%	50,687,709	14.04%	0.00%
Total Revenues	634,813,987	100.00%	360,913,489	100.00%	43.15%

Note: With 7 of the 12 months completed, approximately 58.33% being spent, the District has only expensed 56.85% or **1.48% less than Budget**

Note #2: The District strives for **41.67% or more** to be the ideal percentage of Remaining Budget



BISD RESPONSE

WHAT IS BROWNSVILLE ISD DOING?

- Freeze Hiring, where Possible
- Freeze Spending, where Possible
- Possible Reorganize for Savings
- Possible Freeze on Capital Outlays Purchases
- Offer Resignation Incentive
- Conduct Efficiency Studies
 - TASB Staffing Study
 - TASB Salary Study
 - SECO Energy Study



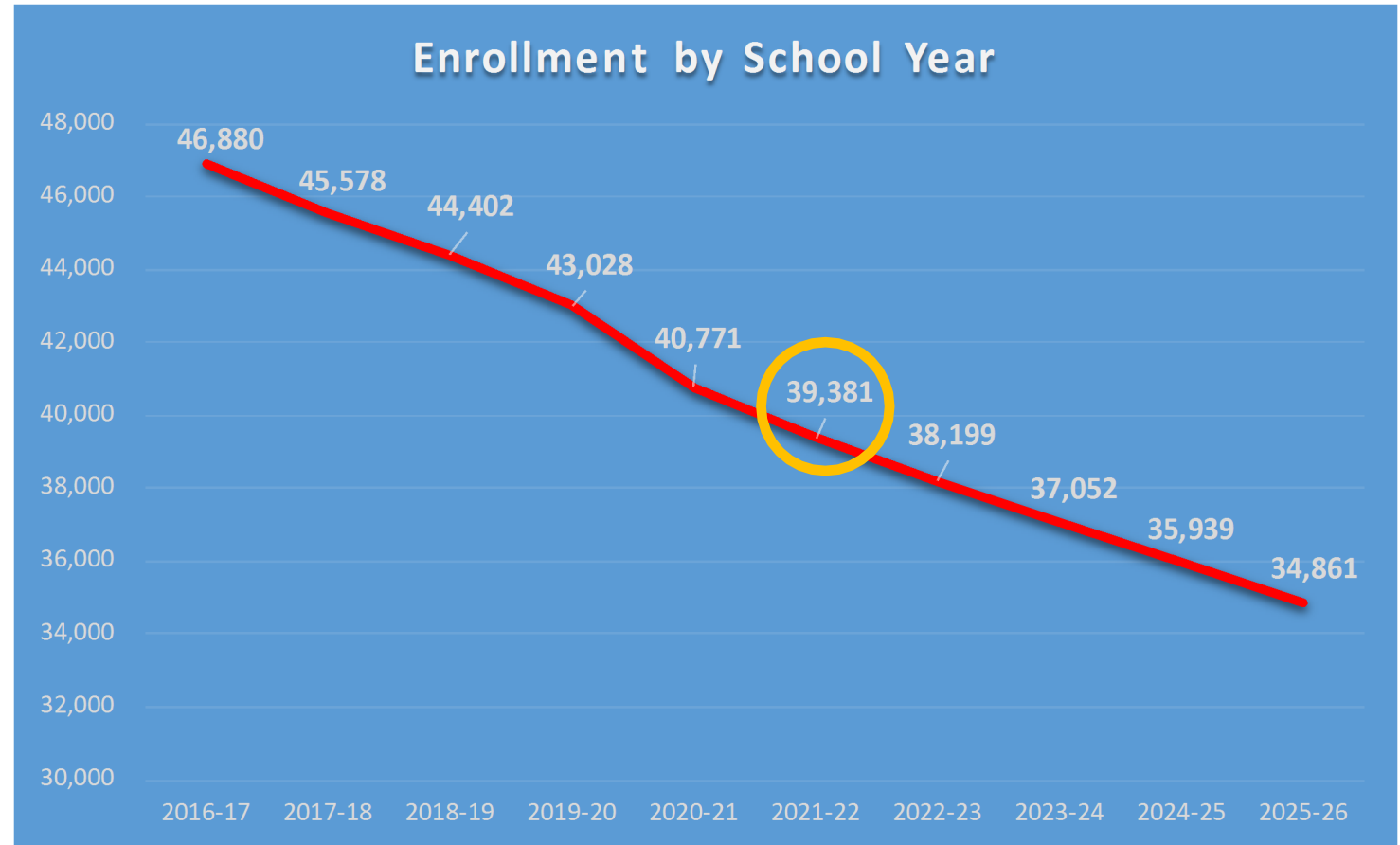
MAJOR CHALLENGES FOR BUDGET 2021-2022 SCHOOL YEAR

- ADA Hold Harmless Current Year and Subsequent Year
- Accurately Estimating 2021-2022 Enrollment and ADA
- New Round of ESSER
 - Will New Monies just Supplant Foundation Revenues
- Revenue Challenges combined with the need for real investments for BISD students to recover from the pandemic



REVENUES - MAJOR CHANGES

- Currently, State Foundation Revenue is Based on ADA
- Projecting **3.23% in ADA decrease** for upcoming year
- Decrease equates to approximately **\$12.0 million**





MAJOR EXPENDITURES CHANGES

▪ Pay Increases Scenarios & Related Benefits

▪ (Model 1 – 2% Pay Increase)

- Total Payroll Increase **(\$6,450,000)**
 - General Pay Increase - \$5,609,000
 - Benefits (15%) - \$841,000

▪ (Model 2 – 1% Pay Increase)

- Total Payroll Increase **(\$3,225,000)**
 - General Pay Increase - \$2,804,000
 - Benefits (15%) - \$421,000

NOTES: Staff with salaries over the Maximum Pay Grade will be frozen.



MAJOR EXPENDITURES CHANGES (CONTINUED)

Reduction of employer portion of health Insurance premiums

- Current Monthly **Employer-Only** Premium Contribution \$580
- Recommended Rate \$570, \$10 per Month
- As of December 2020, 6,135 employees enrolled in District Health Insurance
- **Possible Savings \$736,200**



MAJOR EXPENDITURES CHANGES (CONTINUED)

TASB – Staffing Ratios Staff Vacancy Slot Reductions

- Last Year, during 2020-2021 Budget Workshop #2, TASB provided information concerning several Staffing Options
- Just to list a few that the District is contemplating on continuing
 - Absorbing Teachers District-Wide
 - Absorbing Education Aides positions
 - Absorbing Campus and Non-Campus Clerical positions
 - Absorbing Maintenance and Custodial positions
- All Absorbed Positions would be positions that were previously Vacant (Reduction by Attrition)



CAMPUS AND DEPARTMENT FUNDING

Remaining Expenditures for next year's budget

- Campus Allocations are based on projected ADA for next year
- Current plans are for Departments Allocations to be similar to Fiscal Year 2019-2020 but may include a percentage decrease depending on HR-Budget Workshops
- State Program Funds and Categorical Funds will be discussed during Budget Workshop #4



NET EFFECT

Major Changes for next year's budget

- Reduction of State Foundation Funding – **(\$12,000,000)**
- Payroll Cost Increase based on Pay Increase and Related Benefits **(\$6,450,000)**
- Payroll Cost Decrease based on Health Insurance Savings **\$736,200**
- Payroll Cost Decrease based on Closed Vacant Positions **?????**
- Payroll Cost Decrease based on Resignation Incentive **?????**
- Campus and Department Allocation Reductions **?????**
- Capital Outlays/Facilities Projects **(\$2,892,000)**
 - Veterans ECHS modification to District Stadium – **(\$800,000)**
 - Middle School 4-Lane Tracks - 2 Sites Per Year - **(\$1,267,000)**
 - High School Soccer Bleachers -2 Sites Per Year **(\$400,000)**
 - Hanna ECHS Gym Additional Parking Lot **(\$425,000)**

NOTE: By Budget Workshop #4 - Presented items ensures a balanced budget



THREE POSSIBLE SCENARIOS

1. **Things Get Worse**

- Lower Enrollment and Attendance
- COVID-19 Incidence Gets Worse
- Will Need to take aggressive approach to reduce expenditures due to lower revenues

2. **Things Stay the Same**

- Enrollment and Attendance remains the Same
- Incidences Remain the Same
- Expenditures and Revenues will Remain Stable

3. **Things Turn Out Better**

- Vaccine takes effect and Enrollment and Attendance improve
- District has greater fund balance due to actions taken now
- State provides greater revenues through pass through federal dollars



CONCLUSION

Any Comments and/or Questions?