



BUDGET PARAMETERS 2025-2026 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 LISD balanced scorecard.

Opening Statement:

As the board of trustees prepares to adopt a budget and tax-rate for the upcoming 2025-2026 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. Improving the Cost-Effectiveness of Operational Expenditures
5. Long-Range Compensation Plan

Key Budget Development Personnel:

- Rebecca McCutchen - Superintendent
- Teresa Montemayor - Chief Financial Officer

Board of Trustees

- Carrie Ellis
- Treva Potter
- Mike Stafford
- Matt Buxkemper
- Joyce Johnson
- Brooke Obenhaus
- Kay Franklin

ASSUMPTIONS AND CONSIDERATIONS

Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
Enrollment Decline	<ul style="list-style-type: none"> Projecting 2.0% decrease for upcoming school year (52 students) 	<ul style="list-style-type: none"> Decrease in state funding <ul style="list-style-type: none"> \$320,320 = 52 students x \$6,160 (Basic Allotment) <ul style="list-style-type: none"> This does not include Special Population weights Staffing changes may be necessary Single Member Special Education Department reconfiguration
Demographic Changes PEIMS Snapshot Fall 2024	<ul style="list-style-type: none"> Economically Disadvantaged Population Decrease At-Risk Population Increase Special Education Program 	<ul style="list-style-type: none"> Potential need for additional accelerated instruction <ul style="list-style-type: none"> Funding sources include Title I and State Compensatory Education
Out of District Transfers 5-Year Student Transfer Report.pdf	<ul style="list-style-type: none"> Prior 5 years: Transfer OUT students exceed transfer IN students. 	<ul style="list-style-type: none"> Approximately 2.5 Million annually loss (Basic Allotment \$6,160)
Average Daily Attendance (ADA)	<ul style="list-style-type: none"> Key state funding source Maintain 96% or better district-wide 	<ul style="list-style-type: none"> Annual budget is based on enrollment <ul style="list-style-type: none"> Basic Allotment: \$6,160

Current Fiscal Year Budget

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Approximately 30% Cost Increase for Property Insurance	<ul style="list-style-type: none"> Insurance premiums continue to rise <ul style="list-style-type: none"> 2023 premium: \$610,548 2024 Premium: \$776,279 	<ul style="list-style-type: none"> No additional State Funding to Support Cost Increase <ul style="list-style-type: none"> 2025 projected in 20% increase premium: \$931,535
98% Tax Collections for both M&O and I&S	<ul style="list-style-type: none"> Ensure Bond Obligation Payments <i>ASSUME -VALID Property Value Study</i> 	<ul style="list-style-type: none"> Ensure adopted budget receivables State Revenue <ul style="list-style-type: none"> additional \$700K from 2024-2025
No Change in State Funding	<ul style="list-style-type: none"> Ongoing Uncertainty from Legislative Session 	<ul style="list-style-type: none"> Adoption of deficit budget Deficit 2024-2025
Child Nutrition	<ul style="list-style-type: none"> Decrease student participation and identified students 	<ul style="list-style-type: none"> Increase in Free and Reduced student population 2025-2026 SY Projected District Contribution: <ul style="list-style-type: none"> 20k for Bad Debt

Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Taxable Value Annually	<ul style="list-style-type: none"> Historical trend for LISD 	<ul style="list-style-type: none"> As local revenues decrease, state revenue decreases Estimated Values Decrease- Estimated Revenue loss of \$112K
HB 3 Tax-Rate Compression	<ul style="list-style-type: none"> Projected property value growth, thus upcoming M&O tax-rate compression 2024-2025 Tax Rate: M&O: \$0.7142 I&S: \$0.26 	<ul style="list-style-type: none"> M&O: \$.01 cent equals approximately \$149,818 2025-2026 Projected Tax Rate: M&O: \$0.6923 I&S: \$0.26. (-\$314,000)
Federal Funding (ESSA) ESSA Overview	<ul style="list-style-type: none"> 2024 Snapshot Data Exhibited all campuses over decrease economically disadvantaged 	<ul style="list-style-type: none"> Revenues based on annual estimates of income and poverty statistics via census bureau
Special Populations State Allotments Overview TEA Guidelines 2024-2025 SOF	<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

Long-Range Compensation Plan

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Pay Raises	<ul style="list-style-type: none">• 2021-2022- 4%• 2022-2023- 3%• 2023-2024- 3%• 2024-2025- No Increase• Substitute Pay• Ensure market competitiveness	2025-2026 SY <ul style="list-style-type: none">• Staffing Guidelines• Evaluate TASB survey study to ensure market competitiveness
Employee Benefits	<ul style="list-style-type: none">• Health Insurance District Contribution per Employee:<ul style="list-style-type: none">○ \$335.00 Monthly• Voluntary Insurance Products Offered via TPA,	<ul style="list-style-type: none">• Maintain current contributions

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 <p>Allocations:</p> <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 approximate levels campus budget allocations ensuring cost-effectiveness across all areas
Department Budgets	<ul style="list-style-type: none"> Needs assessment drives budget allocation Identifying areas to reduce expenses 	<ul style="list-style-type: none"> Maintain department/operating expenditures Reduce in areas that are feasible
Prioritize Federal Programs Funding – Title I	<ul style="list-style-type: none"> Title I Budget <ul style="list-style-type: none"> \$815K 	<ul style="list-style-type: none"> Project a reduction in funding due to campus snapshot data

Continuous monitoring of all revenue and expenditures in anticipation of a deficit budget. Monitoring will allow LISD to make informed decisions and be responsive to new information through the budget development process.

Projections-2025-2025 Budget

Revenues:

State Revenue Tax Compression/PVS-\$585,000

Loss of ADA **-\$320,320**

Allotment Decreases **-\$380,000**

CTE Allotment projected increase \$190,000

Loss in Taxable Value **-\$292,000**

Loss due to Tax Compression **-\$314,000**

Reduced SHARS Reimbursements **-\$450,000**

Expenditures:

Reduction of Payroll \$1,800,000

Insurance Increase **-\$155,256**

2024-2025 Current Deficit **-\$3,184,128**

2025-2026 Projected Deficit **-\$1,760,704**