



## **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 LISD 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. Improving the Cost-Effectiveness of Operational Expenditures
5. Long-Range Compensation Plan

### **Key Budget Development Personnel:**

- Rebecca McCutchen - Superintendent
- Teresa Montemayor - Chief Financial Officer

### **Board of Trustees**

- Carrie Ellis
- Treva Potter
- Mike Stafford
- Matt Buxkemper
- Joyce Johnson
- Brooke Obenhaus
- Kay Franklin

## ASSUMPTIONS AND CONSIDERATIONS

### Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
Enrollment Decline	<ul style="list-style-type: none"> <li>Projecting 2.0% decrease for upcoming school year (52 students)</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in state funding                             <ul style="list-style-type: none"> <li>\$320,320 = 52 students x \$6,160 (Basic Allotment)                                     <ul style="list-style-type: none"> <li>This does not include Special Population weights</li> </ul> </li> </ul> </li> <li>Staffing changes may be necessary</li> <li>Single Member Special Education Department reconfiguration</li> </ul>
Demographic Changes <a href="#">PEIMS Snapshot Fall 2024</a>	<ul style="list-style-type: none"> <li>Economically Disadvantaged Population Decrease</li> <li>At-Risk Population Increase</li> <li>Special Education Program</li> </ul>	<ul style="list-style-type: none"> <li>Potential need for additional accelerated instruction                             <ul style="list-style-type: none"> <li>Funding sources include Title I and State Compensatory Education</li> </ul> </li> </ul>
Out of District Transfers <a href="#">5-Year Student Transfer Report.pdf</a>	<ul style="list-style-type: none"> <li>Prior 5 years: Transfer OUT students exceed transfer IN students.</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 2.5 Million annually loss (Basic Allotment \$6,160)</li> </ul>
Average Daily Attendance (ADA)	<ul style="list-style-type: none"> <li>Key state funding source</li> <li>Maintain 96% or better district-wide</li> </ul>	<ul style="list-style-type: none"> <li>Annual budget is based on enrollment                             <ul style="list-style-type: none"> <li>Basic Allotment: \$6,160</li> </ul> </li> </ul>

### Current Fiscal Year Budget

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Approximately 30% Cost Increase for Property Insurance	<ul style="list-style-type: none"> <li>Insurance premiums continue to rise               <ul style="list-style-type: none"> <li>2023 premium: \$610,548</li> <li>2024 Premium: \$776,279</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>No additional State Funding to Support Cost Increase               <ul style="list-style-type: none"> <li>2025 projected in 20% increase premium: \$931,535</li> </ul> </li> </ul>
98% Tax Collections for both M&O and I&S	<ul style="list-style-type: none"> <li>Ensure Bond Obligation Payments</li> <li><b><i>ASSUME -VALID Property Value Study</i></b></li> </ul>	<ul style="list-style-type: none"> <li>Ensure adopted budget receivables</li> <li>State Revenue               <ul style="list-style-type: none"> <li>additional \$700K from 2024-2025</li> </ul> </li> </ul>
No Change in State Funding	<ul style="list-style-type: none"> <li>Ongoing Uncertainty from Legislative Session</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of deficit budget</li> <li>Deficit 2024-2025</li> </ul>
Child Nutrition	<ul style="list-style-type: none"> <li>Decrease student participation and identified students</li> </ul>	<ul style="list-style-type: none"> <li>Increase in Free and Reduced student population</li> <li>2025-2026 SY Projected District Contribution:               <ul style="list-style-type: none"> <li>20k for Bad Debt</li> </ul> </li> </ul>

## Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Taxable Value Annually	<ul style="list-style-type: none"> <li>Historical trend for LISD</li> </ul>	<ul style="list-style-type: none"> <li>As local revenues decrease, state revenue decreases</li> <li>Estimated Values Decrease- Estimated Revenue loss of \$112K</li> </ul>
HB 3 Tax-Rate Compression	<ul style="list-style-type: none"> <li>Projected property value growth, thus upcoming M&amp;O tax-rate compression</li> <li>2024-2025 Tax Rate: M&amp;O: \$0.7142 I&amp;S: \$0.26</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;O: \$.01 cent equals approximately \$149,818</li> <li>2025-2026 Projected Tax Rate: M&amp;O: \$0.7142 I&amp;S: \$0.26.</li> </ul>
Federal Funding (ESSA) <a href="#">ESSA Overview</a>	<ul style="list-style-type: none"> <li>2024 Snapshot Data Exhibited all campuses over decrease economically disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>Revenues based on annual estimates of income and poverty statistics via census bureau</li> </ul>
Special Populations State Allotments Overview TEA Guidelines 2024-2025 SOF	<ul style="list-style-type: none"> <li>Must meet required threshold spending per program</li> </ul>	<ul style="list-style-type: none"> <li>Funding based on student demographics submitted to TEA through PEIMS</li> </ul>

## Long-Range Compensation Plan

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

## Improving the Cost-Effectiveness of Operational Expenditures

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Campus Budgets	<ul style="list-style-type: none"> <li>Enrollment by campus (snapshot data)</li> <li>Based on per pupil allotment</li> </ul> <p>Allocations:</p> <ul style="list-style-type: none"> <li>Basic Allotment</li> <li>Library</li> <li>Staff Development</li> <li>Health Services</li> <li>Physical Education</li> <li>State Compensatory</li> <li>Gifted &amp; Talented</li> <li>Special Education</li> <li>Dyslexia</li> <li>Career &amp; Technical</li> <li>Bilingual</li> </ul>	<ul style="list-style-type: none"> <li>Maintain approximate levels campus budget allocations ensuring cost-effectiveness across all areas</li> </ul>
Department Budgets	<ul style="list-style-type: none"> <li>Needs assessment drives budget allocation</li> <li>Identifying areas to reduce expenses</li> </ul>	<ul style="list-style-type: none"> <li>Maintain department/operating expenditures</li> <li>Reduce in areas that are feasible</li> </ul>
Prioritize Federal Programs Funding – Title I	<ul style="list-style-type: none"> <li>Title I Budget <ul style="list-style-type: none"> <li>\$815K</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Project a reduction in funding due to campus snapshot data</li> </ul>

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-2025-2025 Budget**

#### Revenues:

Valid Property Value Student \$700,000  
Reduced SHARS Reimbursements **-\$450,000**  
CTE Allotment projected increase \$190,000  
Loss of ADA **-\$320,320**  
Estimated Values Decrease (SCO) **-\$112,000**

#### Expenditures:

Reduction of Payroll \$1,800,000  
Insurance Increase **-\$155,256**

2024-2025 Current Deficit **-\$3,184,128**  
2025-2026 Projected Deficit **-\$1,531,704**