

**Hallsville Independent School District
June 19, 2025 Budget Workshop**



2025-2026

Overview of 89th Legislature HB2 School Finance Bill



**Awaiting Governor's Signature
or effective June 22, 2025, if unsigned
Effective 2025-2026**



HB2 - The Basics

- > Directs \$8.5 billion to public schools**
- > \$3.7 billion of total designated for new Teacher Retention Allotment**
- > \$500 million of total designated for new Support Staff Allotment**
- > \$1.3 billion of total designated for new Basic Costs (ABC) Allotment**
- > \$55/ADA increase to Basic Allotment, with reduction to Golden Penny Yield**
- > Special Education Funding overhaul, effective 2026-27**
- > Increased School Safety Allotment**
- > Increase to Small/Mid-Size Allotment weights**
- > \$40,000 increase to Homestead property tax exemption to \$140,000
(subject to final taxpayer approval at November 2025 election)**

Takeaways:

Heavy emphasis on funding teacher pay raises

Overall funding increases are very prescriptive in nature, leaving little funding left for local control initiatives or to address continued 5 yr. inflation levels.



Teacher Retention Allotment (TRA)

Provides new State allotment to fund salary increases for Teachers

- > HISD will be funded as a district over 5,000 enrollment (including virtual enrollment)**
 - \$2,500 base salary raise for all teachers with 3 or 4 years teaching experience**
 - \$5,000 base salary raise for all teachers with 5+ years of teaching experience**

Qualifications & Stipulations for TRA Funded Raises

- > No funding will be given to teachers teaching less than 4 hours per day**
- > No funding for Nurses/Counselors/Librarians currently on same pay scale**
- > Does not cover cost of benefits for the teacher raises - ~\$250,000 annually**
- > Funded and guaranteed for current biennium only - Will require funding each biennium**
- > No proration of raise, based on Part-time/Full-time or extended calendar basis**
 - Presents daily rate differences among teachers on same step of new pay scale**
- > Will be funded by State for all teachers with "087" PEIMS coding on Fall PEIMS submission**

HISD Funding Estimates

2025-26 TRA Allotment estimated to be \$1,712,500 before \$256,875 locally funded benefits cost

Hallsville ISD

Proposed 2025-26 Teacher Salary Schedule

(No TRA funding provided for Counselors/Nurses/Librarians)



2024-25 Years of Exp	2024-25 Actual Salary	+	TRA Increase	+	SSRA/Locally Funded Increase	=	2025-26 Years of Exp	2025-26 Proposed Salary	Year-over- Year % Increase
							0	\$ 44,187	0.00%
0	\$ 44,187	+	\$ -	+	\$ 1,000	=	1	\$ 45,187	2.26%
1	\$ 44,754	+	\$ -	+	\$ 1,000	=	2	\$ 45,754	2.23%
2	\$ 45,405	+	\$ 2,500	+	\$ -	=	3	\$ 47,905	5.51%
3	\$ 46,000	+	\$ 2,500	+	\$ -	=	4	\$ 48,500	5.43%
4	\$ 46,770	+	\$ 5,000	+	\$ -	=	5	\$ 51,770	10.69%
5	\$ 48,356	+	\$ 5,000	+	\$ -	=	6	\$ 53,356	10.34%
6	\$ 49,184	+	\$ 5,000	+	\$ -	=	7	\$ 54,184	10.17%
7	\$ 50,113	+	\$ 5,000	+	\$ -	=	8	\$ 55,113	9.98%
8	\$ 50,951	+	\$ 5,000	+	\$ -	=	9	\$ 55,951	9.81%
9	\$ 52,390	+	\$ 5,000	+	\$ -	=	10	\$ 57,390	9.54%
10	\$ 53,738	+	\$ 5,000	+	\$ -	=	11	\$ 58,738	9.30%
11	\$ 55,030	+	\$ 5,000	+	\$ -	=	12	\$ 60,030	9.09%
12	\$ 56,253	+	\$ 5,000	+	\$ -	=	13	\$ 61,253	8.89%
13	\$ 57,386	+	\$ 5,000	+	\$ -	=	14	\$ 62,386	8.71%
14	\$ 58,474	+	\$ 5,000	+	\$ -	=	15	\$ 63,474	8.55%
15	\$ 59,494	+	\$ 5,000	+	\$ -	=	16	\$ 64,494	8.40%
16	\$ 60,468	+	\$ 5,000	+	\$ -	=	17	\$ 65,468	8.27%
17	\$ 61,375	+	\$ 5,000	+	\$ -	=	18	\$ 66,375	8.15%
18	\$ 62,247	+	\$ 5,000	+	\$ -	=	19	\$ 67,247	8.03%
19	\$ 63,063	+	\$ 5,000	+	\$ -	=	20	\$ 68,063	7.93%
20	\$ 63,833	+	\$ 5,000	+	\$ -	=	21	\$ 68,833	7.83%
21	\$ 64,400	+	\$ 5,000	+	\$ -	=	22	\$ 69,400	7.76%
22	\$ 64,966	+	\$ 5,000	+	\$ -	=	23	\$ 69,966	7.70%
23	\$ 65,533	+	\$ 5,000	+	\$ -	=	24	\$ 70,533	7.63%
24	\$ 66,099	+	\$ 5,000	+	\$ -	=	25	\$ 71,099	7.56%
25	\$ 66,665	+	\$ 5,000	+	\$ -	=	26+	\$ 71,665	7.50%

HALLSVILLE ISD
TRS ACTIVE CARE RATE ANALYSIS

	WITH \$325 DISTRICT CONTRIBUTION		WITH \$350 DISTRICT CONTRIBUTION		WITH CURRENT \$350 DISTRICT CONTRIBUTION		1 YR INCREASE (DECREASE)-AT CURRENT CONTRIBUTION		3 YR INCREASE (DECREASE)-AT CURRENT CONTRIBUTION		WITH \$400 DISTRICT CONTRIBUTION		1 YR INCREASE (DECREASE)-AT PROPOSED \$50 INCREASE		3 YR INCREASE (DECREASE)-AT PROPOSED \$50 INCREASE		WITH \$528 DISTRICT CONTRIBUTION (100% OF LOWEST PREMIUM)		1 YR INCREASE (DECREASE)-AT PROPOSED \$178 INCREASE		3 YR INCREASE (DECREASE)-AT PROPOSED \$178 INCREASE	
	2023-2024	2024-2025	2025-2026 (13% premium increase year-over-year						2025-2026								2025-2026					
HEALTHCARE PLAN																						
PRIMARY																						
EMPLOYEE ONLY	\$	117	\$	119	\$	178	\$	59	\$	61	\$	128	\$	9	\$	11	\$	-	\$	(119)	\$	(117)
EMPLOYEE WITH SPOUSE	\$	869	\$	917	\$	1,076	\$	159	\$	207	\$	1,026	\$	109	\$	157	\$	898	\$	(19)	\$	29
EMPLOYEE WITH CHILDREN	\$	427	\$	448	\$	548	\$	100	\$	121	\$	498	\$	50	\$	71	\$	370	\$	(78)	\$	(57)
EMPLOYEE WITH FAMILY	\$	1,178	\$	1,245	\$	1,446	\$	201	\$	268	\$	1,396	\$	151	\$	218	\$	1,268	\$	23	\$	90
PRIMARY +																						
EMPLOYEE ONLY	\$	194	\$	201	\$	271	\$	70	\$	77	\$	221	\$	20	\$	27	\$	93	\$	(108)	\$	(101)
EMPLOYEE WITH SPOUSE	\$	1,025	\$	1,083	\$	1,265	\$	182	\$	240	\$	1,215	\$	132	\$	190	\$	1,087	\$	4	\$	62
EMPLOYEE WITH CHILDREN	\$	558	\$	587	\$	706	\$	119	\$	148	\$	656	\$	69	\$	98	\$	528	\$	(59)	\$	(30)
EMPLOYEE WITH FAMILY	\$	1,388	\$	1,469	\$	1,700	\$	231	\$	312	\$	1,650	\$	181	\$	262	\$	1,522	\$	53	\$	134
ACTIVE CARE HD																						
EMPLOYEE ONLY	\$	131	\$	134	\$	196	\$	62	\$	65	\$	146	\$	12	\$	15	\$	18	\$	(116)	\$	(113)
EMPLOYEE WITH SPOUSE	\$	907	\$	957	\$	1,125	\$	168	\$	218	\$	1,075	\$	118	\$	168	\$	947	\$	(10)	\$	40
EMPLOYEE WITH CHILDREN	\$	451	\$	473	\$	579	\$	106	\$	128	\$	529	\$	56	\$	78	\$	401	\$	(72)	\$	(50)
EMPLOYEE WITH FAMILY	\$	1,226	\$	1,296	\$	1,507	\$	211	\$	281	\$	1,457	\$	161	\$	231	\$	1,329	\$	33	\$	103
ACTIVE CARE 2																						
EMPLOYEE ONLY	\$	688	\$	663	\$	663	\$	-	\$	(25)	\$	613	\$	(50)	\$	(75)	\$	485	\$	(178)	\$	(203)
EMPLOYEE WITH SPOUSE	\$	2,077	\$	2,052	\$	2,052	\$	-	\$	(25)	\$	2,002	\$	(50)	\$	(75)	\$	1,874	\$	(178)	\$	(203)
EMPLOYEE WITH CHILDREN	\$	1,182	\$	1,157	\$	1,157	\$	-	\$	(25)	\$	1,107	\$	(50)	\$	(75)	\$	979	\$	(178)	\$	(203)
EMPLOYEE WITH FAMILY	\$	2,516	\$	2,491	\$	2,491	\$	-	\$	(25)	\$	2,441	\$	(50)	\$	(75)	\$	2,313	\$	(178)	\$	(203)



Support Staff Allotment (SSA)

Provides new State allotment to fund salary increases non-administrative and non-TRA staff

- > Funding calculated based on \$45 per adjusted ADA - Estimated around \$205,000 for 2025-26**
- > This allotment calculation excludes non-resident virtual enrollment**
- > Does not specify amounts, but must be spent on salary increases on qualifying positions**

Qualifying Positions:

- > Teachers not eligible for TRA funded raise**
 - > Counselors, Librarians & Nurses**
 - > Classroom Assistants, Administrative Assistants**
 - > Custodial Services, Food Services, Bus Drivers**
 - > Other support staff**
-
- > No SSA funding may be used to fund any Administrator salary increases**
Excludes Superintendent, Directors/District-level Administrators, Asst. Superintendents, Principals, Asst. Principals, or any Employee in a centralized supervisory role



Basic Costs Allotment (ABC)

Districts will receive \$106 per enrolled student basis to help with basic costs, including:

- > District Health Insurance & Benefits costs**
- > TRS district costs**
- > Utilities**
- > Transportation**

- > Estimated HISD brick & mortar funding around \$256,875 for 2025-26**
- > Intended as a "catch-all" allotment to cover all cost increases**
- > Translates to needing additional "local" funding source to cover unfunded mandated increases, as well as accumulating inflationary cost increases and any locally decided compensation plans.**



\$55/ADA Increase to Basic Allotment

Districts will receive \$55/ADA in additional Basic Allotment funding.

- > Increases from existing \$6,160 to \$6,215**
- > Original House bill contained an increase of over \$200/ADA, which was changed before passage**
- > \$55/ADA increase results in no additional State funding to districts overall, since the cost was offset by a corresponding decrease to the originally increased Tier II Golden Penny yield in current statute scheduled for 2025-26. Tier II revenue will decrease by Tier I increase.**
- > Tier II funding is not subject to recapture, but Tier I is, so some districts will actually lose funding.**
- > Any increase in basic allotment also triggers increases to other Tier I special allotments, so other funds will be restricted to new higher spending thresholds, limiting other local control.**
- > Overall, results in no new funding, contrary to what is being portrayed by State leaders.**



Other HB2 School Finance Provisions:

- > **Special Education Allotment Overhaul, effective in second year of biennium (2026-27)**
To be funded on "Intensity of Service Model & Service Group funding", instead of contact hours
Awaiting TEA Commissioner's new weights not yet announced.
Statewide funding increases capped at \$250 million.

Should result in increased SpEd funding in that fiscal year, no HISD specifics yet available

- > **School Safety Allotment**
\$20 per ADA (virtual ADA excluded from bill)-increased from \$10/ADA
\$33,540 per brick and mortar campus (increased from \$15,000/campus)

Results in about \$156,240 in increased Safety/Security allotment funding

Notes:

This funding allotment flows through the general fund and is separate from the safety grants

Current 2024-25 Function 52 Safety/Security related budget (including PD salaries) is \$1,135,758.



Compensation Related Cost Scenarios

General Compensation Increase Costs for Consideration:

- > **District Contribution to TRS-ActiveCare Premiums**
\$1,978,200 to maintain current \$350/mth contribution with significant increase to employee
\$2,260,800 (\$282,600 increase) to \$400/mth to cover most of year-over-year increase for participants
\$2,984,256 (\$1,006,056 increase) to \$528/mth to fully cover lowest cost employee plan for participants
- > \$1,712,500 HB2 funded cost to provide new TRA Teacher raises
\$256,875 unfunded benefits costs of TRA Teacher raises
- > ~\$50,000 to give \$1,000 raise to Steps 1-2 Teachers (not included in TRA funding)
- > \$120,750 TRA unfunded cost if same level raise given to Nurses/Counselors/Librarians
- > **Cost of recurring Percentage Raises for Non-TRA Employees**
1% = \$211,599.99 (with benefits)
2% = \$423,199.98 (with benefits)
3% = \$634,799.97 (with benefits)
- > **Cost of non-recurring Incentive Payments**
\$998,200 (per \$1,000 with benefits) - All employees
Example: \$5,000 to all employees = 4,991,000

\$538,200 (per \$1,000 with benefits) - All employees, excluding TRA Teachers
Example: \$5,000 to non-Teachers = \$2,691,000

Hallsville ISD
Preliminary Funding Info
(Will be updated after July 25 Certified Values Received)



2025-2026

HALLSVILLE ISD
TAXABLE VALUE HISTORY BY YEAR



Tax Year	Prelim Taxable	Certified Taxable	Increase	Prelim to Certified % Increase	Year-to-Year Certified Value % Increase	M&O TAX RATE	I&S TAX RATE	TOTAL TAX RATE
2016	\$ 2,247,737,054	\$ 2,438,284,285	\$ 190,547,231	8.48%		1.0400	0.3300	1.3700
2017	\$ 2,220,791,064	\$ 2,523,865,509	\$ 303,074,445	13.65%	3.5099%	1.0400	0.3300	1.3700
2018	\$ 2,401,911,184	\$ 2,580,996,080	\$ 179,084,896	7.46%	2.2636%	1.0400	0.3300	1.3700
2019	\$ 2,545,282,620	\$ 2,703,888,336	\$ 158,605,716	6.23%	4.7614%	0.9700	0.3300	1.3000
2020	\$ 2,414,437,794	\$ 2,729,647,672	\$ 315,209,878	13.06%	0.9527%	0.9664	0.2840	1.2504
2021	\$ 2,522,428,959	\$ 2,798,087,552	\$ 275,658,593	10.93%	2.5073%	0.9610	0.2490	1.2100
2022	\$ 2,939,313,508	\$ 3,098,205,655	\$ 158,892,147	5.41%	10.7258%	0.8914	0.1150	1.0064
2023	\$ 3,285,969,490	\$ 3,336,047,859	\$ 50,078,369	1.52%	7.6768%	0.6832	0.1150	0.7982
2024	\$ 3,129,724,145	\$ 3,377,992,810	\$ 248,268,665	7.93%	1.2573%	0.6832	0.0950	0.7782
2025	\$ 3,186,130,783	\$ 3,425,090,592	\$ 238,959,809	7.50%	1.3943%	0.6832	0.0950	0.7782
	rec'd 4/30/25	to be received 7/25/25 Estimate only			22.4083% 5 Year Increase			-43.1800% 5 Year Tax Rate Decrease

HALLSVILLE ISD
2025-26 ESTIMATED REFINED ADA BY GRADE LEVEL - NON-TVAH
FOR THE YEAR ENDING AUGUST 31, 2026



GRADE	ACTUAL		PROJECTED	2024-25 Actual vs. Projected
	2024-25	2025-26 AT PROJECTED %	2025-26	
HEAD START	11.394	11.38	11.381	-2.711
PRE-K	50.615	50.56	50.557	-1.883
KINDERGARTEN	284.940	284.61	284.612	-20.121
1	321.208	320.84	284.612	16.147
2	348.777	348.38	320.838	7.337
3	375.499	375.07	348.375	6.005
4	335.147	334.76	375.066	-3.487
5	350.719	350.31	334.761	-9.308
6	359.585	359.17	350.315	-5.98
7	367.552	367.13	359.171	-1.624
8	353.819	353.41	367.129	4.879
9	353.593	353.19	353.411	4.48
10	336.183	335.80	353.186	-18.249
11	324.091	323.72	335.796	-28.199
12	335.846	335.46	323.718	-20.123
	4,508.968	4,503.773	4,452.926	-72.837
ATTENDANCE %	94.609%	94.50%	94.50%	

HALLSVILLE ISD
PRELIMINARY ESTIMATED ENDING FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDING AUGUST 31, 2026



	PROJECTED ACTUAL 2024-25	BUDGETED 2024-25	ACTUAL TO BUDGET DIFFERENCE	
REVENUE STREAMS				
FSP-BRICK & MORTAR	\$ 16,174,674	\$ 15,926,352	\$ 248,322	
ASF-BRICK & MORTAR	2,844,990	2,754,654	90,336	
				Budgeted for 18,050 ADA at 95% completions; 24-25 enrollment cap was raised to 23,000 from PY 20,000, with 2024-25 final ADA of 18,969.836.
TVAH OVERSIGHT FEE & PR REIMB (8% FOR 24-25)	16,690,016	13,935,362	2,754,654	
				Earned at interest rates over 4% for most of year, conservatively budgeted \$2,000,000.
INTEREST EARNINGS	5,500,000	2,000,000	3,500,000	
TOTALS	<u>\$ 41,209,680</u>	<u>\$ 34,616,368</u>	<u>\$ 6,593,312</u>	

PROJECTED
ADDITION FROM DOES NOT ACCOUNT FOR ADDITIONAL FUND BALANCE
REVENUES TO FUND ADDED OR REDUCED FROM 2024-25 EXPENDITURE
BALANCE FOR 24-25 BUDGETS AT 8/31/25.

HALLSVILLE ISD
DEBT SERVICE FUND BALANCE PROJECTION
FOR THE YEAR ENDING AUGUST 31, 2026
AS OF JUNE 19, 2025



	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
BEGINNING FUND BALANCE AT SEPTEMBER 1	\$ 1,491,782.60	\$ 2,261,968.29	\$ 5,467,653.96	\$ 2,443,404.69	\$ 3,020,730.44	\$ 2,697,057.68
REVENUES:	at \$0.284 I&S tax rate	at \$0.249 I&S tax rate	at \$0.115 I&S tax rate	at \$0.115 I&S tax rate	at \$0.095 I&S tax rate	at \$0.095 I&S tax rate
I&S TAX COLLECTIONS	7,670,105.35	6,885,161.92	3,583,099.67	3,671,153.68	3,167,101.24	3,289,127.03
EST. EXISTING DEBT ALLOTMENT FOR 2019-20 & PRIOR	(165,453.00)	10,700.00	(77.00)	-	-	-
EST. EXISTING DEBT ALLOTMENT FOR 2020-21	1,949,338.00	-	-	7,177.00	-	-
EST. EXISTING DEBT ALLOTMENT FOR 2021-22	-	4,966,579.00	(1,070.00)	-	8,079.00	-
EST. EXISTING DEBT ALLOTMENT FOR 2022-23	-	-	5,138,338.00	-	-	-
EST. EXISTING DEBT ALLOTMENT FOR 2023-24	-	-	-	5,254,563.00	-	-
EST. EXISTING DEBT ALLOTMENT FOR 2024-25	-	-	-	-	4,854,877.00	-
EST. EXISTING DEBT ALLOTMENT FOR 2025-26	-	-	-	-	-	4,900,000.00
INTEREST EARNINGS	4,197.84	35,186.00	133,460.26	201,089.57	200,000.00	175,000.00
OTHER RECEIPTS (BOND ISSUANCE REFUNDS)	-	-	-	-	-	-
OTHER RECEIPTS (18-19 ADJ EDA)	-	-	-	-	-	-
TOTAL REVENUES:	9,458,188.19	11,897,626.92	8,853,750.93	9,133,983.25	8,230,057.24	8,364,127.03
EXPENDITURES:						
CONTRIBUTED TO BAB REFUNDING	-	-	-	-	-	-
2010B DEBT SVC	-	-	-	-	-	-
ADD'L PMT AMOUNT APPROVED BY RESOLUTION	-	-	3,302,801.20	-	-	-
2020 TAXABLE DEBT SERVICE	627,002.50	626,416.25	630,305.00	628,657.50	626,355.00	-
2020 TE DEBT SERVICE	8,061,000.00	8,064,625.00	7,925,125.00	7,926,500.00	7,925,875.00	8,561,375.00
DEBT SERVICE FEES	-	900.00	19,769.00	1,500.00	1,500.00	5,000.00
TOTAL USES:	8,688,002.50	8,691,941.25	11,878,000.20	8,556,657.50	8,553,730.00	8,566,375.00
PROJECTED ENDING FUND BALANCE AT AUGUST 31	\$ 2,261,968.29	\$ 5,467,653.96	\$ 2,443,404.69	\$ 3,020,730.44	\$ 2,697,057.68	\$ 2,494,809.71

ASSUMPTIONS:

2025 CERTIFIED VALUES AT 7/25/25 NOT YET RECEIVED

ASSUMED 1.394% INCREASE FROM 2024 CERTIFIED VALUE OF \$3,377,992,810.

I USED A \$0.095 I&S TAX RATE AND 99% TAX COLLECTIONS IN THE FUNDING TEMPLATE TO ARRIVE AT \$3,291,298 ESTIMATED COLLECTIONS (2025-26)

I USED 18,500 AS 2025-26 ESTIMATED TOTAL REFINED ADA FOR EDA CALCULATION PURPOSES

HALLSVILLE ISD
DEBT SERVICE FUND REVENUE BUDGET
YEAR-TO-YEAR COMPARISON
FOR THE YEARS ENDED AUGUST 31, 2026 AND AUGUST 31, 2025

	PROPOSED BUDGET 2025-26	REVISED BUDGET 2024-25	INCREASE (DECREASE)	SIGNIFICANT VARIANCE EXPLANATIONS
LOCAL REVENUES:				
				At this point, no proposed increase or decrease to current I&S tax rate of \$0.095, with upcoming annual debt balances and estimated EDA state funding; based on 99% collection. TVAH enrollment expected to remain level for coming year.
PROPERTY TAXES, CURRENT	3,219,127.00	3,160,957.00	58,170.00	
PROPERTY TAXES, DELINQUENT	70,000.00	65,000.00	5,000.00	Actual delinquent collections are \$64,202.30 at 5/31/25
				Increase due to sustained interest rates over 4% during 2024-25, which are expected to slightly decrease next year; actual 24-25 interest earned YTD is \$162,905.96 at 5/31/25.
INVESTMENT INCOME	175,000.00	150,000.00	25,000.00	
TOTAL LOCAL REVENUES:	3,464,127.00	3,375,957.00	88,170.00	
STATE REVENUES:				
				Additional Existing Debt state funding Allotment is generated because of projected Virtual School ADA, however the spending of this allotment is restricted to only the servicing of bonded debt.
EXISTING DEBT ALLOTMENT	4,900,000.00	4,961,342.00	(61,342.00)	
TOTAL STATE REVENUES:	4,900,000.00	4,961,342.00	(61,342.00)	
NO FEDERAL REVENUES:				
TOTAL - ALL DEBT SERVICE FUND REVENUE SOURCES:	8,364,127.00	8,337,299.00	26,828.00	



To Be Continued...

Currently Pending Information:

HCAD Certified Taxable Values-July 25th

Final 2024-25 TVAH Completions-Sept.