

South San Antonio ISD Public Hearing 2023-24 Budget & Tax Rate

August 16, 2023



Mr. Henry Yzaguirre, School Superintendent
Mr. Tony Kingman, Chief Financial Officer

Vision: Together, Igniting Action, Inspiring Growth
Mission: Think Big, Think Positive, Think Forward



School Finance

General Information



Texas School Funding

South San Antonio ISD Fiscal Year: September 1 - August 31

Board Approved Funds

- General Fund (199) - the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund
- Child Nutrition Fund (240) - to be used for programs using federal reimbursement revenues originating from the United States Department of Agriculture
- Debt Service Fund (599) - accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds



Legislative Updates

Senate Bill 2 (SB 2)

Tax Compression: SB2 spends **\$12 billion (\$3 million for South San Antonio taxpayers)** on a \$0.107 reduction to districts **Tier One** tax rates. This reduces the Tier One ceiling for 2023 down from \$0.7950 to \$0.6880 and the floor down from \$0.7155 to \$0.6192. Worth noting, Texas Rainy Day Fund is \$26.4B

Homestead Exemption: SB 2 increases the homestead exemption from \$40,000 to \$100,000 and provides for a hold harmless on both the M&O and I&S sides.

Appraisal Limits: SB 2 creates a new 3-year pilot program that would provide a 20 percent "circuit breaker" on appraised values to non-homestead properties valued at or under \$5 million. The provision in SB 2 does not include any look at the taxpayer's income. Instead, it functions much like the 10 percent cap for homesteads, simply limiting the growth of appraised value for non-homesteads to 20 percent or less

House Bill 3 (HB 3)

School Safety: HB3 spends **\$300 million** for school safety. HB3 provides districts with \$15,000 per campus and increases the safety allotment by 28 cents per student—from \$9.72 to \$10—to fund safety expenses.



Explanation of New Legislative Framework

Explanation of Tax Compression

When the property value goes up – tax rate goes down, this create a minimal impact to taxpayers year over year.

Example: District A:

2022-23 Property Tax Value: \$2 billion, Tax Rate: \$0.91

District's Revenue: \$22 million from local taxpayers and \$67 million from the state = Total Revenue of \$89 million

Taxpayer: Property Value: \$150,000 – Tax obligation: \$1,001

2023-24 Property Tax Value: \$3 billion, Tax Rate: \$0.75

District's Revenue: \$23 million from local taxpayers and \$72 million from the state = Total Revenue of \$95 million

Taxpayer: Property value: \$175,000 – Tax obligation: \$1,003

Explanation of Homestead Exemption

Example:

2022-23 Taxpayer: Property Value: \$150,000 with \$40k homestead exemption, taxpayer will have to pay tax on \$110,000

2023-24 Taxpayer: Property Value: \$150,000 with \$100k homestead exemption, taxpayer will have to pay tax on \$50,000



2023-2024 Proposed Budget



Planning Calendar – Budget 2023-24

Board/Financial Committee Meetings

~~Finance Committee Meeting~~

~~April 11, 2023~~

~~Insurance Committee Meeting~~

~~July 11, 2023~~

~~Budget Workshop~~

~~August 9, 2023~~

Public Hearing on Budget and Proposed Tax Rate

August 16, 2023

Board Actions

~~Adoption of 2023-24 Compensation Plan~~

~~July 19, 2023~~

Adoption of 2022-23 Final Budget Amendment

August 16, 2023

Adoption of 2023-24 Budget

August 16, 2023

Adoption of Tax Rates for 2023-24 Fiscal Year

August 16, 2023

Financial Services Tasks

~~Issue Budget Materials to Campuses & Departments~~

~~April, 2023~~

~~Campuses & Departments One-on-One Budget Meeting~~

~~May, 2023~~

~~Receipt of Certified Value from Bexar CAD~~

~~July 25, 2023~~

Update State Funding Projections based on Certified Estimates

July, 2023

Publish Budget and Tax Rate Notice in Newspaper

August 4, 2023

Post a Summary of the proposed budget

August 7, 2023

2023-24 Proposed Budget



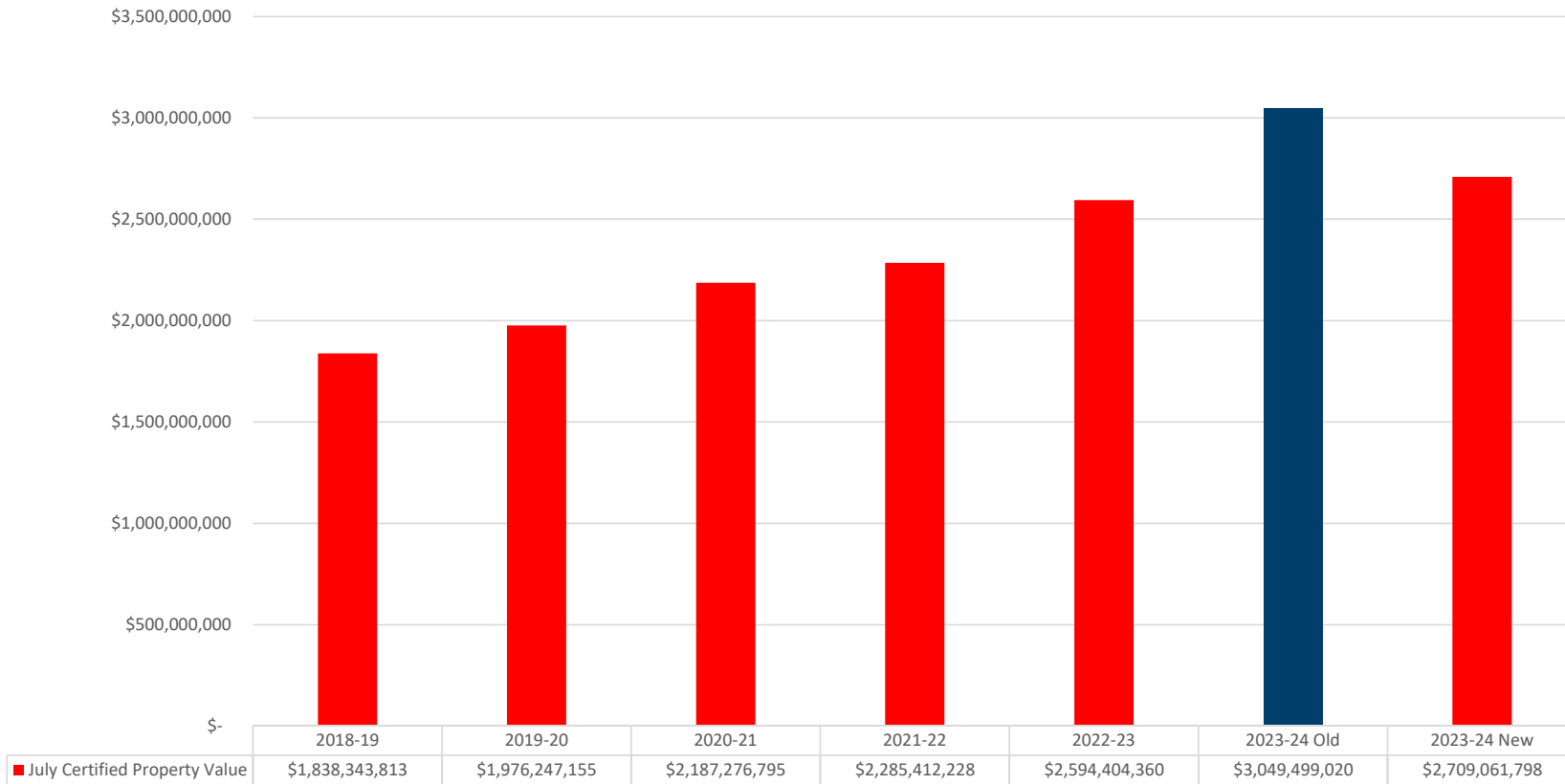
Categories	2022-23 Budget	2023-24 Proposed Budget*
Maintenance & Operation (M&O)	\$ 0.8546	\$ 0.6692
Interest & Sinking (I&S)	\$ 0.4990	\$ 0.4990
Total	\$ 1.3536	\$ 1.1682
Student Membership	7,872	7,872
Assumed Average Daily Attendance (ADA)	6,687.296	6,687.296
Certified Property Value (Old Law @ \$40k HS Exemption)	\$ 2,594,404,360	\$ 3,049,499,020
Increase in Property Value		17.5%
Certified Property Value (New Law @ \$100k HS Exemption)	\$ 2,594,404,360	\$2,709,061,798
Increase in Property Value		4.42%
Comptroller School District Value	\$2,462,854,260	\$2,662,377,513

Assumption:

- *M&O Tax Rate – General Fund: July 25 Certified Property Tax Value, 98% collection rate and Average Daily Attendance Rate of 90%. Student population remain the same as 2022-23*
- *I&S Tax Rate – Debt Service Fund: July 25 Certified Property Tax Value, 98% collection rate, \$478,895 tax subsidy*

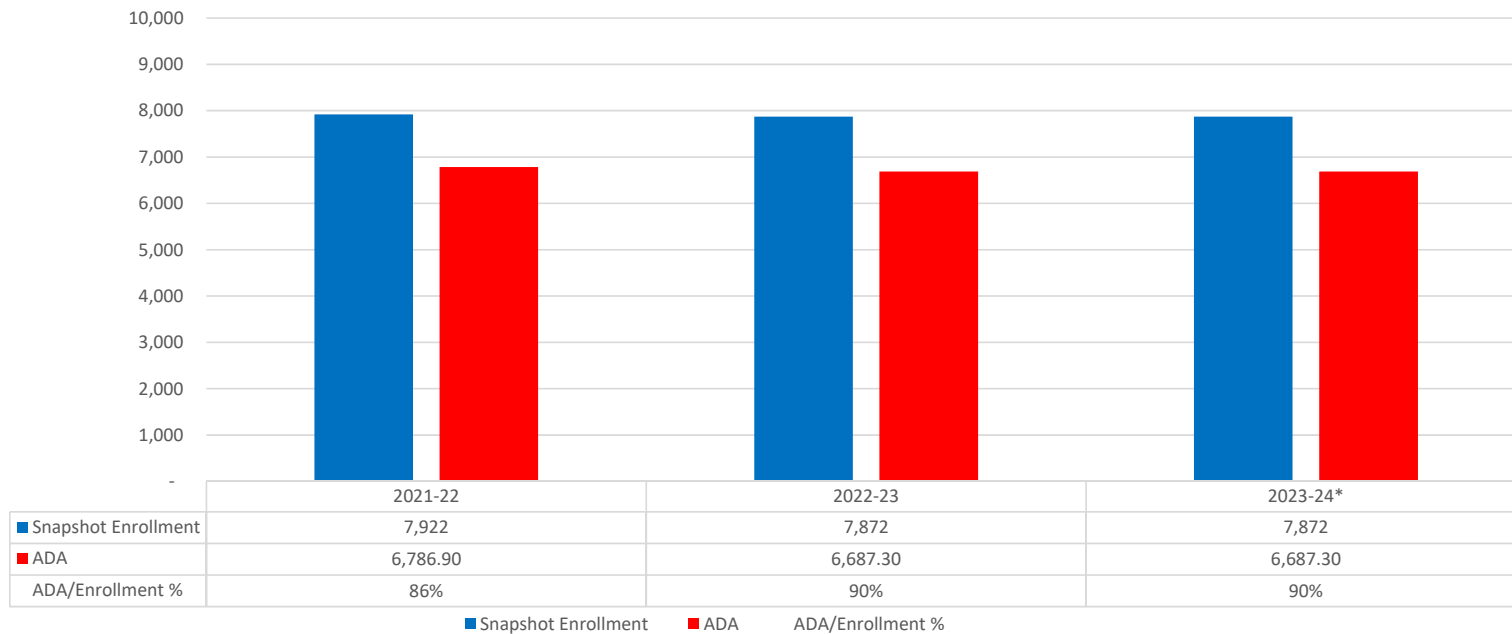


Taxable Property Value Trend





Average Daily Attendance Analysis



*Estimated based on the same ADA % and enrollment figure as of 2022-23



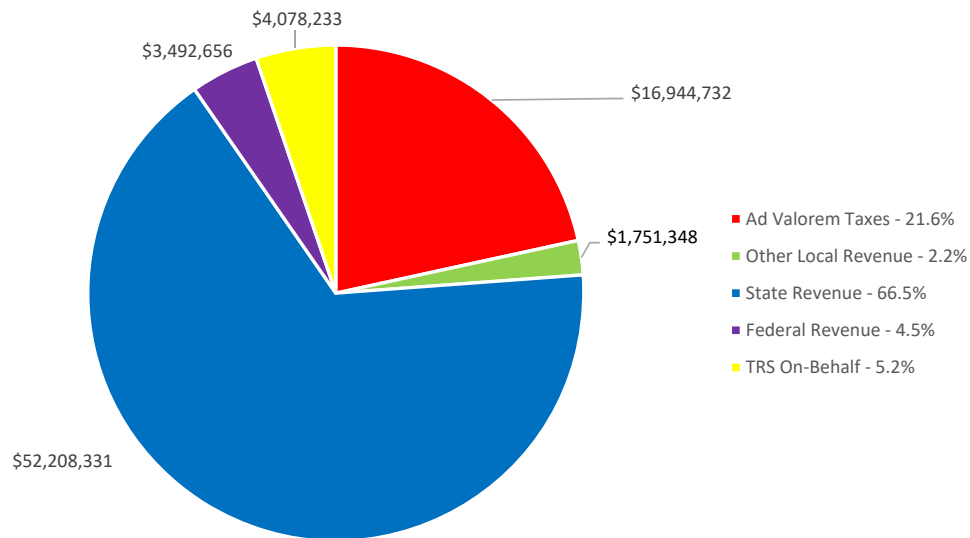
2023-24 Proposed Budget Highlights

Increase the difficulty to forecast, and manage but easier to present and understand

- **Average of 4% to 14% pay increase**
- **Starting teacher pay - \$58,380**
 - A \$3,000 bilingual stipend
 - A math/science stipend of \$6,000 for secondary teachers
 - A Licensed Specialist in School Psychology/Speech Language Pathologist/Diagnostician/Dyslexia Teacher retention/recruitment stipend of \$1,500 (must be employed before September 1, 2023)
 - A BAC/Life Skills/ESCE retention/recruitment stipend of \$2,000 (must be employed before September 1, 2023)
 - An Average Daily Attendance Performance Pay stipend for all teachers who increase attendance to 95% of \$500, 93% of \$250.
 - Increase in athletic stipend
- **\$1,000 retention stipends for all staff**
- **Switching to more popular health insurance & pharmacy provider: UnitedHealthCare**
- **Improve the coordination of funds**
- **Using the additional revenue in I&S Fund to payoff district's debts early**



2022-23 General Fund Revenues

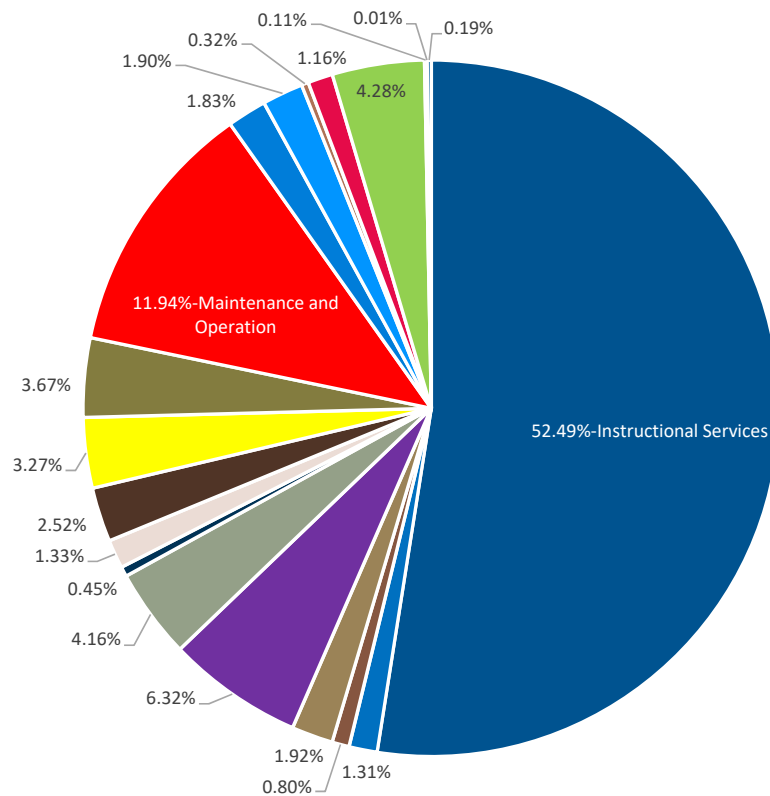


- State revenue and local property taxes revenue continue to be substantial revenue sources for the District. Almost 67 cents and 22 cents of every dollar collected are from the state revenue and the property taxpayers, respectively*

*Excluding TRS On-Behalf



2022-23 General Fund Expenditures



- 11 - Instructional Services - 52.49%
- 12 - Instructional Resources and Media Services - 1.31%
- 13 - Staff Development - 0.8%
- 21 - Instructional Administration - 1.92%
- 23 - Campus Administration - 6.32%
- 31 - Guidance and Counseling - 4.16%
- 32 - Social Services - 0.45%
- 33 - Health Services - 1.33%
- 34 - Student (Pupil) Transportation - 2.52%
- 36 - Cocurricular / Extracurricular Activities - 3.27%
- 41 - General Administration - 3.67%
- 51 - Plant Maintenance and Operation - 11.94%
- 52 - Security and Monitoring Services - 1.83%
- 53 - Data Processing Services - 1.90%
- 61 - Community Services - 0.32%
- 71 - Debt Service - 1.16%
- 81 - Facilities Acquisition and Construction - 4.28%
- 93 - Shared Service Arrangements - 0.11%
- 95 - Juvenile Justice Alter Ed Prog. - 0.01%
- 99 - Other Intergovernmental Charges - 0.19%



Expenditure

General Fund Expenditure

- 80% is salaries and benefits*
- 14% is non payroll operational items
- 1% is debt service payments and fees
- 5% is capital improvement

Child Nutrition Fund Expenditure

- 46% is salaries and benefits
- 40% is food related items
- 14% is other non payroll items

Debt Services Fund Expenditure

- 100% is debt service payments and fees

Federal Funds Expenditure

- Almost 90%-95% is salaries and benefits
- 5%-10% is non payroll supplemental items

Other Funds Expenditure

- Almost 100% is non payroll supplemental items

2023-24 Proposed Budget



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
PROPOSED BUDGET
2023-2024

	199 GENERAL FUND	240 FOOD SERVICE FUND	599 DEBT SERVICE FUND	TOTAL
REVENUES				
Ad Valorem Taxes	\$ 16,944,732	\$ -	\$ 12,635,119	\$ 29,579,851
Other Local Revenue	1,751,348	185,000	520,000	2,456,348
State Revenue	56,286,564	-	2,238,498	58,525,062
Federal Revenue	3,492,656	6,963,802	478,895	10,935,353
Total Revenues	78,475,300	7,148,802	15,872,512	101,496,613
EXPENDITURES				
11 - Instructional Services	44,862,188	-	-	44,862,188
12 - Instructional Resources and Media Services	1,117,983	-	-	1,117,983
13 - Staff Development	683,318	-	-	683,318
21 - Instructional Administration	1,643,265	-	-	1,643,265
23 - Campus Administration	5,399,206	-	-	5,399,206
31 - Guidance and Counseling	3,558,331	-	-	3,558,331
32 - Social Services	388,362	-	-	388,362
33 - Health Services	1,139,380	-	-	1,139,380
34 - Student (Pupil) Transportation	2,157,371	-	-	2,157,371
35 - Food Services	-	7,542,263	-	7,542,263
36 - Cocurricular / Extracurricular Activities	2,795,826	-	-	2,795,826
41 - General Administration	3,138,095	-	-	3,138,095
51 - Plant Maintenance and Operation	10,205,363	736,207	-	10,941,570
52 - Security and Monitoring Services	1,564,418	-	-	1,564,418
53 - Data Processing Services	1,627,036	-	-	1,627,036
61 - Community Services	275,153	-	-	275,153
71 - Debt Service	989,431	-	12,539,192	13,528,623
81 - Facilities Acquisition and Construction	3,655,876	-	-	3,655,876
93 - Shared Service Arrangements	96,000	-	-	96,000
95 - Juvenile Justice Alter Ed Prog.	11,000	-	-	11,000
99 - Other Intergovernmental Charges	161,292	-	-	161,292
Total Expenditures	85,468,894	8,278,470	12,539,192	106,276,556
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(6,993,594)	(1,129,668)	3,333,320	(4,778,943)
Transfer Out	2,550,000			
Net Deficit	(9,543,594)			

Note: Maintenance Tax Notes: \$236,507 in Function 34, \$340,160 in function 51, and \$3,655,876 in Function 81. Total: \$4,232,543

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SSAISD's Maintenance Tax Notes



Item	Priority	Note Amount	Available
A	Series 2020 Tax Note (December 2020)	\$ 2,000,000	\$ 8.818
B	Series 2021 Tax Note (August 2021)	\$ 4,000,000	\$ 694,063
C	Series 2022 Tax Note (May 2022)	\$ 5,000,000	\$ 3,529,662
	TOTAL	\$ 11,000,000	\$ 4,232,543



Fund Balance Analysis

Fund Balance:

2021-22 Unobligated – Operating Fund Balance: \$30,389,191

- Total Fund Balance \$37,082,131 (including \$6,692,940 is obligated for Maintenance Tax Notes, Prepaid and Construction Projects)

2022- 23 Unobligated – Operating Fund Balance: \$30.5M - \$31M

2023- 24 Unobligated – Operating Fund Balance: \$25.5M – \$26M

- Exhaust all Maintenance Tax Notes
- Estimated \$5.3M budget deficit without Maintenance Tax Notes – \$9.6M budget deficit with Maintenance Tax Notes



2023-24 Financial Challenges

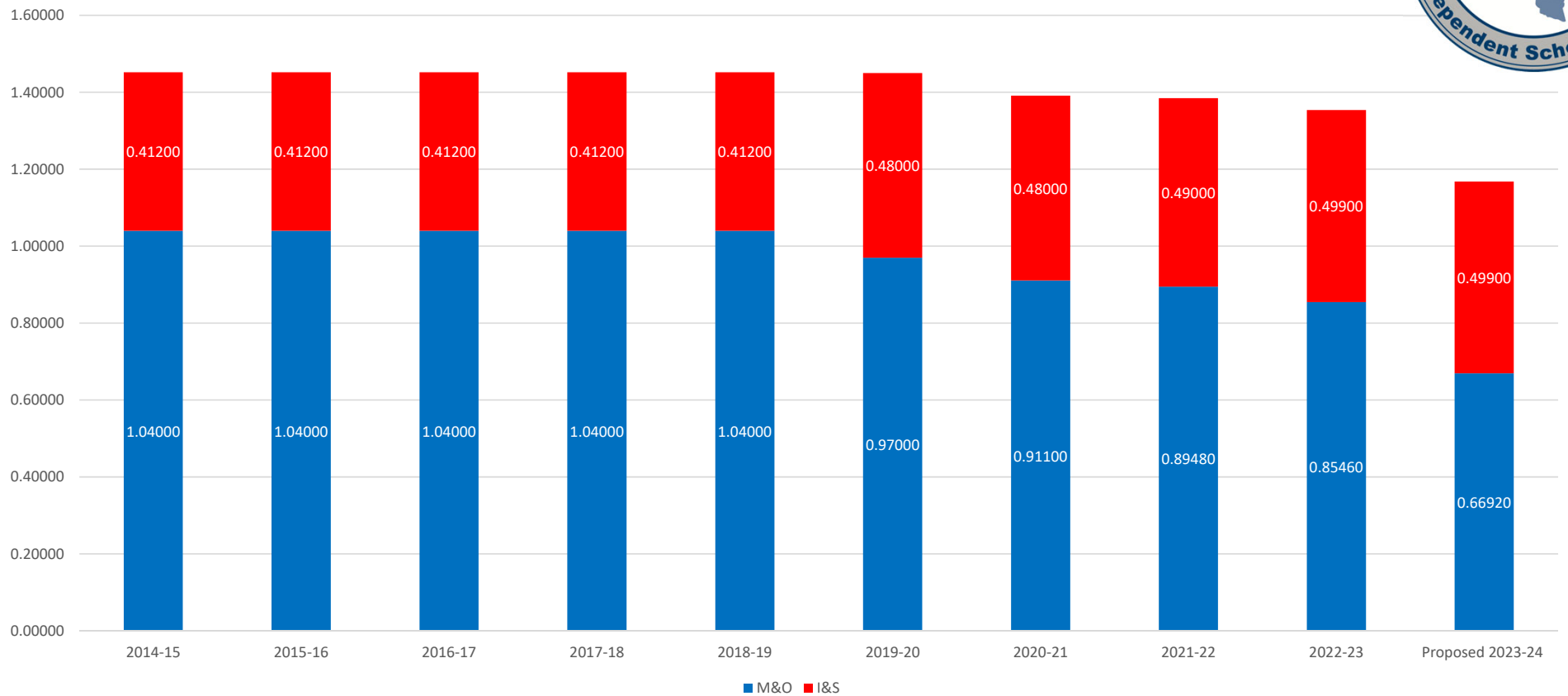
- General Fund Budget Deficit
 - \$5.3M budget deficit (not including maintenance tax note expenditure) - \$9.6M budget deficit with Maintenance Tax Notes
- Allotment Spending Requirements
 - Little wiggle room because of the budget deficit
- FIRST Rating
 - Maximum Rating with the District current debt structure is 92/100 points
- Health Insurance Fund Budget Deficit
 - Total Health Insurance Fund Analysis
 - Revenue: Annual - \$6M (July 2023 Actual \$5.4M)
 - Expenditure: Annual \$8.5M (July 2023 Actual \$7.7M) – Maximum Liability \$10.8M
 - Estimated total Health Insurance Fund deficit \$2.5M with the additional \$50 per month employee contribution



2023-2024 Tax Rate



Tax Rate Trend



Thank you



Additional Link

<https://www.southsanisd.net/Finance>



Question?

Please ask question



Discussion

Wrap-up Discussion