



BUDGET UPDATE

MAY 6, 2025

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CHIEF FINANCIAL OFFICER

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ASSISTANT SUPERINTENDENT OF HUMAN RESOURCES

Agenda

Legislative update

Budget reduction review

TASB compensation review

Food Service and Debt Service budgets

Calendar and next steps





89th Legislative
Session

Key Dates in Session

- **March 14:** Bill filing deadline
- **May 12:** Last day for House committees to report HB/HJR
- **May 16:** Last day for the House to vote out HB/HJR
- **May 24:** Last day for the House committees to report SB/SJR
- **May 28:** Last day for the House to vote out SB/SJR. Last day for the Senate to consider all bills/JRs.
- **June 2:** Sine Die
- **June 22:** Last day the governor can sign or veto bills passed.

SENATE BILL 2: VOUCHERS

- SB 2 passed the House; the 85-63 vote was largely along party lines, with only 2 republicans voting against the voucher proposal (VanDeaver and Phelan).
- Senate Bill 2 is now on the Governor's desk for signing.
- Everytexan.org estimates Goose Creek CISD will lose nearly \$2 million.
- Students will begin accessing accounts in the 2026-2027 school year.

Bill: SB 2

Legislative Session: 89(R)

Author: Creighton

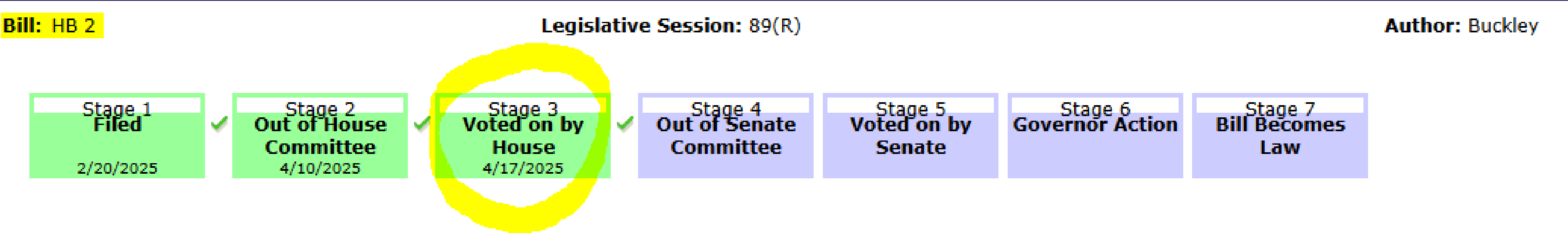


Legend

- Indicates bill passed stage
- Indicates bill has not reached stage
- Indicates bill failed to complete stage

HOUSE BILL 2 - SCHOOL FINANCE

CAUTION: Budgets must be passed based on **current law**. This bill passed the House floor on 4/17, but has several more stages before it becomes law. Senate has expressed concerned over HB 2 price tag.



Legend

Indicates bill passed stage

Indicates bill has not reached stage

Indicates bill failed to complete stage

HOUSE BILL 2 - SCHOOL FINANCE

Notable Bills | School Finance



As Engrossed



By Rep. Buckley

- Passed by Public Education committee 4/3 (13 ayes, 2 nays)
- Passed by House 4/17 144 ayes, 5 nays
- This is the only vehicle for increased school funding this session. Strong support from ISDs will strengthen House's position when negotiating with Senate.

HOUSE BILL 2 - SCHOOL FINANCE

ILLUSTRATION ONLY - Law has not yet passed

- Omar Garcia template unconfirmed revenue estimates could be up to \$13 million for GCCISD.
- Increases basic allotment from \$6,160 to \$6,555
- Bill stalled after passing House on 4/17

HOUSE BILL 2 - SCHOOL FINANCE

ILLUSTRATION ONLY - Law has not yet passed

Omar Garcia template - total revenue gain (rounded)	13,000,000
Minimum 40% must be spent on compensation	5,200,000
Minimum 75% of the 40% must be spent on Teachers, Nurses, Librarians	3,900,000
Minimum 25% of the 40% must be spent on non-admin compensation	1,300,000

2025-26 BUDGET SCENARIOS

2025-26 Budget Scenarios - for Illustrative Purposes Only

		2025-26 Scenario B (Current Law)	2025-26 Scenario C (HB2 Passes - but timing matters)
1	Projected Revenues	\$ 253,149,415	\$ 253,149,415
2	Estimated Expenditures (includes reductions)	(264,915,940)	(264,915,940)
3	Additional reductions of 55 positions	-	-
4	Pay Increase	(4,200,000)	(6,700,000)
5	TF from Capital Projects and Worker's Comp (EST ONLY)*	13,484,337	13,484,337
6	Revenues Over/(Under) Expenditures	(2,482,188)	(4,982,188)
7	Legislative funding increases (NOT GUARANTEED)	-	13,000,000
8	Revenues Over/(Under) Expenditures	(2,482,188)	8,017,812
9	Estimated Fund Balance 6/30/25	89,000,000	89,000,000
10	Estimated Fund Balance 6/30/26	86,517,812	97,017,812
11	Fund Balance Policy CE(LOCAL) 3 months' Exp Required	67,278,985	67,903,985

*One-time revenue sources are not recurring revenue sources and will not be available in future years. They are transfers from fund balance reserves.

Scenario B: was recommended by Board on 3/24/25; 2% General Pay Increase

NEW Scenario C: 3.5% Increase for Teachers, Nurses, Librarians, Other; 3% admin

2026-27 BUDGET IF HB2 FAILS

Future Budget Scenarios - for Illustrative Purposes Only

		2025-26 Scenario B (HB2 does not pass)**	2026-27 Scenario 1 (HB2 Does not pass)
1	Projected Revenues	\$ 253,149,415	\$ 253,149,415
2	Estimated Expenditures (includes reductions)	(264,915,940)	(269,115,940)
3	Additional reductions of 55 positions	-	
4	Pay Increase***	(4,200,000)	(4,284,000)
5	TF from Capital Projects and Worker's Comp (EST ONLY)*	13,484,337	4,000,000
6	Revenues Over/(Under) Expenditures	(2,482,188)	(16,250,525)
7	Legislative funding increases (NOT GUARANTEED)	-	-
8	Revenues Over/(Under) Expenditures	(2,482,188)	(16,250,525)
9	Estimated Fund Balance 6/30/25	89,000,000	86,517,812
10	Estimated Fund Balance 6/30/26	86,517,812	70,267,286
11	Fund Balance Policy CE(LOCAL) 3 months' Exp Required	67,278,985	68,349,985
*One-time revenue sources are not recurring revenue sources and will not be available in future years. They are transfers from fund balance reserves.			
**Scenario B for 2025-26 was recommended by Board on 3/24/25			
***2% General Pay Increase in Scenario 1 for all			

26-27 BUDGET IF HB2 PASSES BY JUNE 2ND

Future Budget Scenarios - for Illustrative Purposes Only

	2025-26 Scenario C (HB2 Passes early in year)	2026-27 Scenario 2 (HB2 Passes)**
Projected Revenues	\$ 253,149,415	\$ 253,149,415
Estimated Expenditures (includes reductions)	(264,915,940)	(271,615,940)
Additional reductions of 55 positions	-	
Pay Increase***	(6,700,000)	(4,284,000)
TF from Capital Projects and Worker's Comp (EST ONLY)*	13,484,337	4,000,000
Revenues Over/(Under) Expenditures	(4,982,188)	(18,750,525)
Legislative funding increases (NOT GUARANTEED)	13,000,000	13,000,000
Revenues Over/(Under) Expenditures	8,017,812	(5,750,525)
Estimated Fund Balance 6/30/25	89,000,000	97,017,812
Estimated Fund Balance 6/30/26	97,017,812	91,267,286
Fund Balance Policy CE(LOCAL) 3 months' Exp Required	67,903,985	68,974,985

*One-time revenue sources are not recurring revenue sources and will not be available in future years. They are transfers from fund balance reserves.

**Scenario 2: 2% General Pay Increase

***Scenario C: 3.5% Increase for Teachers, Nurses, Librarians and Other; 3% admin

-27 BUDGET IF HB2 PASSES AFTER JUNE 2ND

Future Budget Scenarios - for Illustrative Purposes Only

	2025-26 Scenario B becomes Scenario C (HB2 passes late in year)	2026-27 Scenario 2 (HB2 Passes)**
Projected Revenues	\$ 253,149,415	\$ 253,149,415
Estimated Expenditures (includes reductions)	(264,915,940)	(271,615,940)
Additional reductions of 55 positions	-	
Pay Increase***	(6,700,000)	(4,284,000)
TF from Capital Projects and Worker's Comp (EST ONLY)*	13,484,337	4,000,000
Revenues Over/(Under) Expenditures	(4,982,188)	(18,750,525)
Legislative funding increases (NOT GUARANTEED)	13,000,000	13,000,000
Revenues Over/(Under) Expenditures	8,017,812	(5,750,525)
Estimated Fund Balance 6/30/25	89,000,000	97,017,812
Estimated Fund Balance 6/30/26	97,017,812	91,267,286
Fund Balance Policy CE(LOCAL) 3 months' Exp Required	67,903,985	68,974,985

One-time revenue sources are not recurring revenue sources and will not be available in future years. They are transfers from fund balance reserves.

* 2% General Pay Increase in Scenario 2

** Scenario B becomes Scenario C - must comply w/ HB2 regardless of timing; 3.5% pay increases for Teachers, Nurses, Librarians, Other; 3% for admin

DEBT SERVICE PROPOSED BUDGET

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT DEBT SERVICE FUND PROPOSED BUDGET FISCAL YEAR 2025-2026

	2024-2025 Adopted Budget	2024-2025 Amended Budget	2024-2025 Estimated Actual	2025-2026 Proposed Budget	Proposed Increase (Decrease)	Percent + -
REVENUE:						
Current Tax Revenue	\$ 58,181,781	\$ 58,181,781	\$ 62,420,228	\$ 63,910,129	\$ 5,728,348	10%
Delinquent Tax Revenue	415,000	415,000	162,716	300,000	(115,000)	-28%
Tax Penalty and Interest	300,000	300,000	304,810	300,000	-	0%
Interest Revenue	750,000	750,000	1,315,604	750,000	-	0%
FSP HS Exemption Hold Harmless	500,000	500,000	4,150,467	4,000,000	3,500,000	700%
TOTAL REVENUES	60,146,781	60,146,781	68,353,825	69,260,129	9,113,348	15%
EXPENDITURES:						
Bond Principal Payments	32,335,000	32,335,000	32,335,000	26,097,560	(6,237,440)	-19%
Bond Interest Payments	21,633,474	21,633,474	22,331,874	26,037,513	4,404,039	20%
Other Fees	1,330,000	1,330,000	11,250	330,000	(1,000,000)	-75%
TOTAL EXPENDITURES	55,298,474	55,298,474	54,678,124	52,465,074	(2,833,400)	-5%
OTHER FINANCING SOURCES (USES):						
Other Resources (Uses)	-	-	-	-	-	
Other Resources (Uses)	-	-	-	-	-	
EXCESS (DEFICIENCY) REV OVER EXP	\$ 4,848,307	\$ 4,848,307	\$ 13,675,701	\$ 16,795,055	\$ 11,946,748	
FUND BALANCE:						
Unrestricted Fund Balance - Debt Service *	25,209,892	31,079,867	39,907,261	5,678,895	(19,530,997)	
Restricted Fund Balance - Bond Pmts	10,467,537	10,467,537	10,467,537	52,663,564	42,196,027	
Restricted Fund Balance - QZAB 2005A	-	-	-	-	-	
ESTIMATED FUND BALANCE, JUNE 30	\$ 35,677,429	\$ 41,547,404	\$ 50,374,798	\$ 58,342,459	\$ 22,665,030	

* Estimated Unrestricted Ending Fund Balance Represents 92% of Total Debt Service Expenditures

FOOD SERVICE PROPOSED BUDGET

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT FOOD SERVICE FUND PROPOSED BUDGET FISCAL YEAR 2025-2026

	2024-2025 Adopted Budget	2024-2025 Amended Budget	2024-2025 Estimated Actual	2025-2026 Proposed Budget	Proposed Increase (Decrease)	Percent Increase (Decrease)
REVENUE:						
Local Revenue	2,300,000	2,300,000	2,333,882	2,300,000	-	0.0%
State Program Revenue	420,000	420,000	425,843	420,000	-	0.0%
Federal Program Revenue	12,530,000	12,530,000	12,573,034	12,820,500	290,500	2.3%
TOTAL REVENUE	<u>15,250,000</u>	<u>15,250,000</u>	<u>15,332,759</u>	<u>15,540,500</u>	<u>290,500</u>	<u>1.9%</u>
EXPENDITURES BY FUNCTION:						
35 - Food Services	19,292,481	20,934,641	12,284,065	21,682,836	2,390,355	12.4%
51 - Repair & Maintenance	1,036,515	1,050,442	400,231	1,955,913	919,398	88.7%
52 - Security & Monitoring Services	-	-	-	57,880	57,880	0.0%
TOTAL EXPENDITURES	<u>20,328,996</u>	<u>21,985,083</u>	<u>12,684,296</u>	<u>23,696,629</u>	<u>3,367,633</u>	<u>16.6%</u>
Excess - Revenue Over Expenditures	(5,078,996)	(6,735,083)	2,648,463	(8,156,129)	(3,077,133)	
Beginning Fund Balance	14,608,992	14,608,992	15,018,258	17,666,721	3,057,729	
Ending Fund Balance - Estimated	9,529,996	7,873,909	17,666,721	9,510,592	(19,404)	
Less: Committed for Capital Improvements ¹	-	-	-	-	-	
Fund Balance, Reserved for Food Service	<u>\$9,529,996</u>	<u>\$7,873,909</u>	<u>\$17,666,721</u>	<u>\$ 9,510,592</u>	<u>\$ (19,404)</u>	

BUDGET NEXT STEPS

- If we adopt compensation before HB2 passed, we run the risk of having to increase compensation on top of what was already approved ($2\% + 3.5\% = 5.5\%$).
- Even if bill passes late in summer special session, we still must comply with the law by 9/1.
- If HB2 does not officially become law prior to 5/6, the recommendation is to move compensation plan approval to 6/2 (sine die) or even as late as 6/16.

CALENDAR

2025-2026 BUDGET CALENDAR

	DATE	DESCRIPTION	ACTIVITY
MAY	6	Board Agenda Item: Board Budget Update	Discuss Compensation Plan, General Fund, Debt Service, and Food Service
	7	Budget Meeting - HR, Finance	
JUNE	2	Board Agenda Item: Board Budget Update	Board Action: Approve 2024 Compensation Plan - notify TASB; General Fund, Debt Service, and Food Service
	6	Publish Notice of Public Hearing	Publish Notice of Public Hearing at least 10 days prior to public hearing
	11	TASB	Send employee data/pay plans in Excel and Pay system procedure revisions (so HR has time to enter in teams by 6/17/24 for payroll trials.)
	17	HR to enter Compensation Plan in TEAMS	HR to have Compensation Plan data entered into TEAMS for Payroll trials.
	16	Public Hearing & Adoption of Budget	Board Action: The district will hold a public hearing on the proposed 2025-26 budget and Board will consider budget adoption



COMPENSATION 2025-2026



MODEL 1: 2% INCREASE

- Starting teacher pay would increase from \$63,500 to \$64,475.
- Equity adjustments are applied if certain groups are significantly below market midpoint.
- Total cost for a 2% increase is **\$4,163,545.**

GOOSE CREEK CISD

Estimated Costs of Recommendations

These estimates are based on employee pay data collected at the beginning of the pay study and are reflective of a snapshot in time.

Goose Creek CISD
Summary of Cost Estimates, 2025-2026

Model 1
2.0% GPI

	Total Staff	Count of Increases	Cost Increase	Percent of Current Costs	2024-2025 Current Costs
Teachers, Librarians, and Nurses (RN)					
\$64,475 starting salary	1,612		\$2,225,410		\$110,660,445
^{1c} General pay increase - 2.0% (\$1,375)		1,612	\$2,225,410	2.0%	
Administrative/Professional					
Administrative/Professional	384		\$745,305		\$34,416,594
^{1b} General pay increase - 2.0% of pay range midpoint		384	\$723,084	2.1%	
Adjustments - teacher pay equity		16	\$22,221	0.1%	
Clerical/Paraprofessional					
Clerical/Paraprofessional	754		\$516,256		\$20,962,108
^{1c} General pay increase - 2.0% of pay range midpoint		740	\$446,035	2.1%	
General pay increase - 2.0% to employees over range max		14	\$7,446	0.0%	
Adjustments - 1.0% above pay range minimum		8	\$400	0.0%	
Adjustments - placement scale		175	\$62,375	0.3%	
Manual Trades					
Manual Trades	765		\$565,076		\$21,236,012
^{1c} General pay increase - 2.0% of pay range midpoint		754	\$464,269	2.2%	
General pay increase - 2.0% to employees over range max		11	\$4,132	0.0%	
Adjustments - 1.0% above pay range minimum		1	\$312	0.0%	
Adjustments - placement scale		385	\$96,363	0.5%	
Police					
Police	53		\$111,498		\$2,043,410
^{1c} General pay increase - 2.0% of pay range midpoint		52	\$44,107	2.2%	
General pay increase - 2.0% to employees over range max		1	\$790	0.0%	
Adjustments - 1.0% above pay range minimum		2	\$4,512	0.2%	
Adjustments - placement scale		19	\$62,089	3.0%	
Subtotal - General Pay Increase	3,568	3,568	\$3,915,273	2.1%	
Subtotal - Implementation/Equity Adjustments		606	\$248,272	0.1%	
Total Cost Estimate			\$4,163,545	2.2%	\$189,318,569

Footnotes:
^{1b} Pay increases were applied to all employees, including those at or above the maximum rate.
^{1c} Pay increases were applied to all employees and itemized separately for employees at or above the maximum rate.

MODEL 2: 3% INCREASE

- Starting teacher pay would increase from \$63,500 to \$65,150.
- Equity adjustments are applied if certain groups are significantly below market midpoint.
- Total cost for a 3% increase is **\$6,013,876.**

GOOSE CREEK CISD

Goose Creek CISD					Model 2
Summary of Cost Estimates, 2025-2026					3.0% GPI
	Total Staff	Count of Increases	Cost Increase	Percent of Current Costs	2024-2025 Current Costs
Teachers, Librarians, and Nurses (RN)					
\$65,150 starting salary	1,612		\$3,317,989		\$110,660,445
^{1c} General pay increase - 3.0% (\$2,050)		1,612	\$3,317,989	3.0%	
Administrative/Professional					
^{1b} General pay increase - 3.0% of pay range midpoint	384		\$1,105,383		\$34,416,594
Adjustments - teacher pay equity		384	\$1,084,670	3.2%	
		16	\$20,713	0.1%	
Clerical/Paraprofessional					
^{1c} General pay increase - 3.0% of pay range midpoint	754		\$717,242		\$20,962,108
General pay increase - 3.0% to employees over range max		739	\$666,753	3.2%	
		15	\$12,676	0.1%	
Adjustments - placement scale		50	\$37,813	0.2%	
Manual Trades					
^{1c} General pay increase - 3.0% of pay range midpoint	765		\$748,073		\$21,236,012
General pay increase - 3.0% to employees over range max		751	\$689,660	3.2%	
		14	\$8,691	0.0%	
Adjustments - placement scale		85	\$49,722	0.2%	
Police					
^{1c} General pay increase - 3.0% of pay range midpoint	53		\$125,189		\$2,043,410
General pay increase - 3.0% to employees over range max		52	\$66,869	3.3%	
		1	\$1,206	0.1%	
Adjustments - 1.0% above pay range minimum		2	\$3,168	0.2%	
Adjustments - placement scale		16	\$53,946	2.6%	
Subtotal - General Pay Increase	3,568	3,568	\$5,848,514	3.1%	
Subtotal - Implementation/Equity Adjustments		169	\$165,362	0.1%	
Total Cost Estimate			\$6,013,876	3.2%	\$189,318,569

Footnotes:
^{1b} Pay increases were applied to all employees, including those at or above the maximum rate.
^{1c} Pay increases were applied to all employees and itemized separately for employees at or above the maximum rate.

MODEL 3: 4% INCREASE

- Starting teacher pay would increase from \$63,500 to \$65,850.
- Equity adjustments are applied if certain groups are significantly below market midpoint.
- Total cost for a 4% increase is **\$7,908,329.**
- **TLN Cost is \$4,450,819 at 4%.**

GOOSE CREEK CISD

Goose Creek CISD
Summary of Cost Estimates, 2025-2026

Model 3
4.0% GPI

	Total Staff	Count of Increases	Cost Increase	Percent of Current Costs	2024-2025 Current Costs
Teachers, Librarians, and Nurses (RN)					
\$65,850 starting salary	1,612		\$4,450,819		\$110,660,445
^{1c} General pay increase - 4.0% (\$2,750)		1,612	\$4,450,819	4.0%	
Administrative/Professional					
384			\$1,465,958		\$34,416,594
^{1b} General pay increase - 4.0% of pay range midpoint		384	\$1,446,316	4.2%	
Adjustments - teacher pay equity		16	\$19,642	0.1%	
Clerical/Paraprofessional					
754			\$929,672		\$20,962,108
^{1c} General pay increase - 4.0% of pay range midpoint		735	\$885,921	4.2%	
General pay increase - 4.0% to employees over range max		19	\$18,612	0.1%	
Adjustments - placement scale		30	\$25,139	0.1%	
Manual Trades					
765			\$962,499		\$21,236,012
^{1c} General pay increase - 4.0% of pay range midpoint		745	\$915,888	4.3%	
General pay increase - 4.0% to employees over range max		20	\$14,752	0.1%	
Adjustments - placement scale		58	\$31,859	0.2%	
Police					
51			\$99,381		\$1,976,525
^{1c} General pay increase - 4.0% of pay range midpoint		50	\$83,591	4.2%	
General pay increase - 4.0% to employees over range max		1	\$1,602	0.1%	
Adjustments - placement scale		7	\$14,188	0.7%	
Subtotal - General Pay Increase	3,566	3,566	\$7,817,501	4.1%	
Subtotal - Implementation/Equity Adjustments		111	\$90,828	0.0%	
Total Cost Estimate			\$7,908,329	4.2%	\$189,251,684

Footnotes:
^{1b} Pay increases were applied to all employees, including those at or above the maximum rate.
^{1c} Pay increases were applied to all employees and itemized separately for employees at or above the maximum rate.

MODEL 4: 4.5% INCREASE

- Starting teacher pay would increase from \$63,500 to \$66,150.
- Equity adjustments are applied if certain groups are significantly below market midpoint.
- Total cost for a 4.5% increase is **\$8,802,837.**
- **TLN Cost is \$4,936,279 at 4.5%.**

GOOSE CREEK CISD

Goose Creek CISD Summary of Cost Estimates, 2025-2026

Model 4
4.5% GPI

	Total Staff	Count of Increases	Cost Increase	Percent of Current Costs	2024-2025 Current Costs
Teachers, Librarians, and Nurses (RN)					
\$66,150 starting salary	1,612		\$4,936,279		\$110,660,445
^{1c} General pay increase - 4.5% (\$3,050)		1,612	\$4,936,279	4.5%	
Administrative/Professional					
384			\$1,645,123		\$34,416,594
^{1b} General pay increase - 4.5% of pay range midpoint		384	\$1,626,750	4.7%	
Adjustments - teacher pay equity		13	\$18,373	0.1%	
Clerical/Paraprofessional					
754			\$1,042,309		\$20,962,108
^{1c} General pay increase - 4.5% of pay range midpoint		734	\$999,473	4.8%	
General pay increase - 4.5% to employees over range max		20	\$22,240	0.1%	
Adjustments - placement scale		25	\$20,596	0.1%	
Manual Trades					
765			\$1,071,015		\$21,236,012
^{1c} General pay increase - 4.5% of pay range midpoint		745	\$1,028,114	4.8%	
General pay increase - 4.5% to employees over range max		20	\$18,299	0.1%	
Adjustments - placement scale		40	\$24,602	0.1%	
Police					
51			\$108,111		\$1,976,525
^{1c} General pay increase - 4.5% of pay range midpoint		50	\$93,824	4.7%	
General pay increase - 4.5% to employees over range max		1	\$1,789	0.1%	
Adjustments - placement scale		6	\$12,498	0.6%	
Subtotal - General Pay Increase	3,566	3,566	\$8,726,768	4.6%	
Subtotal - Implementation/Equity Adjustments		84	\$76,069	0.0%	
Total Cost Estimate			\$8,802,837	4.7%	\$189,251,684

Footnotes:

^{1b} Pay increases were applied to all employees, including those at or above the maximum rate.

^{1c} Pay increases were applied to all employees and itemized separately for employees at or above the maximum rate.

POSSIBLE COMPENSATION SCENARIOS

- 2% ACROSS THE BOARD = **\$4,163,545**
- 3% ACROSS THE BOARD = **\$6,013,876**
- 4% ACROSS THE BOARD = **\$7,908,329**
- 4.5% ACROSS THE BOARD = **\$8,802,837**
- 3.5% FOR TNL AND OTHER; 3% FOR ADMIN
 - TNL = \$3,900,000
 - OTHER NON-ADMIN STAFF = \$1,700,000
 - ADMIN = \$1,100,000
 - TOTAL = **\$6,700,000**

CONSIDERATIONS ON DIFFERENTIATED RAISES (3% & 3.5%)

PROS:

- **COMPLIANCE WITH LEGISLATIVE MANDATES**
 - ALIGNS WITH STATE REQUIREMENTS TO ALLOCATE A SPECIFIC PORTION OF FUNDING TO CLASSROOM INSTRUCTION
- **FOCUS ON RECRUITMENT & RETENTION OF CRITICAL ROLES**
- **IMPROVED STAFF MORALE FOR HIGH-DEMAND ROLES**
- **SUPPORTS BUDGETARY CONCERNS**

CONSIDERATIONS ON DIFFERENTIATED RAISES (3% & 3.5%)

CONS:

- **PERCEIVED INEQUITY AMONG STAFF**
 - MAY CAUSE RESENTMENT AMONG OTHER EMPLOYEES WHO FEEL THEIR CONTRIBUTIONS ARE UNDERVALUED.
- **COMMUNICATION CHALLENGES**
 - REQUIRES CLEAR EXPLANATION TO AVOID MISINFORMATION OR ASSUMPTIONS OF FAVORITISM.
- **HARDER TO SUSTAIN DIFFERENTIALS**
 - COULD CREATE PAY COMPRESSION FOR CERTAIN POSITIONS, LEADING TO ADDITIONAL EQUITY ADJUSTMENTS

Thank you!

