

Hitchcock Independent School District

BOARD OF TRUSTEES

Meeting Date: December 15, 2025

Presented by: Dr. Darryl J. Henson, Interim Superintendent of Schools

Subject: Budget Workshop

Information Item

BACKGROUND INFORMATION:

Hitchcock ISD has officially begun the budget planning process for the 2026-2027 school year. Ensuring the long-term fiscal health of our district and maximizing every dollar spent on behalf of our students is our highest priority.

Our initial phase of work has involved a review of historical spending patterns. We have carefully analyzed how district funds have been allocated across all major Function Codes and Object Codes from the 2019-2020 school year through the current 2025-2026 school year. This trend analysis provides the necessary context to identify areas of efficiency, highlight successful allocations, and project future needs accurately.

While we are still many months away from receiving certified taxable values and finalizing the Maintenance & Operations (M&O) tax rate for the 2026-2027 school year, we cannot afford to wait. Therefore, the administration is currently employing a percentage-based allocation model. This approach uses conservative projections of anticipated state and local revenues to strategically allocate funds to various functions—Instruction, Student Support, Administration, etc.—based on their historical proportion and our strategic goals, ensuring we are prepared once the final revenue figures are locked in.

The failure of the recent Voter-Approval Tax Rate Election has a material impact on our budgeting capacity for FY 2027. We must plan based on our current, compressed M&O tax rate, which requires increased fiscal prudence. This means we will be laser-focused on prioritizing core instructional needs and essential student services while limiting expenditures in non-essential areas.

Our single largest budgeted expenditure will, as always, be payroll. To maintain a sustainable budget and ensure we retain sufficient operating reserves for unforeseen needs, the district is

planning to not budget more than 75% of its projected revenues on payroll. This firm cap provides the financial flexibility required to handle rising operational costs and manage our district effectively, even in the face of static local revenue growth.

As we move forward with detailed budget construction, we are also carefully considering several factors common to all Texas public schools:

- Student Enrollment Projections: Our budget projections are based on conservative, data-driven enrollment figures, as state funding follows the student. Any significant deviations from these projections must be monitored closely, as they directly impact our primary revenue source.
- Compensation and Staff Retention: Despite financial constraints, we remain deeply committed to attracting and retaining the highest-quality staff. Our budgeting efforts are focused on ensuring that Hitchcock ISD remains competitive in teacher and staff compensation compared to our surrounding districts in Galveston County.
- Operational Efficiency and Debt: We are actively seeking opportunities to drive efficiencies in utility usage, transportation logistics, and general operational spending. Furthermore, we will continue to meet all legal obligations related to our existing debt service without impacting the M&O budget.
- Legislative Uncertainty: We must budget conservatively to account for potential unfunded mandates or unforeseen shifts in state funding formulas that may arise from future legislative sessions.

The 2026-2027 budget will be a student-centered, mission-aligned budget. Every decision made during this planning cycle is being vetted through the lens of what best supports academic achievement and our campus-level goals. We look forward to presenting detailed drafts and hosting public hearings as we progress toward final adoption.

BOARD ACTION REQUIRED:

N/A

POLICY AUTHORIZATION:

N/A

CONTACT PERSON:

Dr. Darryl J. Henson, Interim Superintendent
Chris Armacost, Assistant Superintendent
Robin Hataway, Chief Financial Officer

FUNDING SOURCE:

N/A

ENCLOSURES: