

Introduction to the 87th Legislative Session

FEBRUARY 17, 2021

87th Legislative Session

Governor Abbot's Top 5 Priorities

- Broadband internet access for all Texans
 - Laws prohibiting cities from defunding police
 - Reforms to keep violent and/or repeat offenders from being released on bail
 - Election integrity laws
 - Legal liability protections for businesses operating in good faith during COVID
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- Deadline for unrestricted filing of bills – March 12, 2021
 - Last day of Regular Session (sine die) – May 31, 2021



Digital Divide

Governor Abbott stressed that broadband access is a critical component of our future growth and economic prosperity.

Abbott said, "From medicine to education to business, broadband access is not a luxury—it is an essential tool that must be available for all Texans."

State Budget Update

- Current Biennium shortfall of \$1B
- House and Senate Bills \$119.8 and \$119.7B, respectively, about \$7B more than General Revenue available of \$112.5B
- 2020-2021 State Budget appropriated \$250.7B
- 2021-2022 All Funds Available for Appropriations \$263.4 B
- FSP Savings from current biennium \$3B
- Rainy Day Fund Balance estimated at \$8.8B at end of FY21
- Good news – Foundation School Program (FSP) is fully funded in both bills, and means legislative process begins with HB 3 reform intact
- ESSER 2 is about 4 X greater than ESSER 1 @ \$5.53B



Allowed Use of ESSER Funds

ESSER 1	ESSER 2
<p>The CARES Act includes allowable uses of funds related to preventing, preparing for, and responding to COVID-19.</p> <p>Note that the “additional” LEA allowable uses of funds under the CRRSA Act already were permitted under the CARES Act.</p>	<p>Same as ESSER Fund (CARES Act): Note that the “additional” LEA allowable uses of funds under the CRRSA Act (addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings) already are permitted under the CARES Act.</p>

State's Commitment to Education

"The Comptroller's Biennial Revenue Estimate today is welcome news considering the economic challenges our state has faced. We believe that with a continuing healthy economy, a growing Economic Stabilization Fund and federal COVID-19 relief, we will be able to move forward on our budget priorities this session and balance the budget by session's end, as required by the Constitution. We will ...maintain the historic funding increases in education from last session as well as teacher pay increases."

Dan Patrick, Lieutenant Governor



Potential Education Issues

- Student mental health
- Learning loss
- Attendance requirements
- Fund balance
- Property tax
- Staffing
- *Source: Texas Association of School Business Officials*

HB 3 – Overview

- Brought major reform to School Funding
- Increased the basic allotment from \$5,140 to \$6,160, and increased funding for teacher salaries, compensatory education, dyslexia, special education, dual language, CTE, full day Pre-K and K-3 reading, teacher incentives, and CCMR outcomes
- Moved from PY property values to CY values (no more lag)
- Compressed tax rates and reduced recapture – tax rates continue to decline as PV's grow more than 2.5%
- Districts are now guaranteed that recapture will not reduce revenue below their entitlement level

2020-21 Original Budget

Galveston Independent School District
Original Budget
 For the Fiscal Year Ending August 31, 2021

Budget Worksheets
 February 2021

	Surplus (Deficit)	Total
Fund Balance - 2016	\$ 1,445,491	\$ 30,725,089
Fund Balance - 2017	\$ 2,182,253	\$ 32,907,342
Fund Balance - 2018	\$ (8,937,688)	\$ 23,969,654
Fund Balance - 2019	\$ 6,167,345	\$ 30,136,999
Fund Balance - 2020	\$ 3,584,251	\$ 33,721,250

Based on ADA of 6329

Total Fund Balance as of 8/31/2020		\$ 33,721,250
Adopted Revenue Budget	\$ 92,552,741	
Adopted Expenditure Budget**	\$ 91,121,483	
Projected Budget Surplus (Deficit)		\$ 1,431,258
Projected Fund Balance as of 8/31/2021		\$ 35,152,508

Adopted Tax Rate

M&O	\$ 0.9314
I&S	\$ 0.0950
Total	\$ 1.0264

**The adopted expenditure budget did not include the impact of the ESSER funds; it was shown on the multi-year projections worksheet.

Fund Balance Recap

Nonspendable - inventories and prepaid items	\$ 1,171,554
Committed - disaster recovery	\$ 11,000,000
Unassigned	\$ 21,549,696
Total General Fund Balance	<u>\$ 33,721,250</u>

Note: Receivable from Hurricane Ike is \$3,701,317.

Estimates based on General Fund numbers only.

2020-21 Projected Budget

Galveston Independent School District
Projected Budget
For the Fiscal Year Ending August 31, 2021

Budget Worksheets
February 2021

Based on ADA of 6180

Total Fund Balance as of 8/31/2020 (See Note 1)		\$	33,721,250
Revenues - Projected (See Note 2)	\$	89,903,523	
Expenditures - Projected	\$	91,874,774	
Less: Expenditures Coded to Fund 266 (See Note 3)		<u>(1,741,096)</u>	
Expenditures - Revised after Recoding for ESSER Grant	\$	<u>90,133,678</u>	
Projected Budget Surplus (Deficit)	\$		(230,155)
Projected Fund Balance as of 8/31/2021			<u>\$ 33,491,095</u>

Note 1: Currently there are 133 days in reserve based on projected expenditures.

Note 2: Revenue projections at budget adoption were based on 6329 ADA and \$78.85M in tax collections. Current projections are based on ADA of 6180 and \$77.82M in tax collections. These changes have resulted in decreases of \$2.6M and \$562K in revenue and recapture, respectively.

Note 3: The Federal Coronavirus Aid, Relief and Economic Security (CARES) Act provided funds to states for financial assistance related to the coronavirus pandemic. The Elementary and Secondary Emergency Relief (ESSER) Grant is part of the CARES Act funding. TEA reduced districts' funding in 2019-20 to be offset by ESSER funds. GISD will receive \$1,741,096 in ESSER funds in 20-21 and will recode general fund expenditures in Fund 266, per TEA's guidance.

2021-2022 GISD Budget Considerations

- Funding Impacts of Decreased Enrollment /ADA
- GCAD Property Values and 2021 Property Value Study
- Loss of Formula Transition Grant \$3.5M in 20-21
- Competitive Salary Schedule
- Impact of ESSER 2 Funds



2021-22 Revenue Estimates with Various ADA Assumptions

<u>Fiscal Year</u>	<u>ADA</u>	<u>Funding Formula</u>	<u>Difference</u>
2020-21	6180	\$ 63,163,378	
2021-22	6000	\$ 59,102,155	\$(4,061,223)
2021-22	6180	\$ 60,202,918	\$(2,960,460)
2021-22	6331	\$ 61,343,002	\$(1,820,376)

Preliminary Budget Projections

Galveston Independent School District
Budget Projections
Projected Tax Rate 2021: \$.9577 (\$.8727 + \$.0850)

Budget Worksheets
February 2021

Budget Assumptions	Adopted* 2020-21	Projected 2020-21	Proposed 2021-22
ADA *	6329	6180	6180
Property Value Growth		0.0%	11.0%
Proposed M&O Tax Rate	\$0.9314	\$0.9314	\$0.8727
Tax Revenue	\$ 78,850,320	\$ 77,815,593	\$ 81,816,137
Other Local Revenue	\$ 1,886,000	\$ 1,886,000	\$ 1,886,000
State Funding	\$ 7,793,682	\$ 6,179,190	\$ 1,236,000
TRS On-Behalf	\$ 3,147,739	\$ 3,147,739	\$ 3,147,739
Federal Revenue	\$ 875,000	\$ 875,000	\$ 875,000
Other Revenues	\$ -	\$ -	\$ -
Total Revenues	\$ 92,552,741	\$ 89,903,523	\$ 88,960,876
Salaries	\$ 57,947,396	\$ 56,639,300	\$ 56,382,396
Operating Budgets	\$ 33,174,087	\$ 33,494,378	\$ 34,104,768
Total Expenditures	\$ 91,121,483	\$ 90,133,678	\$ 90,487,164 *
Surplus (Deficit)	\$ 1,431,258	\$ (230,155)	\$ (1,526,288)
Projected Fund Balance	\$ 35,152,508	\$ 33,491,095	\$ 31,964,806
Total Expenditures at 98.3%	\$ 89,572,418	\$ 88,601,405	\$ 88,948,883
Surplus (Deficit) at 98.3% spending	\$ 2,980,323	\$ 1,302,117	\$ 11,993

*Reduced for one-time salary supplement in 2020-21 and COVID one-time expenditures

Budget Assumptions (numbers in red are estimates)	2020-21 - Adoption	Growth	2020-21	Growth	2021-22	Growth
Property Values	\$ 8,743,011,418	9.4%	\$ 8,665,910,530	8.4%	\$ 9,619,160,688	11.0%
CPTD Values	8,833,072,948	10.6%	8,791,386,299	10.1%	9,771,600,003	11.1%
Difference	\$ (90,061,530)		\$ (125,475,769)		\$ (152,439,315)	
Recapture	\$ 21,393,538		\$ 20,831,406		\$ 22,849,219	

Questions?