



# Discussion of Building a Balanced 25-26 Budget



# District Goals

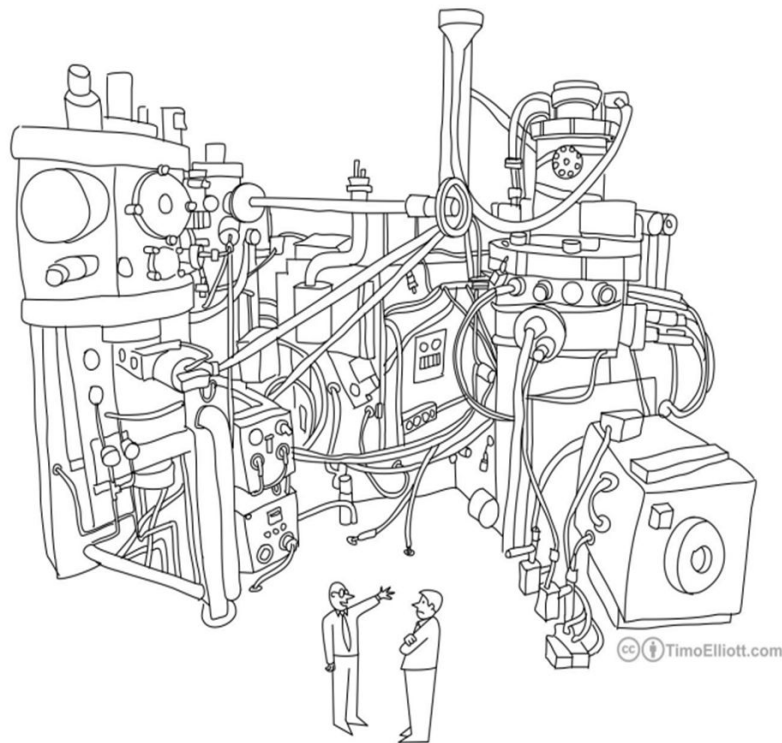
1. Maintain a safe school and work environment
2. Ensure all students are on grade level in Math and Reading in 3rd, 5th and 8th grades
3. Ensure all students graduate from high school College, Career or Military ready



# Guiding Principles

1. Invest in the skills of our employees
2. Simplify the mission for teachers, staff, and students
3. Support programs/services that have a deep, wide positive impact on our goals (quality and quantity)
4. Focus on needs not wants

# Overview of the Current Funding System



*“Well, sure, it looks complicated...”*



# Funding of Texas Public Schools

## **General Operation Funding:**

- Local School District Property Taxes (ad valorem), **86%**
- State Funds (Foundation School Fund; Permanent School Fund), **11%**
- Other sources of local revenues (e.g. sporting event ticket sales, interest earnings, rental fees, etc.), **3%**

## **Supplemental Funding:**

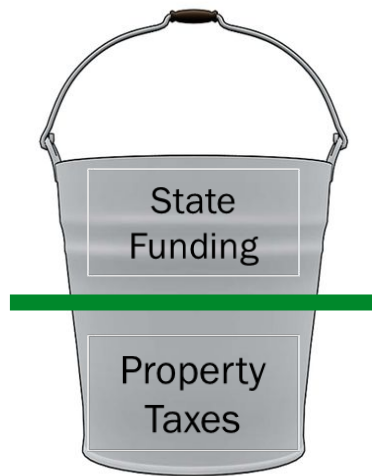
- Federal / State Grants (Title I, ESSA, IDEA-B, C. Perkins, etc.), **\$4.3MM**

## **Student Activity Funds:**

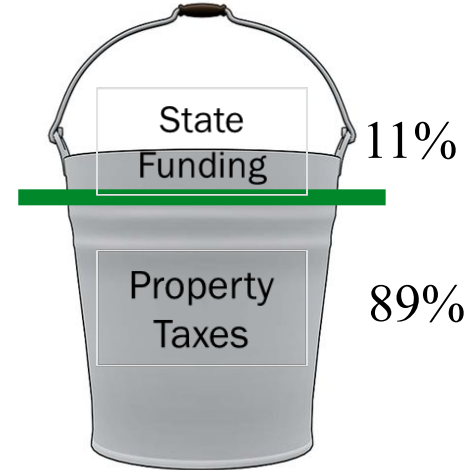
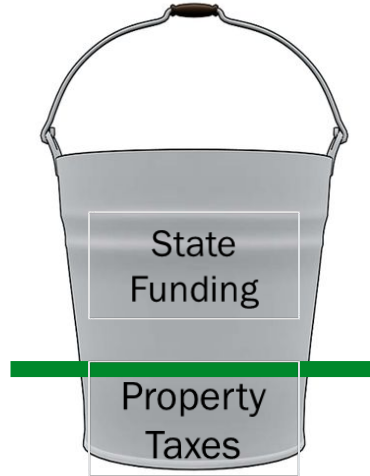
- Fundraising activities and donations.

# FSP - Foundation School Program

- HB 3 (2019) increased the Basic Allotment = **\$6,160**
- Local revenues (property taxes) in excess of entitlement are Recaptured



**Ideal state of funding!**



**MANOR ISD**



# Estimates

- Student Enrollment
- Total Required Instructional Minutes = 75,600
- Student Attendance (Average Daily Attendance = ADA) - **Used for state funding purposes**
- Student Weights (Weighted Average Daily Attendance = WADA)



# Tax Compression

## Tier One

- The State Comptroller Value (T2) is used to calculate state funding, instead of the Locally Certified Property Value.
- The level of growth of the T2 value determines the level of maximum tax compression (MCR) necessary to generate 100% of the Basic Allotment

## Tier Two

- **Golden Pennies** = Up to 8 pennies above the Maximum Tier One Tax Rate - **Not subject to Recapture**
- **Copper Pennies** = Up to 9 pennies above the 8 golden pennies until each district's statutory maximum (17 pennies above the Maximum Tier One Tax Rate) - **Subject to Recapture at \$580k per penny**





# Budget Assumptions

- 2024 Preliminary State Comptroller Value (T2) is **\$11.7 billion**
- 2025 Estimated (T2) is **\$12.3 billion** (+5.17% /prior year)
- 2025-26 Estimated MCR Tax Rate is **\$0.6152** (-0.016 /prior year)
- 2025-26 Estimated M&O Tax Rate is **\$0.6952** (-0.016 /prior year)
- 2024-25 ADA is 8,872.2 at 92.7% Attendance (1st Semester)
- 2025-26 ADA is **9,022.609** (+150.902 /prior year)

Note: The 2025-26 ADA must not decrease more than 235 to avoid generating recapture.



# Board Budget Preliminary Summary

## General Operating Revenue

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
	FY2024-25 Revised Budget	FY2024-25 EOY Projection	FY2024-25 Projected Final Budget Amend	FY2024-25 Projected Final & FY2025-26 Proposed Budget	FY2025-26 Proposed Preliminary Budget	FY2026-27 Budget	FY2027-28 Budget	FY2028-29 Budget
Local Revenue	\$ 83,880,636	\$ 83,614,926	\$ 83,615,000	\$ 1,760,000	\$ 85,375,000	\$ 87,082,500	\$ 88,606,444	\$ 89,935,540
State Revenue	\$ 9,658,713	\$ 10,373,776	\$ 10,373,780	\$ (348,280)	\$ 10,025,500	\$ 9,675,500	\$ 9,325,500	\$ 8,975,500
Federal Revenue	\$ 3,100,000	\$ 299,330	\$ 300,000	\$ (25,000)	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000
Other Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Revenue</b>	<b>\$ 96,639,349</b>	<b>\$ 94,288,032</b>	<b>\$ 94,288,780</b>	<b>\$ 1,386,720</b>	<b>\$ 95,675,500</b>	<b>\$ 97,033,000</b>	<b>\$ 98,206,944</b>	<b>\$ 99,186,040</b>

- Total Estimated FY25-26 Revenue is \$95.7MM (+1.5%)



# Board Budget Preliminary Summary

## General Operating Expenses by Object Category

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
	FY2024-25 Revised Budget	FY2024-25 EOY Projection	FY2024-25 Projected Final Budget Amend	FY2024-25 Revised Budget & FY2025-26 Proposed Budget	FY2025-26 Proposed Preliminary Budget	FY2026-27 Budget	FY2027-28 Budget	FY2028-29 Budget
Salaries	\$ 87,249,405	\$ 86,565,221	\$ 87,344,308	(\$10,268,023)	\$ 76,981,382	\$ 73,132,313	\$ 70,207,021	\$ 70,207,021
Contracted Services	\$ 14,198,599	\$ 12,725,569	\$ 12,840,099	(\$5,142,688)	\$ 9,055,911	\$ 8,603,115	\$ 8,258,990	\$ 8,258,990
General Supplies	\$ 5,905,269	\$ 6,134,657	\$ 6,189,869	(\$633,354)	\$ 5,271,915	\$ 5,008,319	\$ 4,807,987	\$ 4,807,987
Travel/Other Misc	\$ 4,118,949	\$ 4,423,054	\$ 4,462,862	(\$313,687)	\$ 3,805,262	\$ 3,614,999	\$ 3,470,399	\$ 3,470,399
M&O Debt Services	\$ 434,871	\$ 728,594	\$ 735,151	\$0	\$ 434,871	\$ 413,127	\$ 396,602	\$ 396,602
Capital Outlay	\$ 792,621	\$ 660,518	\$ 666,463	(\$666,463)	\$ 126,158	\$ 119,850	\$ 115,056	\$ 115,056
CHAP 49 Recapture	\$ -	\$ -	\$ -	\$0	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenses</b>	<b>\$ 112,699,715</b>	<b>\$ 111,237,613</b>	<b>\$ 112,238,751</b>	<b>(\$17,024,215)</b>	<b>\$ 95,675,500</b>	<b>\$ 90,891,725</b>	<b>\$ 87,256,056</b>	<b>\$ 87,256,056</b>



# Board Preliminary Budget Summary

## General Operating Expenses by Function

- FY25-26 Pre-Budget is -15% less
- FY23-24 Admin Ratio was 12.62%
- FY24-25 Estimated is 10.64% (-2%)
- FY25-26 Estimated is 9.16% (-1.5%)
- Standard  $\leq 11.05\%$ , (+10k enrollment)

	FY2024-25 Revised Budget	FY2024-25 EOY Estimate	FY2024-25 Projected Final Budget Amend	FY2025-26 Proposed Pre-Budget	Budget Variance	% Variance
11 - Instruction	59,112,174	55,871,696	56,374,541	48,005,707	(11,106,467)	-18.8%
12 - Inst. Resources/Media	551,927	567,436	572,543	221,927	(330,000)	-59.8%
13 - Instruction Staff Dev	384,239	361,100	364,350	340,525	(43,714)	-11.4%
21 - Instructional Leadership	2,880,660	2,680,710	2,704,837	1,375,600	(1,505,060)	-52.2%
23 - School Leadership	6,800,699	6,622,356	6,681,957	6,800,699	-	0.0%
31 - Guidance & Counseling Srv	2,953,238	1,974,672	1,992,444	2,642,176	(311,062)	-10.5%
32 - Social Work Services	853,091	701,536	707,850	855,511	2,420	0.3%
33 - Health Services	1,455,690	1,367,530	1,379,837	1,412,174	(43,516)	-3.0%
34 - Student (Pupil) Trans	6,302,222	6,302,765	6,359,490	6,426,079	123,857	2.0%
35 - Food Services	640	614	619	640	-	0.0%
36 - Cocurricular/Extracurricular	2,722,598	2,548,805	2,571,744	2,431,642	(290,956)	-10.7%
41 - General Administration	4,240,242	3,570,501	3,602,636	3,316,921	(923,321)	-21.8%
51 - Plant Maint & Operations	15,189,638	12,807,822	12,923,092	13,764,867	(1,424,771)	-9.4%
52 - Security & Monitoring Srv	4,691,156	3,879,532	3,914,448	3,776,126	(915,030)	-19.5%
53 - Data Processing Services	2,598,694	2,375,425	2,396,804	2,339,311	(259,383)	-10.0%
61 - Community Services	907,934	8,564,308	8,641,387	892,122	(15,812)	-1.7%
71 - Debt Services	434,871	728,594	735,151	434,871	-	0.0%
81 - Facilities Acquisition/Cons	-	-	-	-	-	0.0%
91 - Chapter 49 Payments	-	-	-	-	-	0.0%
99 - Other Inter-gov't Charge	620,000	312,211	315,021	638,600	18,600	3.0%
<b>Total Operating Expenditures</b>	<b>112,699,715</b>	<b>111,237,613</b>	<b>112,238,751</b>	<b>95,675,500</b>	<b>(17,024,215)</b>	<b>-15.1%</b>



# Board Budget Summary

## CPM and Change in Fund Balance



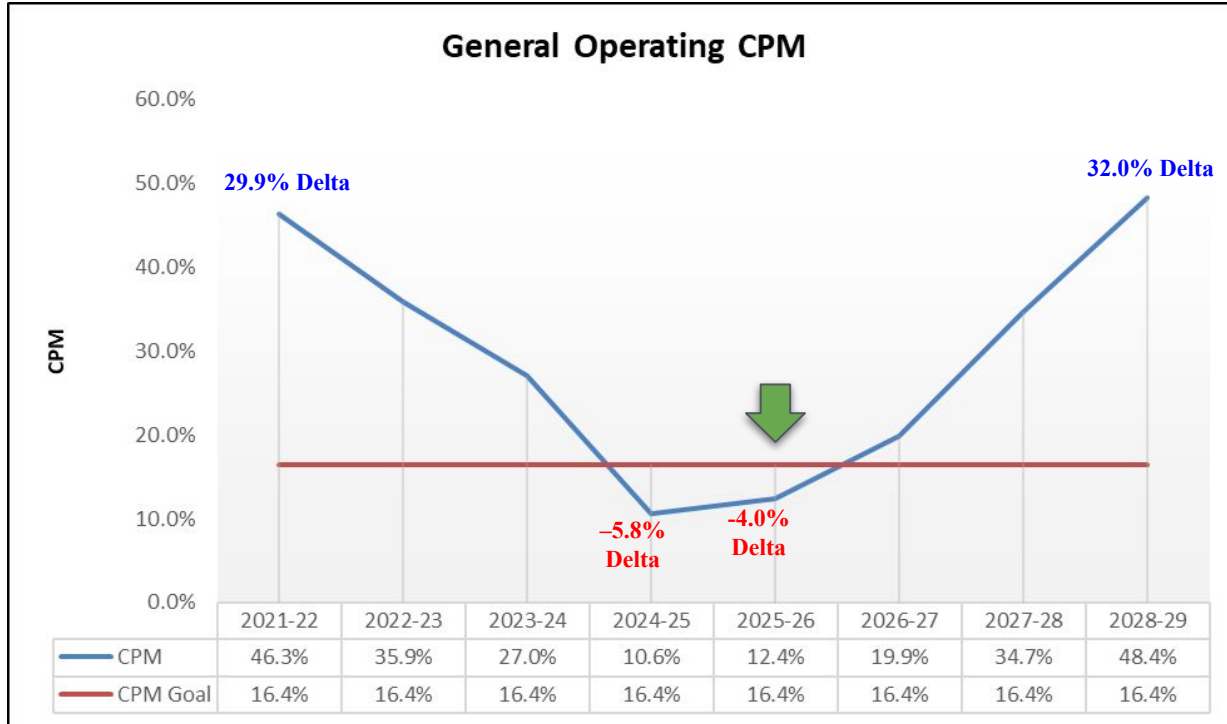
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Beginning General Fund Balance	\$ 29,850,932	\$ 29,850,932	\$ 29,850,932		\$ 11,900,961	\$ 11,900,961	\$ 19,315,987	\$ 30,266,875
Change in Fund Balance	\$ (16,060,366)	\$ (16,949,580)	\$ (17,949,971)		\$ 0	\$ 6,141,275	\$ 10,950,888	\$ 11,929,985
Ending General Fund Balance	\$ 13,790,566	\$ 12,901,352	\$ 11,900,961		\$ 11,900,961	\$ 18,042,237	\$ 30,266,875	\$ 42,196,859
Constraint Progress Measure (CPM)	26.5%	11.6%	10.6%		12.4%	19.9%	34.7%	48.4%
Operating Reserves in Months	3.2	1.4	1.3		1.5	2.4	4.2	5.8
Number of Operating Days, 365	97	42	39		45	72	127	177
Change in Revenue Budget Projection					2.10%	2.00%	1.75%	1.50%
Change in Expense Budget Projection						-5.00%	-4.00%	0.00%





# Board Budget Summary

## Constraint Progress Measure (CPM)



- CPM measures the general fund balance as a percent of the operating budget and is based on 60-days or 16.4%.



# Major Budget and Cashflow Highlights

- The 2024 Maintenance Tax Note of \$13.1MM borrowed last October will be paid off during March 2025, saving \$92,588 on interest cost.
- To maintain sufficient cash flow for operations after July 1st, we'll need to borrow approximately \$30MM with a maturity of 2 years.
- A new borrowing resolution will be presented to the Board during May.



# Major Changes

- Reduced Teacher Positions by \$6,669,631
- Reduced Non Campus Positions by \$2,495,390
- Reduced Other Campus Positions by \$934,022
- Reduced Operations Expenditures by \$7,532,665

Achieved through attrition and reassignment





# Major Changes

- Staff High Schools at 28:1
- Staff Middle Schools at 6 of 7 at 28:1
- Change ES staffing for 3rd and 4th grades to 25:1
- Change ES staffing for 5th grade to 28:1



# Major Changes

## Manor High School

1. Applying staffing formulas to MSHS, MECHS, and MHS as a single campus saves up to \$632,000
2. Having one unified administrative team at MHS reduces schedule conflicts
3. Having one unified administrative team improves safety with more consistent discipline and safety procedures



# Major Changes - Transportation

1. Move all Mustang Freshmen to MHS 9th Grade Center and move all Mustang 10-12th graders to the current MSHS/MECHS complex reducing shuttle buses to increase safety
2. Reduce the number of bus stops district wide and moving start and end time of high schools 30 minutes earlier
  - a. Elementary bus stops will be  $\frac{1}{4}$  mile range
  - b. Secondary bus stops will be under  $\frac{1}{2}$  mile range

These together will decrease transportation costs by \$379,000 annually



# Major Non-Changes

- Maintain zero cost of individual health insurance for employees
- No increase in compensation except equity adjustments to pay and stipends for certain classes of employees
- Continue stipends for teachers who teach large numbers of students



# Looking to the Future

- Reducing class sizes at Elementary 3rd and 4th grades
- Reducing class sizes in Secondary ELA classes
- Recruitment and Development of Special Educators
- Secondary English as a Second Language (ESL) Staffing
- AI Implementation