

## 2024-2025 Proposed Budget

June 11, 2024

### **SUMMARY:**

This item requests adoption of the 2024-2025 Proposed Budget.

### **BOARD GOAL:**

Growth and Management – In pursuit of excellence, we value:

- Demonstrating effective and efficient management of district resources;
- Developing a budget focused on student and professional learning

### **PREVIOUS BOARD ACTION:**

The 2023-2024 budget was adopted by the Board of Trustees on June 13, 2023.

### **BACKGROUND INFORMATION:**

The Board has reviewed Budget projections throughout the budget process.

### **SIGNIFICANT ISSUES:**

The revenue formula approved in the 86th Legislature continues to be based on student attendance in the regular classroom and in special settings. However, the formula restricts overall state foundation and local tax revenue growth unless you have additional student growth. Additional student growth is driven by the basic allotment, which is funded by the state. The basic allotment has not been increased since 2019, during the 86th Legislative session. However, by most measures, inflation has increased over 19% since 2019. The 88th Legislative session began with an unprecedented surplus of well over \$30 billion. As the regular session of the 88th Legislative season ended, followed by multiple called special sessions, no action was taken to provide additional funding for Texas public schools.

The ADA estimate used to calculate State revenues in the 2024-25 proposed budget reflects a conservative estimate of student enrollment growth. While our demographic models project a total district enrollment of 33,596 for 2024-25, an increase in enrollment of 519 students above where we ended in 2023-24, we have opted to stay with an initial ADA projection of 31,075. Given our 2023-24 final attendance rate of 94.56%, this 31,000 ADA estimate would be accurate for an actual enrollment of 32,783 students. Thus, if our demographer's estimates hold true (33,596 total students), we would expect our 2024-25 revenues to ultimately exceed our proposed initial estimates, thus helping to mitigate the proposed budget deficit.

There were three major areas of focus that defined our 2024-25 budget priorities throughout the budget development process.

1. Protect teaching and learning – guard the classrooms;
2. Provide resources for the opening of Dorothy Martinez Elementary School;
3. Prioritize the allocation of existing resources to meet our greatest needs

The 2024-25 budget proposal does not include annual compensation increases for any employee groups in the district, and further includes a reduction (through attrition) of over 100 staff positions for the coming school year. Denton ISD understands that it is especially important to continue to recognize the efforts put forth by our employees and to attempt to maintain salary competitiveness in the market; however, the current fiscal climate has dictated that we begin to consider such cost-cutting measures in order to offset growing financial shortfalls.

### **FISCAL IMPLICATIONS:**

The District is projected to receive an increase in state funding of approximately \$38.2M, as compared to the prior year's adopted budget. Property tax collections are expected to decrease by \$33.6M, as compared to the prior year's adopted budget. The Maintenance and Operations Tax Rate needed is \$0.6769. This is a decrease of \$0.0023 from prior year. The Maintenance and Operations tax revenue is based on supplemental value reports, as of March 2024, plus estimated property value growth of ten percent. The proposed expenditure budget reflects an increase of \$8.9M over the prior year. While this does represent a significant deficit budget, the district will continue to monitor the budget throughout the year and focus on any potential savings wherever possible. The current general fund balance will assist in bridging the gap of the proposed deficit for the 2024-25 fiscal year, but the stark reality is we can no longer attempt to do more with less. Once the 2024-25 budget is approved and in motion, we will promptly move forward into the financial planning process for the following school year with the intent of fully reducing the current budget deficit for 2025-26. We will remain active in advocacy and hopeful for positive financial impact from the coming 89th legislative session; however, our planning processes will begin under the assumption that we will be required to continue to operate under the current revenue structure.

**BENEFIT OF ACTION:**

Adoption of the 2024-25 Proposed Budget will allow the District to begin the new school year with funds available for Operations, Debt Service payments and Child Nutrition expenditures.

**PROCEDURAL AND REPORTING IMPLICATIONS:**

The budget must be prepared by June 20, 2024 and adopted by June 30, 2024.

**PUBLIC COMMENT RECEIVED:**

A public hearing was held on June 11, 2024 as required by the Truth in Taxation guidelines.

**SUPERINTENDENT’S RECOMMENDATION:**

Recommend adoption of the Proposed Budget for the 2024-2025 school year as presented in the budget book:

	<u>Revenue</u>	<u>Expenditure</u>
General Fund	\$322,131,145	\$342,048,541
Debt Service Fund	\$159,841,328	\$159,836,451
Child Nutrition Fund	\$ 20,537,972	\$ 20,537,972

**STAFF PERSONS RESPONSIBLE:**

Dr. Jeremy Thompson – Deputy Superintendent  
Jennifer Stewart – Executive Director of Budget

**ATTACHMENT:**

2024-2025 Proposed Budget Amendment and Base Budget

**APPROVAL:**

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Signature of Divisional Assistant Superintendent: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_