



BUDGET PARAMETERS 2026-2027 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 LISD balanced scorecard.

Opening Statement:

As the board of trustees prepares to adopt a budget and tax-rate for the upcoming 2026-2027 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. Improving the Cost-Effectiveness of Operational Expenditures
5. Long-Range Compensation Plan

Key Budget Development Personnel:

- Dr. Don Heseman – Superintendent
- Teresa Montemayor - Chief Financial Officer

Board of Trustees

- Carrie Ellis
- Treva Potter
- Mike Stafford
- Matt Buxkemper
- Joyce Johnson
- Brooke Obenhaus
- Gary Bridges

ASSUMPTIONS AND CONSIDERATIONS

Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
Enrollment Decline	October Snapshot <ul style="list-style-type: none"> • October 2024-2575 • October 2025- 2405 (170) • Projecting for decrease in 70 student upcoming school year 	<ul style="list-style-type: none"> • Decrease in state funding <ul style="list-style-type: none"> ○ $\\$435,050 = 70$ students x $\\$6,215$ (Basic Allotment) <ul style="list-style-type: none"> ▪ This does not include Special Population weights
Demographic Changes <u>PEIMS Snapshot Fall 2025</u>	<ul style="list-style-type: none"> • Economically Disadvantaged Population Decrease • At-Risk Population Increase • Special Education Program 	<ul style="list-style-type: none"> • Potential need for additional accelerated instruction <ul style="list-style-type: none"> ○ Funding sources include Title I and State Compensatory Education
Out of District Transfers <u>5-Year Student Transfer Report.pdf</u>	<ul style="list-style-type: none"> • Prior 5 years: Transfer OUT students exceed transfer IN students. 	<ul style="list-style-type: none"> • Approximately 2.5 Million annually loss (Basic Allotment $\\$6,215$)
Average Daily Attendance (ADA)	<ul style="list-style-type: none"> • Key state funding source • Maintain 92% or better district-wide • 	<ul style="list-style-type: none"> • Annual budget is based on enrollment <ul style="list-style-type: none"> ○ Basic Allotment: $\\$6,215$

Current Fiscal Year Budget

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Cost Increase for Property Insurance	<ul style="list-style-type: none"> Insurance premiums continue to rise <ul style="list-style-type: none"> 2023 premium: \$610,548 2024 Premium: \$776,279 2025 Premium: \$749,849 	<ul style="list-style-type: none"> 2026 projected Increase: 15% Premium: \$862,326 \$112,477
98% Tax Collections for both M&O and I&S	<ul style="list-style-type: none"> Ensure Bond Obligation Payments ASSUME -VALID Property Value Study 	<ul style="list-style-type: none"> Ensure adopted budget receivables State Revenue
No Change in State Funding	<ul style="list-style-type: none"> Deficit budget 2025-2026 • 	<ul style="list-style-type: none"> •
Child Nutrition	<ul style="list-style-type: none"> 2025-2026 District Community Eligibility Program- Free Breakfast and Lunch Districtwide 	<ul style="list-style-type: none"> Year 1 of FMSC RFP

Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Taxable Value Annually	<ul style="list-style-type: none"> Historical trend for LISD Loss in Taxable Value/Compression/HB2 	<ul style="list-style-type: none"> As local revenues decrease, state revenue increase VATRE/ No VATRE
HB 3 Tax-Rate Compression	<ul style="list-style-type: none"> Projected property value growth, thus upcoming M&O tax-rate compression 2025-2026 Tax Rate: M&O: \$0.8022 I&S: \$0.1720 	<ul style="list-style-type: none"> M&O: \$.01 cent equals approximately \$149,818 2025-2026 Projected Tax Rate: M&O: \$0.6922 I&S: \$0.26.
Federal Funding (ESSA) <u>ESSA Overview</u>	<ul style="list-style-type: none"> 2025 Snapshot Data Exhibited all campuses decrease economically disadvantaged 	<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

Long-Range Compensation Plan

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Pay Raises	<ul style="list-style-type: none"> • 2021-2022- 4% • 2022-2023- 3% • 2023-2024- 3% • 2024-2025- No Increase • 2025-2026 3% & HB2 Changes • Substitute Pay • Ensure market competitiveness 	<p>2026-2027 – April Start</p> <ul style="list-style-type: none"> • Staffing Guidelines • Evaluate TASB survey study to ensure market competitiveness
Employee Benefits	<ul style="list-style-type: none"> • Health Insurance District Contribution per Employee: <ul style="list-style-type: none"> ○ \$335.00 Monthly • Voluntary Insurance Products Offered via TPA, 	<ul style="list-style-type: none"> • Maintain current contributions

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 <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"> Reduce approximate levels campus budget allocations ensuring cost-effectiveness across all areas
Department Budgets	<ul style="list-style-type: none"> Needs assessment drives budget allocation Identifying areas to reduce expenses 	<ul style="list-style-type: none"> Reduce department/operating expenditures Reduce in areas that are feasible
Prioritize Federal Programs Funding – Title I	<ul style="list-style-type: none"> Title I Budget <ul style="list-style-type: none"> \$751K 	<ul style="list-style-type: none"> Possible Reduction on Federal Funds.

Continuous monitoring of all revenue and expenditures in anticipation of a deficit budget. Monitoring will allow LISD to make informed decisions and be responsive to new information through the budget development process.

Projections 2026-2027

Cost Increase Estimates

SRO = \$ 138,000

Salary Increase = \$322,000

Technology Increase = \$ 160,000

Insurance Increase= \$112,477

Revenue Decrease Estimates

ADA Decrease = \$717,000

Tier Loss = \$150,000

Allotment Decreases = \$252,000

2% of Attendance Projection Change = \$364,000