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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 G-PISD 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. Chapter 313 Limitation Agreements
5. Improving the Cost-Effectiveness of Operational Expenditures
6. Long-Range Compensation Plan

Each section outlines key assumptions, relevant considerations, and anticipated budget implications to support informed decision-making by the Board of Trustees throughout the budget development process.

Key Budget Development Personnel:

- Dr. Michelle Cavazos - Superintendent of Schools
- Dr. Ismael Gonzalez III - Assistant Superintendent for Business-Finance & Operations
- Mr. Albert Silguero - Director of Business Services

ASSUMPTIONS AND CONSIDERATIONS

Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
<p>Enrollment Growth</p> <p>Demographics Study 2025</p> <p>2025-2026 SY Snapshot Enrollment: 5,138</p>	<ul style="list-style-type: none"> • Projecting 0.5% increase for upcoming school year • Residential growth is visible throughout district boundaries. • *New demographics study to be completed by upcoming summer 2026 	<ul style="list-style-type: none"> • Insignificant changes in state-aid funding due to enrollment stability. • *SB2 school voucher program beginning in the 2026-2027 school year <ul style="list-style-type: none"> ○ TEA Webpage
<p>Demographic Changes</p> <p>TEA Snapshot 2025-2026</p>	<ul style="list-style-type: none"> • Economically Disadvantaged Population Decrease • Special Education Program Growth 	<ul style="list-style-type: none"> • Program and services delivered to specialized student groups will be budgeted based on needs
<p>Out of District Transfers/ Mobility Rate</p>	<ul style="list-style-type: none"> • Prior 5 years: Transfer IN students exceed transfer OUT students <ul style="list-style-type: none"> ○ Approx. \$250K net revenue 	<ul style="list-style-type: none"> • No Homestead Tax Revenue Earned by G-PISD <ul style="list-style-type: none"> ○ Approximately \$2,000 annually per household • Currently Tuition FREE
<p>Continuous Improvement on Average Daily Attendance (ADA)</p>	<ul style="list-style-type: none"> • Key state funding source • Maintain 94% or better district-wide <ul style="list-style-type: none"> ○ Prior Yr.: 93.45% • Projected ADA for 2025-2026 = 4,650 	<ul style="list-style-type: none"> • Annual budget is based on enrollment <ul style="list-style-type: none"> ○ Basic Allotment: \$6,215 • 1% of attendance increase equals approximately \$310,000 in regular program allotment

Current Fiscal Year Budget

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Structural Deficit Monitoring:	<ul style="list-style-type: none"> • Future budgets will not have access to these same revenue streams • Deficit driven primarily by compensation increases, operational inflation, and new facilities • Chapter 313 revenue protection and supplemental payments are currently offsetting recurring costs 	<ul style="list-style-type: none"> • One-time revenues and fund balance should not be relied upon for ongoing expenditures • Continued identification of expenditure reductions or revenue offsets is required • Structural balance will remain a key focus during budget development
Increased Maintenance and Operations Costs Resulting from New Facilities	<ul style="list-style-type: none"> • Operations and Family Resource Center • APF & Fieldhouse • Wildcat Park • Early Childhood Center • CTE Center • Agriscience Facilities 	<ul style="list-style-type: none"> - Cost of goods and services including Utilities, General Supplies, and staff - Ongoing M&O cost increases must be absorbed within existing revenue structures - Departments may be required to reprioritize existing resources to support new facilities
98% Tax Collections for both M&O and I&S	<ul style="list-style-type: none"> • Ensure Bond Obligation Payments • Defeasible Eligible Bonds 	<ul style="list-style-type: none"> • Ensure adopted budget receivables
Legislative Uncertainty Carryover	<ul style="list-style-type: none"> • Potential changes to school finance, vouchers, and teacher compensation 	<ul style="list-style-type: none"> • Adoption of deficit budget
Child Nutrition – All Kids Eat FREE FOOD SERVICE OVERVIEW.pptx Food Service Department Webpage	<ul style="list-style-type: none"> • Consider funding availability to continue to support FREE meals: <ul style="list-style-type: none"> ○ General Fund Balance ○ Workers Compensation Fund Balance 	<ul style="list-style-type: none"> • Increase in Free and Reduced student population • Plan to continue for upcoming school year via Workers Compensation Fund Balance and Prior Year(s) Budget Efficiency • 2025-2026 SY Projected District Contribution: <ul style="list-style-type: none"> ○ \$1.2M

Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>State Funding:</p> <p>Projected to reduce due to offset of Local Property Tax Collections</p> <p>School Finance Overview</p>	<ul style="list-style-type: none"> Forecasted Property Value Increase for G-PISD 89th Texas Legislature (2025) <ul style="list-style-type: none"> SB2: School Vouchers HB2: Teacher Pay Increases 	<ul style="list-style-type: none"> Projections show an ongoing General Fund structural deficit. Without Chapter 313 revenue protection and supplemental payments, the deficit is approximately \$10.8 million. The district remains stable due to fund balance, but growth in recurring expenditures must be closely monitored.
<p>Local Property Taxes:</p> <p>100% Taxable Value Growth for 2026-2027</p>	<ul style="list-style-type: none"> CC Liquefaction (Train 1&2) coming off of Chapter 313 term SB4: Homestead Exemption Residential Development Business, Commercial, Industry Growth 	<ul style="list-style-type: none"> As local revenues increase, state revenue decreases (Recapture)
<p>Recapture (Chapter 49):</p> <p><i>Property Wealthy School District as per TEA</i></p>	<ul style="list-style-type: none"> As Chapter 313 limitation agreements expire, the full property value becomes subject to M&O taxation. 	<ul style="list-style-type: none"> Program Overview Projected Recapture Payment for 26-27: <ul style="list-style-type: none"> Pending PVS
<p>HB 3 Tax-Rate Compression (2019)</p>	<ul style="list-style-type: none"> Projected property value growth, thus upcoming M&O tax-rate compression 2025-2026 Tax Rate: <ul style="list-style-type: none"> M&O: \$0.7626 I&S: \$0.3400 	<ul style="list-style-type: none"> M&O: \$.01 cent equals approximately \$350,000 I&S: \$.01 cent equals approximately \$1.6M 2026-2027 Projected Tax Rate calculation pending PVS
<p>Federal Funding (ESSA)</p> <p>ESSA Overview</p>	<ul style="list-style-type: none"> All campuses are currently considered Title I Ongoing uncertainty with DOE and funding structure 	<ul style="list-style-type: none"> Revenues based on annual estimates of income and poverty statistics via census bureau 2026–27 funding is expected to remain stable.
<p>Special Populations</p> <p>State Allotments Overview</p> <p>TEA Guidelines</p> <p>2024-2025 SOF</p>	<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

Chapter 313 Limitation Agreements

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>Collect Projected “Revenue Protection and Supplemental Payments”</p> <p>Ch. 313/JETI Program Overview</p>	<ul style="list-style-type: none"> • As 10-year agreements close, payments will continue to reduce annually • 2025-2026 projected payments to district: \$12M • CC Liquefaction: Train 1 and Train 2 Agreements End at the end of 2025-2026 <ul style="list-style-type: none"> ○ M&O Subject to Full Property Value for upcoming FY 	<ul style="list-style-type: none"> • Future projections: <ul style="list-style-type: none"> ○ 26-27: \$10M ○ 27-28: \$11M ○ 28-29: \$15M
<p>Previous Approved Chapter 313 Limitation Agreements Pending</p>	<ul style="list-style-type: none"> • CC Liquefaction (Stage 4B) • CC Liquefaction (Stage 4A) • CC Liquefaction (Stage 3C) • CGRP 04, LLC (Solar Farm) 	<ul style="list-style-type: none"> • Anticipated Financial Analysis Link
<p>Consider Property Valuation Tax Appeals from Industry</p>	<ul style="list-style-type: none"> • Set-aside fund balance allocation to cover any losses • Property Value Audit Submission – Texas Comptroller 	<ul style="list-style-type: none"> • ArcelorMittal Value Appeal: <ul style="list-style-type: none"> ○ \$3.4M Refund Made by District During 2025-2026 FY • Exxon/GCGV Value Appeal: <ul style="list-style-type: none"> ○ \$1.9M Refund Made by District During 2025-2026 FY • Refunds Executed in Collaboration with San Patricio Tax Collections Office via Account Credits
<p>Industry Growth in G-PISD Boundaries</p>	<ul style="list-style-type: none"> • No longer subject to Chapter 313 as of 12-31-22 • Subject to new HB5 Chapter 403 for all future inquires 	<ul style="list-style-type: none"> • Monitor general fund budget to reduce re-occurring cost currently being covered by Chapter 313 revenue protection and supplemental payments

Long-Range Compensation Plan

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Basic Services Staffing Due to Growth	Staffing average cost: <ul style="list-style-type: none"> • Teacher = \$75,000 • Administrator = \$110,000 • Auxiliary = \$45,000 • Paraprofessional = \$55,000 	District administration continue to assess compensation plan periodically with Long-Range Compensation Committee
Staffing G-PISD Staffing Guidelines	<ul style="list-style-type: none"> • Establishment of Staffing Guidelines 	N/A
Pay Raises Compensation Handbook <i>*Leading surrounding regions in wages earned</i>	<ul style="list-style-type: none"> • 2025-2026 FY <ul style="list-style-type: none"> ○ Teacher Raises as per Legislative Action / TEA <ul style="list-style-type: none"> ▪ Range: \$2K to 5.5K ○ 1% pay increase from mid-point for non-teacher positions ○ \$2,500 One-Time Pay Increase 	2026-2027 FY <ul style="list-style-type: none"> • Upcoming meetings with Long-Range Compensation Plan Committee to discuss Considerations • Teacher Incentive Allotment (TIA) • Board Approval: June 2026
Employee Benefits	<ul style="list-style-type: none"> • Health Insurance District Contribution per Employee: <ul style="list-style-type: none"> ○ \$400.00 Monthly • Voluntary Insurance Products Offered via TPA, First Financial Link • Employer Paid Benefits: <ul style="list-style-type: none"> ○ WC, EAP, iLock 360 ○ Life Insurance: \$10K • Tenure Incentive Based on Years of Service with GPISD <ul style="list-style-type: none"> ○ Year 0 = \$30.00 ○ Year 20 = \$900.00 	<ul style="list-style-type: none"> • Potential changes for the upcoming school year • Changes based on increases from TRS
Stipends/Allowances	<ul style="list-style-type: none"> • Bilingual: \$5,000 • Special Ed: \$2,500 • Master's Degree: \$1,000 • Other stipends: <ul style="list-style-type: none"> ○ UIL Sponsors ○ Extra-Curricular ○ Athletic Coach • Phone Allowance • Travel Allowance 	

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 • 2025-2026 total campus allocations <ul style="list-style-type: none"> ○ \$816,713 Allocations: <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"> • Maintain campus budget allocations ensuring cost-effectiveness across all areas
Department Budgets	<ul style="list-style-type: none"> • Needs assessment drives budget allocation • Conduct resource allocation study identifying areas to reduce expenses 	<ul style="list-style-type: none"> • Reduce department/operating expenditures based on needs assessments
Prioritize Federal Programs Funding – Title I, Title II, Title III, Title IV	<ul style="list-style-type: none"> • Current Federal Budget <ul style="list-style-type: none"> ○ Approx: \$1 Million 	<ul style="list-style-type: none"> ○ N/A
Continuous Evaluation of Safety & Security to Ensure Optimal Services	<ul style="list-style-type: none"> • MOU with City of Portland for School Resource Officers at all Campuses • Security Cameras • Emergency Management 	<ul style="list-style-type: none"> • Projected state funding <ul style="list-style-type: none"> ○ \$330K • BOND Funds in Progress for Capital Expenses <ul style="list-style-type: none"> ○ 2023/2025
Monitor and Manage Property Insurance Inflation	<ul style="list-style-type: none"> • Coastal proximity • 5-Year History 	<ul style="list-style-type: none"> • Anticipated premium increase for 2026-2027 <ul style="list-style-type: none"> ○ Renewal April 15

Fund Balance Management

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>Monitor and safeguard general fund balance annually to ensure state compliance and fiscal responsibility</p> <p>Fund Balance Overview.pdf</p> <p>Fund Balance Resolution</p>	<ul style="list-style-type: none"> The general fund is operating with approximately \$12M deficit in the current 2025-2026 school year. Infusion of fund balance was caused by Chapter 313 Limitation Agreements (revenue protection and supplemental payments) <ul style="list-style-type: none"> Future agreements are no longer include school district incentives 	<ul style="list-style-type: none"> Monitor legislative changes as they relate to Recapture (Chapter 49) Continue efforts in reducing re-occurring costs
Unassigned Fund Balance	<ul style="list-style-type: none"> Six (6) Months of Operating Cost 	<ul style="list-style-type: none"> \$35,099,994
Assigned Fund Balance	<ul style="list-style-type: none"> Litigation and Tax Settlements 	<ul style="list-style-type: none"> \$6,000,000
	<ul style="list-style-type: none"> Insurance deductibles 	<ul style="list-style-type: none"> \$2,000,000
	<ul style="list-style-type: none"> Claims and judgements 	<ul style="list-style-type: none"> \$500,000
	<ul style="list-style-type: none"> Disaster Recovery 	<ul style="list-style-type: none"> \$18,000,000
	<ul style="list-style-type: none"> Ten-Year Capital Replacement Plan 	<ul style="list-style-type: none"> \$15,000,000
	<ul style="list-style-type: none"> Capital Improvement Contingency 	<ul style="list-style-type: none"> \$5,000,000
	<ul style="list-style-type: none"> Six (6) Months of Operating Expenditures 	<ul style="list-style-type: none"> 35,000,000
	<ul style="list-style-type: none"> One-Time Pay Increase Allocation (10 Years) 	<ul style="list-style-type: none"> 24,000,000
	<ul style="list-style-type: none"> "All Kids Eat FREE" Food Services (10 Years) 	<ul style="list-style-type: none"> \$12,000,000
Committed Fund Balance	<ul style="list-style-type: none"> Early Childhood Center Classroom Additions 	<ul style="list-style-type: none"> \$7,000,000

Long-Range Facility Planning

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>Approved BOND Projects Underway</p> <p>BOND 2020, 2023, & 2025</p>	<ul style="list-style-type: none"> • Monitor progress for all projects • Ensure scope of project(s) are within allocated budget 	<ul style="list-style-type: none"> • Cost of M&O may emerge with newer facilities • Additional Staffing
<p>Monitor and Maintain 10-Year Replacement Plan</p>	<ul style="list-style-type: none"> • Technology Equipment • Student & Teacher Devices • Uniforms • Buses • Maintenance Fleet • Deferred Maintenance 	<ul style="list-style-type: none"> • Budget accordingly via: <ul style="list-style-type: none"> ○ BOND Funds ○ General Fund
<p>District Planning for Future BOND</p>	<ul style="list-style-type: none"> • Update Facility Condition Assessments • Development of committee including all stakeholder groups 	<ul style="list-style-type: none"> • N/A
<p>Land Acquisition</p>	<ul style="list-style-type: none"> • Consider purchase of land for future needs of the district 	<ul style="list-style-type: none"> • Expensed either through general fund balance or future bond
<p>Residential Growth</p>	<ul style="list-style-type: none"> • Three (3) active single-family developments (306 lots) • 863 future single-family lots are currently planned • Primarily located in WCA and SFA zones 	<ul style="list-style-type: none"> • Future elementary campus • Explore land acquisition <ul style="list-style-type: none"> ○ Local “land” real estate market: \$100,000 - \$150,000 per acre