



## **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:**

- David Foote – Interim Superintendent
- Teresa Montemayor - Chief Financial Officer

### **Board of Trustees**

- Carrie Ellis
- Treva Potter
- Mike Stafford
- Matt Buxkemper
- Joyce Johnson
- Brooke Obenhaus
- Gary Bridges

## ASSUMPTIONS AND CONSIDERATIONS

### Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
Enrollment Decline	<ul style="list-style-type: none"> <li>• Projecting 2.0% decrease for upcoming school year (52 students)</li> <li>• Basic Allotment Increased \$55</li> <li>• Increased Safety Allotment \$115,068                             <ul style="list-style-type: none"> <li>• \$10 Per ADA</li> <li>• \$18,540 Per Campus</li> </ul> </li> </ul> <p style="text-align: center;">Keeping \$6,160 for Comparison</p>	<ul style="list-style-type: none"> <li>• Decrease in state funding                             <ul style="list-style-type: none"> <li>○ \$320,320 = 52 students x \$6,160 (Basic Allotment)                                     <ul style="list-style-type: none"> <li>▪ This does not include Special Population weights</li> </ul> </li> </ul> </li> <li>• Staffing changes may be necessary</li> <li>• Single Member Special Education Department reconfiguration</li> </ul>
Demographic Changes <a href="#">PEIMS Snapshot Fall 2024</a>	<ul style="list-style-type: none"> <li>• Economically Disadvantaged Population Decrease</li> <li>• At-Risk Population Increase</li> <li>• Special Education Program</li> </ul>	<ul style="list-style-type: none"> <li>• Potential need for additional accelerated instruction                             <ul style="list-style-type: none"> <li>○ Funding sources include Title I and State Compensatory Education</li> </ul> </li> </ul>
Out of District Transfers <a href="#">5-Year Student Transfer Report.pdf</a>	<ul style="list-style-type: none"> <li>• Prior 5 years: Transfer OUT students exceed transfer IN students.</li> </ul>	<ul style="list-style-type: none"> <li>• Approximately 2.5 Million annually loss (Basic Allotment \$6,215)</li> </ul>
Average Daily Attendance (ADA)	<ul style="list-style-type: none"> <li>• Key state funding source</li> <li>• Maintain 94% or better district-wide</li> </ul>	<ul style="list-style-type: none"> <li>• Annual budget is based on enrollment                             <ul style="list-style-type: none"> <li>○ Basic Allotment: \$6,215</li> </ul> </li> </ul>

**Current Fiscal Year Budget**

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
<p>Cost Decrease for Property Insurance</p>	<ul style="list-style-type: none"> <li>• Insurance premiums continue to rise                             <ul style="list-style-type: none"> <li>○ 2023 premium: \$610,548</li> <li>○ 2024 Premium: \$776,279</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 2025 projected Decrease premium: \$749,849 (\$26,430)</li> </ul>
<p>98% Tax Collections for both M&amp;O and I&amp;S</p>	<ul style="list-style-type: none"> <li>• Ensure Bond Obligation Payments</li> <li>• <b>ASSUME -VALID Property Value Study</b></li> </ul>	<ul style="list-style-type: none"> <li>• Ensure adopted budget receivables</li> <li>• State Revenue                             <ul style="list-style-type: none"> <li>○ additional \$700K from 2024-2025</li> </ul> </li> </ul>
<p>No Change in State Funding</p>	<ul style="list-style-type: none"> <li>• Ongoing Uncertainty from Legislative Session</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of deficit budget</li> <li>• Deficit 2024-2025</li> </ul>
<p>Child Nutrition</p>	<ul style="list-style-type: none"> <li>• Decrease student participation and identified students</li> </ul>	<ul style="list-style-type: none"> <li>• 2025-2026 SY Projected District Community Eligibility Program-                             <ul style="list-style-type: none"> <li>• Free Breakfast and Lunch Districtwide</li> </ul> </li> </ul>

## Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Taxable Value Annually	<ul style="list-style-type: none"> <li>Historical trend for LISD</li> <li>Loss in Taxable Value/Compression/HB2</li> </ul>	<ul style="list-style-type: none"> <li>As local revenues decrease, state revenue decreases</li> <li>Estimated Values Decrease- Estimated Revenue loss of 650K</li> <li>Increase in Appraisal Cost \$12,027</li> </ul>
HB 3 Tax-Rate Compression	<ul style="list-style-type: none"> <li>Projected property value growth, thus upcoming M&amp;O tax-rate compression</li> <li>2024-2025 Tax Rate: M&amp;O: \$0.7142 I&amp;S: \$0.26</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;O: \$.01 cent equals approximately \$149,818</li> <li>2025-2026 Projected Tax Rate: M&amp;O: \$0.6922 I&amp;S: \$0.26.</li> </ul>
Federal Funding (ESSA) <a href="#">ESSA Overview</a>	<ul style="list-style-type: none"> <li>2024 Snapshot Data Exhibited all campuses over decrease economically disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>Revenues based on annual estimates of income and poverty statistics via census bureau</li> </ul>
Special Populations State Allotments Overview TEA Guidelines 2024-2025 SOF	<ul style="list-style-type: none"> <li>Must meet required threshold spending per program</li> </ul>	<ul style="list-style-type: none"> <li>Funding based on student demographics submitted to TEA through PEIMS</li> </ul>

### Projections:

2025-2026  
TAX RATE: .9522  
M&O= .6922  
10,005,000

I&S= .26  
3,542,000

I&S Payment= \$3,435,062  
I&S Current Fund Balance= \$4,076,739  
2024-2025 Projecting to add= \$800,000  
\$4,876,739

### Projections: .11 Pennies Disaster Pennies 1 YEAR ONLY

2025-2026  
TAX RATE: .9742  
M&O= .8022  
11,528,000

I&S= .1720  
2,457,000

**-\$978,062**

**Long-Range Compensation Plan**

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Pay Raises	<ul style="list-style-type: none"> <li>• 2021-2022- 4%</li> <li>• 2022-2023- 3%</li> <li>• 2023-2024- 3%</li> <li>• 2024-2025- No Increase</li> <li>• Substitute Pay</li> <li>• Ensure market competitiveness</li> </ul>	<p>2025-2026 SY</p> <ul style="list-style-type: none"> <li>• Staffing Guidelines</li> <li>• Evaluate TASB survey study to ensure market competitiveness</li> </ul> <p>*HB2 Changes- PIEMS Code 087</p> <ul style="list-style-type: none"> <li>• 3 or 4 Years of Experience = \$4,000</li> <li>• 5 or more Years of Experience= \$8,000</li> </ul>
Employee Benefits	<ul style="list-style-type: none"> <li>• Health Insurance District Contribution per Employee:               <ul style="list-style-type: none"> <li>○ \$335.00 Monthly</li> </ul> </li> <li>• Voluntary Insurance Products Offered via TPA,</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain current contributions</li> </ul>

## Improving the Cost-Effectiveness of Operational Expenditures

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Campus Budgets	<ul style="list-style-type: none"> <li>Enrollment by campus (snapshot data)</li> <li>Based on per pupil allotment</li> </ul> <p>Allocations:</p> <ul style="list-style-type: none"> <li>Basic Allotment</li> <li>Library</li> <li>Staff Development</li> <li>Health Services</li> <li>Physical Education</li> <li>State Compensatory</li> <li>Gifted &amp; Talented</li> <li>Special Education</li> <li>Dyslexia</li> <li>Career &amp; Technical</li> <li>Bilingual</li> </ul>	<ul style="list-style-type: none"> <li>Maintain approximate levels campus budget allocations ensuring cost-effectiveness across all areas</li> </ul>
Department Budgets	<ul style="list-style-type: none"> <li>Needs assessment drives budget allocation</li> <li>Identifying areas to reduce expenses</li> </ul>	<ul style="list-style-type: none"> <li>Maintain department/operating expenditures</li> <li>Reduce in areas that are feasible</li> </ul>
Prioritize Federal Programs Funding – Title I	<ul style="list-style-type: none"> <li>Title I Budget                             <ul style="list-style-type: none"> <li>\$815K</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Possible Reduction on Federal Funds.</li> </ul>

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**

\*Basic Allotment \$122,980

\*School Safety Allotment \$115,068

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

CTE Allotment projected increase \$190,000

**Loss in Taxable Value/Compression/HB2 -\$650,000**

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

#### \* HB2 Allotment Increases

#### Expenditures:

Reduction of Payroll \$1,800,000

Insurance Decrease \$ 26,430

**Appraisal District Cost \$12,027**

**No Raises Calculated**

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

2025-2026 Projected Deficit **-\$2,156,997**

2025-2026 Disaster Pennies **-\$633,997**