

**Notice of Special Called Meeting  
The Board of Trustees  
Fort Bend Independent School District**

Monday, May 19, 2025

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This is Notice that the Fort Bend Independent School District Board of Trustees will hold a Special Called Meeting on Monday, May 19, 2025, beginning at 5:00 PM in the Board Room of the Fort Bend ISD Administration Building, 16431 Lexington Blvd., Sugar Land, TX 77479. It is the Board of Trustees' intent that a quorum of the Board of Trustees will be physically present at this location although one or more trustees may participate by videoconference. The agenda packet for the meeting is available at <https://meetings.boardbook.org/Public/Organization/649>.

Members of the public may view the live stream of the meeting at the following address:  
<https://www.fortbendisd.com/BoardMeetingLivestream>.

1. Call to order

2. Information

A. 2025-26 Budget Update

2

3. Public Comment

4. Adjournment

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*If, during the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E or Texas Government Code section 418.183(f). Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in an open meeting. [See BEC (LEGAL)]*

The following Fort Bend ISD Goals may be referenced in agenda items included in this document:

- Goal 1: Fort Bend ISD will provide rigorous and relevant curriculum and deliver instruction that is responsive to the needs of all students.
- Goal 2: Fort Bend ISD will provide a positive culture and climate that provides a safe and supportive environment for learning and working.
- Goal 3: Fort Bend ISD will recruit, develop, and retain high quality teachers and staff.
- Goal 4: Fort Bend ISD will engage students, parents, staff, and the community through ongoing communication, opportunities for collaboration and innovation, and partnerships that support the learning community.
- Goal 5: Fort Bend ISD will utilize financial, material, and human capital resources to maximize district outcomes and student achievement.

# Fort Bend Independent School District

## Executive Summary

<b>Special Called Meeting</b>		<b>Meeting Date: May 19, 2025</b>	
<b>Agenda Item Title: Information: 2025-26 Budget Update</b>			
<b>Board Policy: CE (Legal)</b>		<b>District Priority: Priority 3</b>	
<b>Department:</b> Chief Financial Officer			
Are there related documents to be signed by the Board? NO			
<input checked="" type="checkbox"/> Administration has reviewed the final submission for this agenda item.			
<input type="checkbox"/> Reviewed by Deputy Superintendent		<input checked="" type="checkbox"/> Reviewed by Chief of Staff	

<b>Recommendation</b>

<b>Summary/Background</b>
Staff will conduct a budgetary workshop focused on the General, Child Nutrition, and Debt Service Funds. A legislative update will also be provided.

Recommended by:

Dr. Marc Smith  
Superintendent of Schools

Submitted by:

Bryan Guinn  
Chief Financial Officer

FBI<sup>+</sup>SD

**2025-26**

**Budget Workshop**

May 19, 2025



**Lead**  
**THE PAC**



# **HB2**

## **Senate Version**

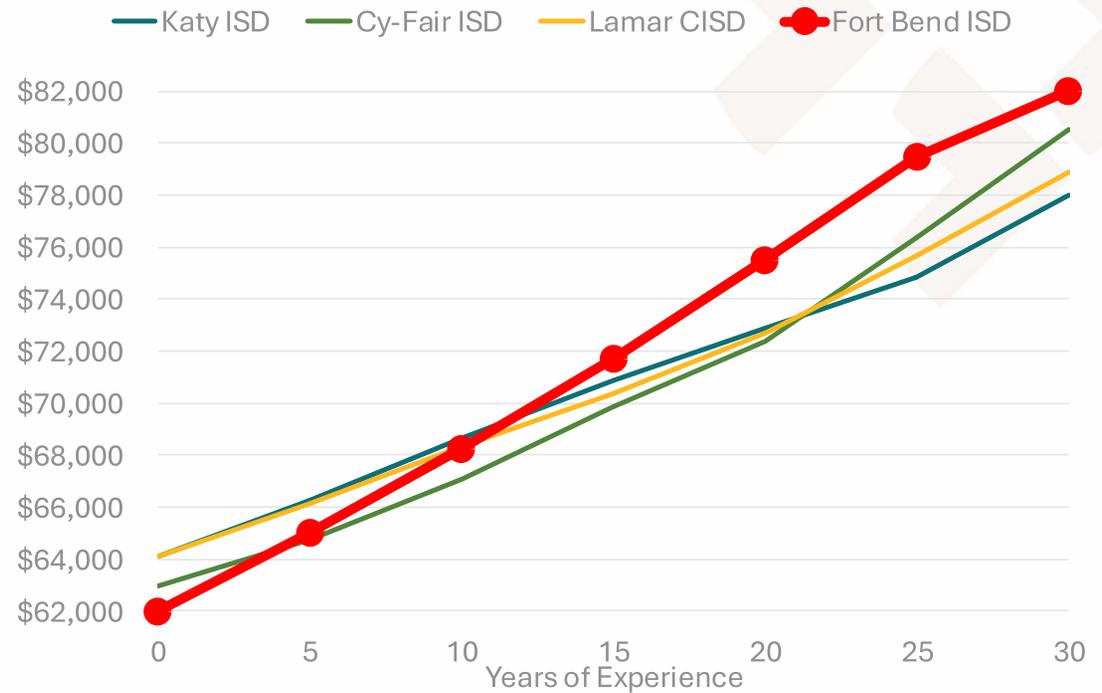
## **Comparison**

# HB2: House vs Senate

	House	Senate
Basic Allotment Increase	\$340 basic allotment + \$55 (replaces golden yield increase) <b>\$395 total</b>	\$0 basic allotment + \$55 (replaces golden yield increase) <b>\$55 total</b>
Teacher Raises	40% of funding increase spent on <b>staff raises</b> (75% to teachers, librarians, counselors, nurses)	<ul style="list-style-type: none"> <li>• <b>Only for classroom teachers</b> <ul style="list-style-type: none"> <li>» \$2,500 (3-4 years experience)</li> <li>» \$5,500 (5+ years experience)</li> </ul> </li> </ul>
SPED Funding	Intensity based funding effective 2025-26 school year	Intensity based funding effective 2026-27 school year
School Safety Allotment	Included	Included

# 2024-25 Teacher Pay Peer Comparison

District	Starting Teacher Pay
Spring Branch ISD	\$64,375
Humble ISD	\$64,350
Alvin ISD	\$64,175
Katy ISD	\$64,130
Lamar CISD	\$64,100
Houston ISD	\$64,000
Aldine ISD	\$64,000
Pasadena ISD	\$63,705
Cypress-Fairbanks ISD	\$63,000
Clear Creek ISD	\$62,500
Alief ISD <sup>1</sup>	\$62,000
<b>Fort Bend ISD</b>	<b>\$62,000</b>
Klein ISD	\$61,075



# 2025-26 Outlook

# Key Features of 2025-26 Proposed Budget



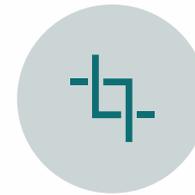
NO CHANGE IN  
STUDENT TO TEACHER  
RATIOS



NO INCREASE IN  
EMPLOYEE HEALTH  
PREMIUMS OR  
DEDUCTIBLES



MAINTAINS  
TEACHER STEP



\$8.9M IN REDUCTIONS  
(INCLUDES  
22 ADMIN FTES)



RAISES TBD  
PENDING LEGISLATIVE  
ACTION

# What has changed since May 5?



# 2025-26 Budget Outlook and HB2

## House vs. Senate

	HB2 (House)	HB2 (Senate)
<b>New Revenue?</b>	\$30.8M	\$29.6
<b>Raises included?</b>	Staff Raises (3%   2%) Inclusive of Teacher step	Classroom Teacher (\$2,500   \$5,500) 3-4 YoE   5+ YoE
<b>Cost of raises?</b>	\$17.6M	\$29.6M
<b>Change in Fund Balance?</b>	<b>-\$8.0M</b>	<b>-\$24.2M</b>
<b>90-day reserve met?</b>	<b>x</b> 85 days	<b>x</b> 77 days

(\$ millions)

	HB2 (House)	HB2 (Senate)
Total Revenue	\$ 856.8	\$ 852.3
Total Expenditures	867.3	879.0
Other Sources/(Uses)	2.5	2.5
Change in Fund Balance	(8.0)	(24.2)
Fund Balance - Beginning	199.0	199.0
Fund Balance - Ending	<u>\$ 191.0</u>	<u>\$ 174.8</u>
Fund Balance Reserve - %	23%	21%
Fund Balance Reserve - Days	85 Days	77 Days

# Two Year Outlook

# 2026-27 Forecast Assumptions

## HB2 (Senate Version)

Starting Deficit: ~\$24.2

Revenues	New	Change	Amount
Interest Earnings	✓	↓	\$1.0M
TRS on Behalf	✓	↑	\$2.02M
SPED Weights	✓	↑	TBD
Attendance		=	95%
Enrollment		=	-12
<b>Total Changes</b>		↑	<b>\$1.0M</b>

Expenditures	New	Change	Amount
Middle School 16	✓	↑	\$3.1M
Teacher Step	✓	↑	\$3.9M
M&O Inflation	✓	↑	\$3.2M
TRS on Behalf	✓	↑	\$2.0M
SPED Growth	✓	↑	TBD
Benefits Cost		=	\$15.0M
Vacancy Factor		=	\$3.4M
<b>Total Changes</b>		↑	<b>\$12.2M</b>

# Two Year Outlook

## HB2 (Senate version)

	2026-27 Adjustments		2025-26 HB2 (Senate)	2026-27 Estimate
		(\$ millions)		
Revenue Changes	+\$1.0M	Total Revenue	\$ 852.3	\$ 853.3
Expenditure Changes	+\$12.2M	Total Expenditures	879.0	891.2
Raises Included?	Step Only	Other Sources/(Uses)	2.5	2.5
Change in Fund Balance?	-\$35.4M	Change in Fund Balance	(24.2)	(35.4)
90-day reserve met?	x 60 days	Fund Balance - Beginning	199.0	174.8
		Fund Balance - Ending	\$ 174.8	\$ 139.3
		Fund Balance Reserve - %	21%	16%
		Fund Balance Reserve - Days	77 Days	60 Days

# 90-day Impact

# Why avoid going below 90-days?

A+

Potential impact to FIRST rating (A)



Ability to respond to unforeseen expenditures (Beryl)



Difficulty getting back to 90-day requirement



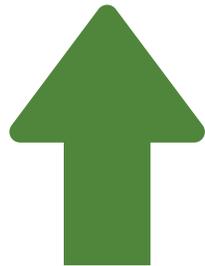
Potential impact on credit worthiness and borrowing costs



## Difficulty getting back to 90-day requirement

Adding back 5 day of operating reserve requires:

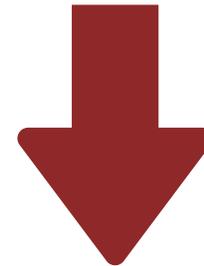
**\$9.1M**



**Increase in  
Revenues**

*or*

**\$7.5M**

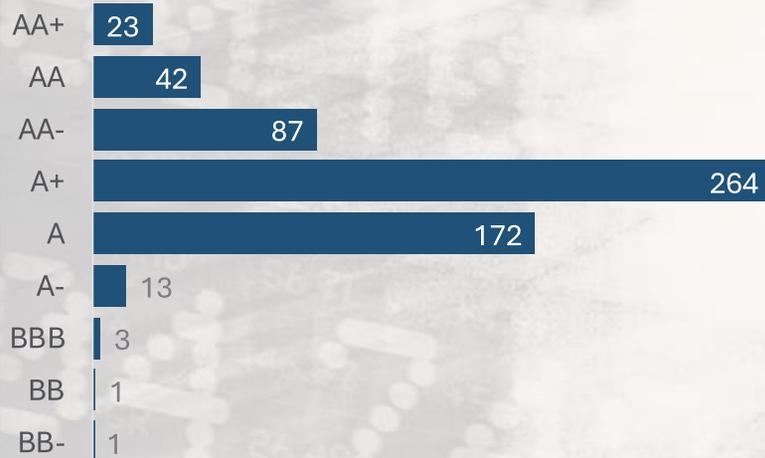


**Decrease in  
Expenditures**



## Potential Impact on Credit Worthiness and Borrowing Costs

Texas ISDs S&P Global Ratings Distribution



**0.02%**

Value of AA+ rating is estimated at 2 basis points

**\$3.1M**

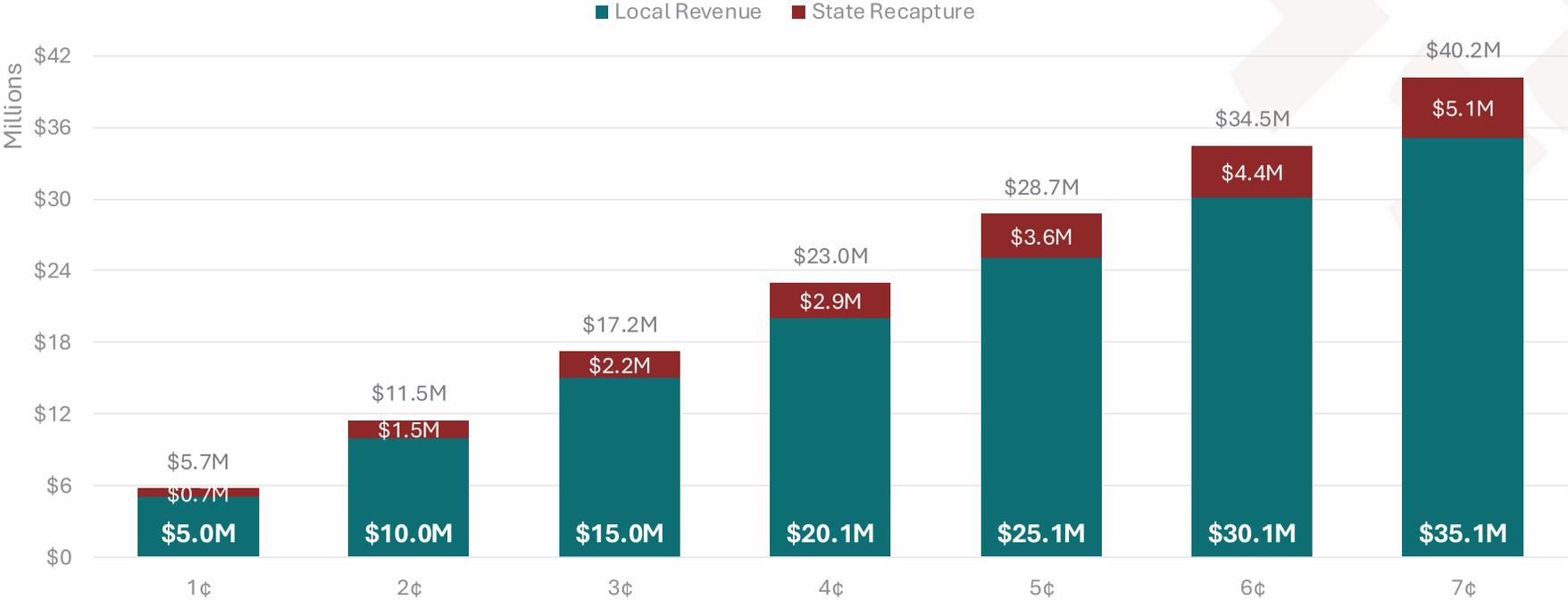
Cost to taxpayers for 0.02% increase in borrowing costs



# Disaster Pennies

# Value of Disaster Pennies

(with recapture)



# 2025-26 Disaster Penny Scenarios

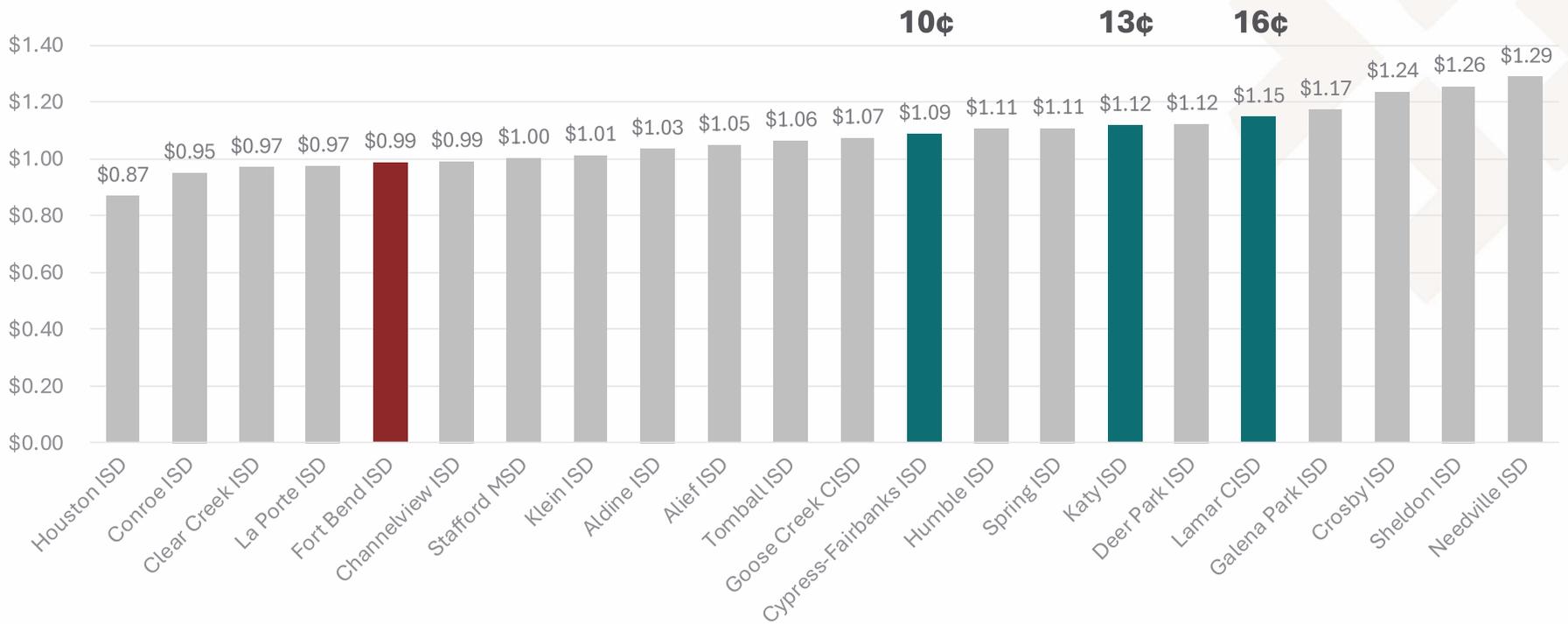
## HB2 (Senate version)

	HB2 (Senate)	HB2 (Senate) 7¢ Disaster Pennies	HB2 (Senate) with 1× \$1,000 7 Disaster Pennies
Disaster pennies used?	--	7¢ \$35.1M	7¢ \$35.1M
Reductions to implement?	\$8.9M	\$8.9M	\$8.9M
Raises included?	Classroom Teacher (\$2,500   \$5,500) 3-4 YoE   5+ YoE	Classroom Teacher (\$2,500   \$5,500) 3-4 YoE   5+ YoE	Classroom Teacher \$1,000 retention non-eligible EEs
Cost of raises?	\$26.3M	\$26.3	\$32.0M
Change in Fund Balance?	-\$24.2M	\$10.9M	\$5.0M
90-day reserve met?	✗ 80 days	✓ 96 days	✓ 90 days

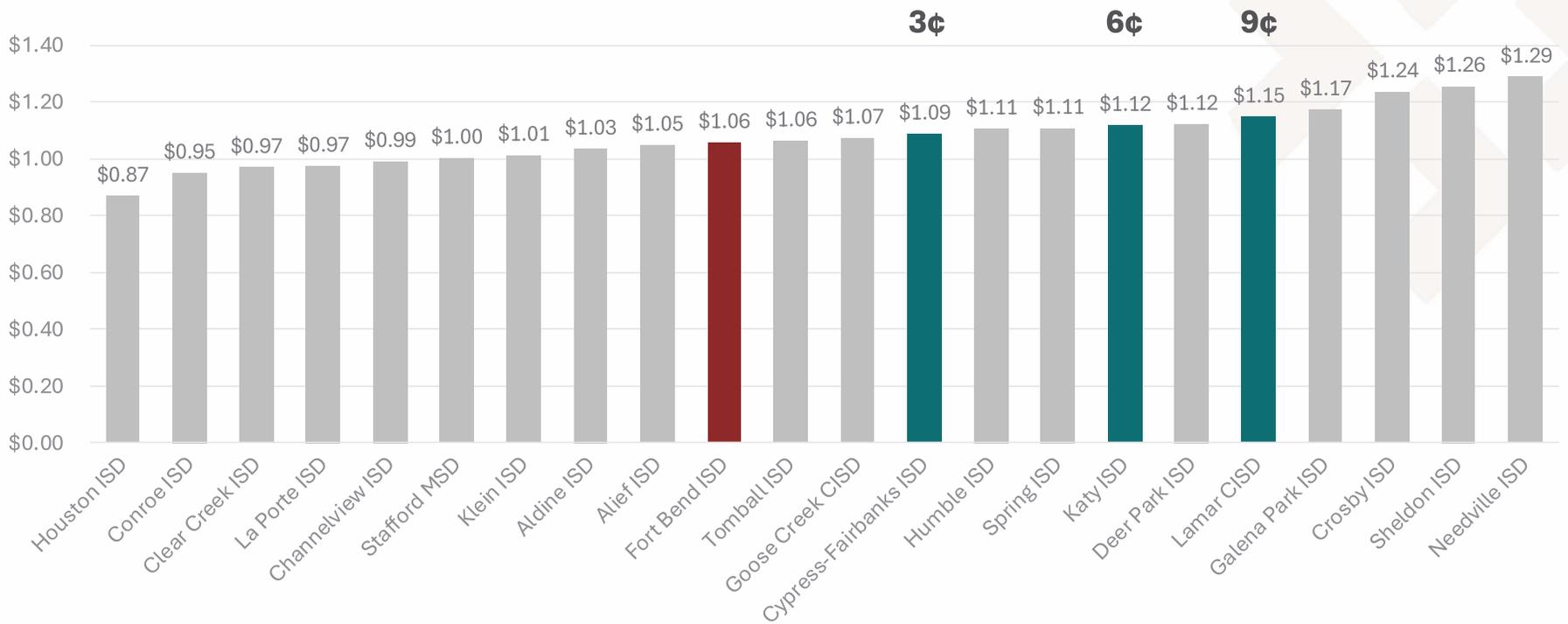
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Tax Bill Impact

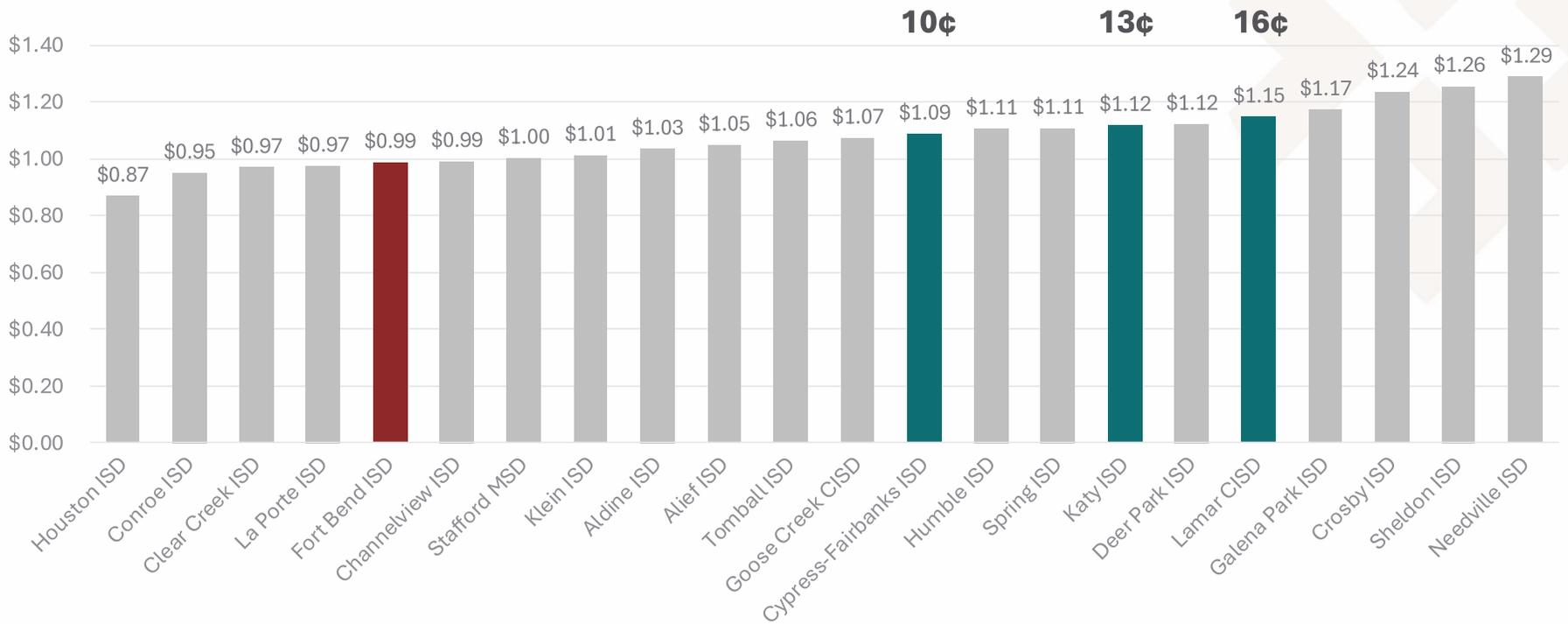
# Local Tax Rate Comparison (Tax Year 2024)



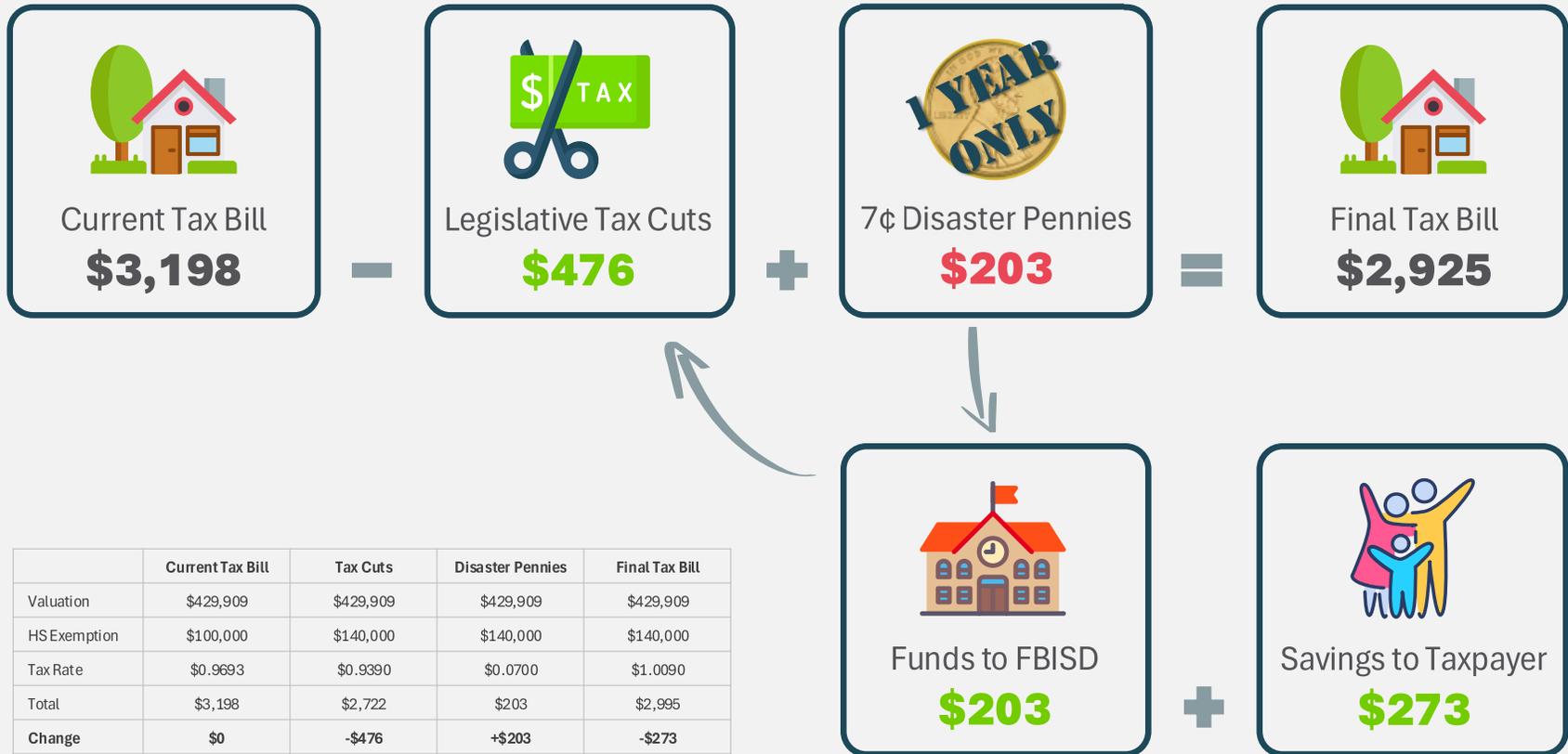
# Local Tax Rate Comparison (Tax Year 2025)

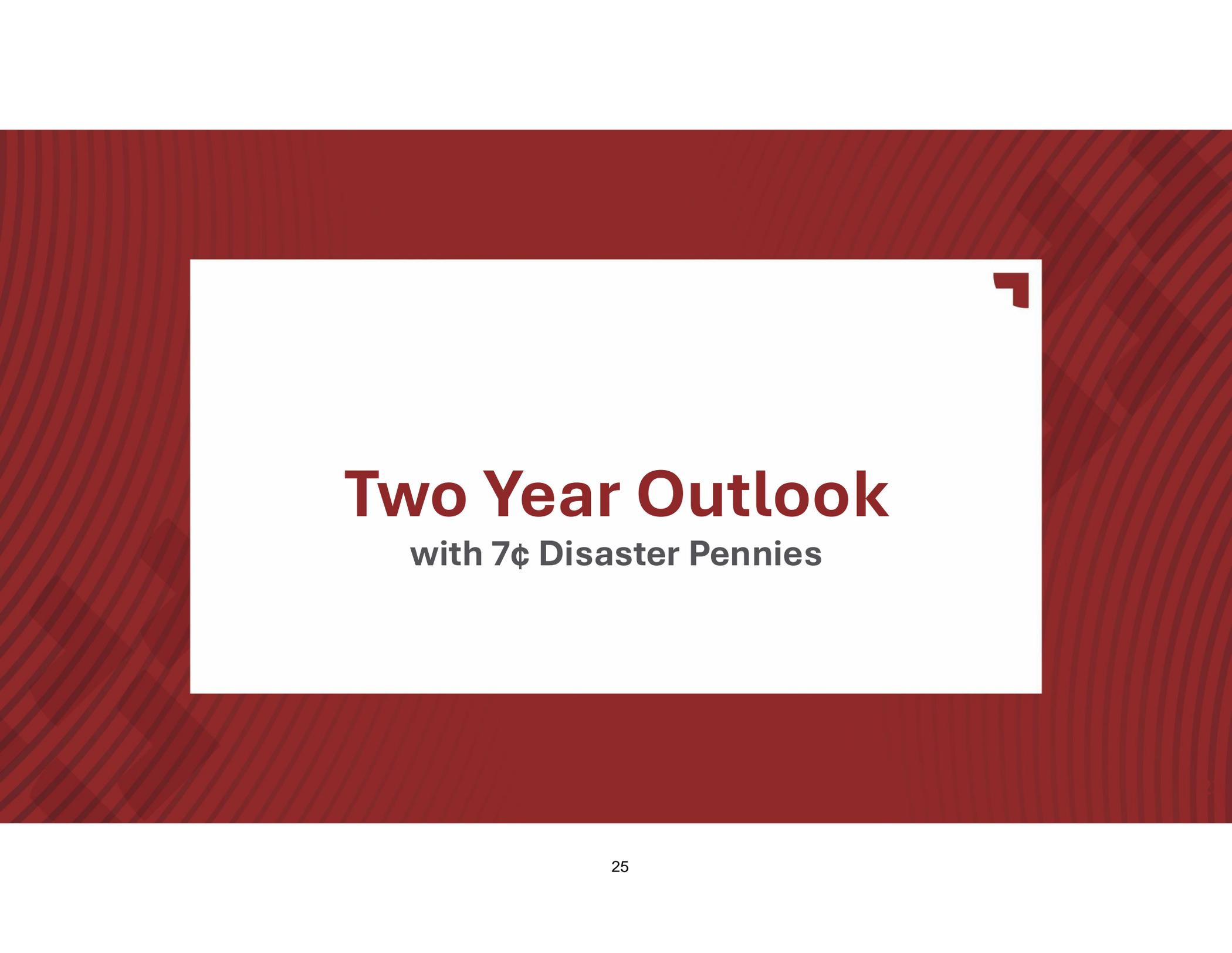


# Local Tax Rate Comparison (Tax Year 2026)



# Tax Bill Impact





# Two Year Outlook

with 7¢ Disaster Pennies

# 2026-27 Forecast Assumptions

## HB2 (Senate Version with 7¢ Disaster Pennies)

Starting Surplus: **\$5.2M**

Revenues	New	Change	Amount	Expenditures	New	Change	Amount
Interest Earnings	✓	↓	\$1.0M	Middle School 16	✓	↑	\$3.1M
TRS on Behalf	✓	↑	\$2.0M	Teacher Step	✓	↑	\$3.9M
SPED Weights	✓	↑	TBD	M&O Inflation	✓	↑	\$3.2M
Disaster Pennies	✓	↓	\$35.1M	TRS on Behalf	✓	↑	\$2.0M
Attendance		=	95%	SPED Growth	✓	↑	TBD
Enrollment		=	-12	Benefits Cost		=	\$15.0M
<b>Total Changes</b>		↓	<b>\$34.1M</b>	Vacancy Factor		=	\$3.4M
				Retention Supp		↓	\$5.7M
				<b>Total Changes</b>		↑	<b>\$6.5M</b>

# Two Year Outlook

## HB2 (Senate version with 7¢ Disaster Pennies)

	2026-27 Adjustments		HB2 (Senate)	2026-27 Estimate
		(\$ millions)		
Revenue Changes	-\$34.1M	Total Revenue	\$ 887.4	\$ 853.3
Expenditure Changes	+\$7.5M	Total Expenditures	884.7	891.2
Raises Included?	Step Only	Other Sources/(Uses)	2.5	2.5
Change in Fund Balance?	-\$35.4M	Change in Fund Balance	5.2	(35.4)
90-day reserve met?	<b>x</b> 73 days	Fund Balance - Beginning	199.0	204.2
		Fund Balance - Ending	<u>\$ 204.2</u>	<u>\$ 168.8</u>
		Fund Balance Reserve - %	25%	20%
		Fund Balance Reserve - Days	90 Days	73 Days

# Impact of No Disaster Pennies

2025-26  
ends with a  
\$24.2M deficit  
(77 days)

Limited ability to  
address Board  
priorities & goals

Inability  
to do retention  
supplements

Need to scale  
back Premier  
Programming

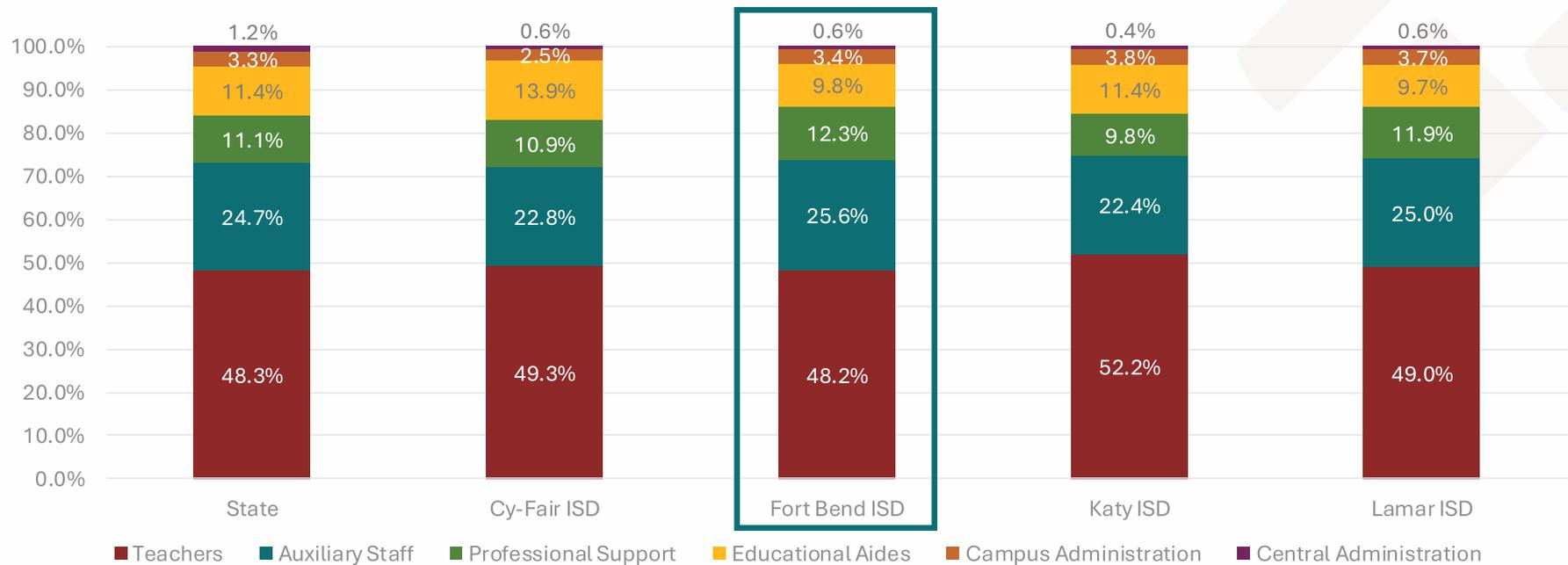
2026-27  
estimated deficit  
of \$35.4M  
(60 days)



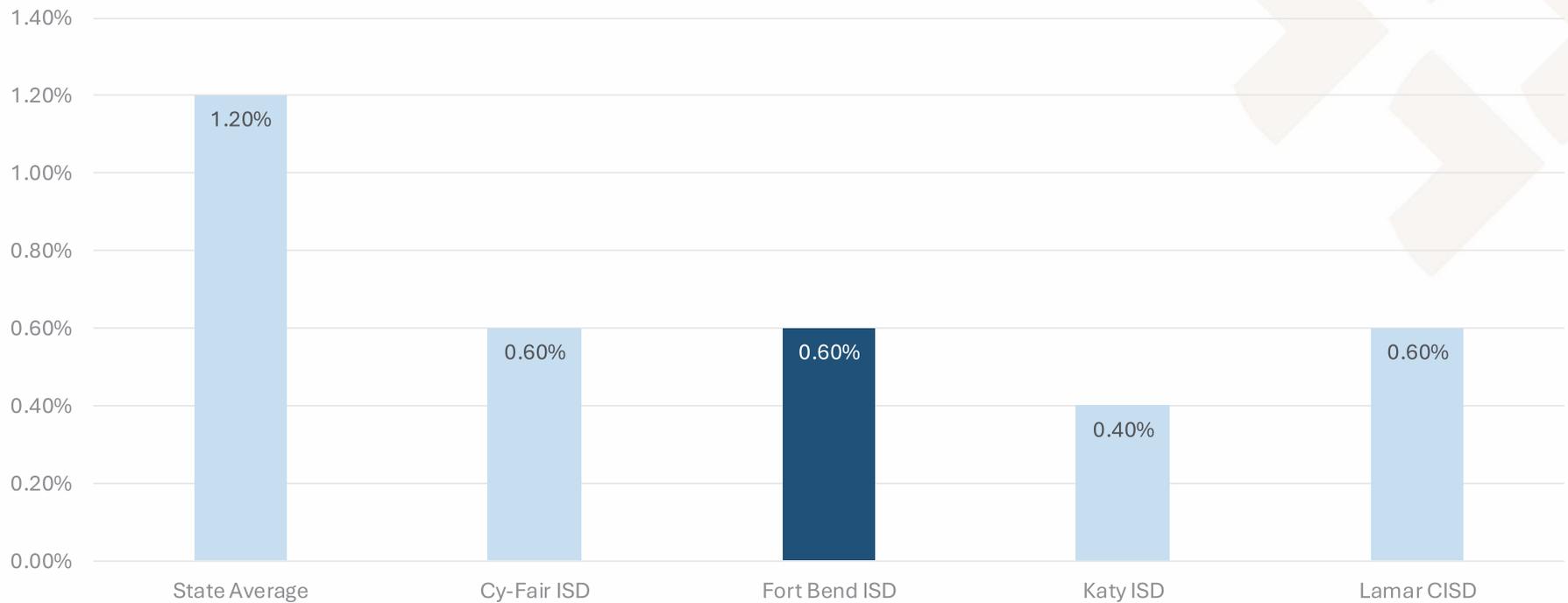


# **Administrative Staffing Comparison**

# 2024 TAPR Staffing Comparison



# Central Administration



# Budget Timeline



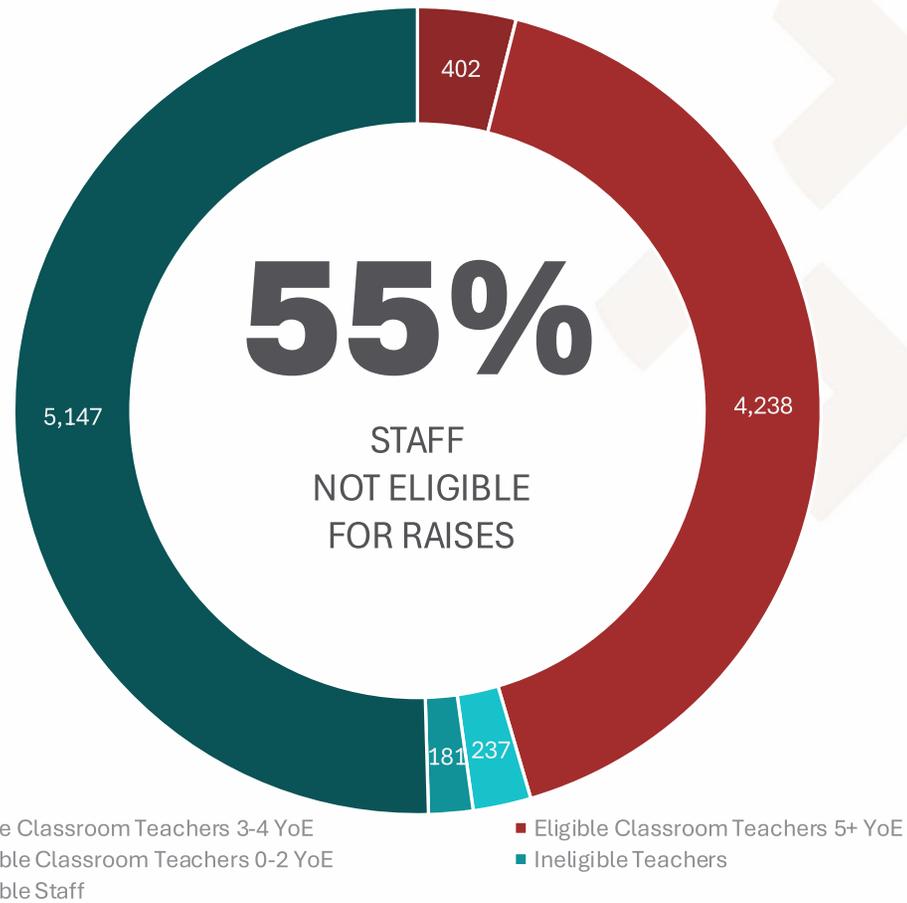
The image features a dark red background with a subtle pattern of concentric, slightly curved lines. In the center, there is a white rectangular box. Inside this box, the word "Questions?" is written in a bold, dark red, sans-serif font. In the top right corner of the white box, there is a small, dark red L-shaped icon.

**Questions?**

## HB2: Senate Raises

Raises for classroom teachers only:

- 3-5 years of experience: \$2,500
- 5+ years of experience: \$5,500



# 2025-26 Disaster Penny Scenarios

## HB2 (Senate version)

	HB2 (Senate)	HB2 (Senate) 5¢ Disaster Pennies	HB2 (Senate) with 1× \$1,000 5 Disaster Pennies
Disaster pennies used?	--	5¢ \$25.1M	5¢ \$25.1M
Reductions to implement?	\$8.9M	\$8.9M	\$8.9M
Raises included?	Classroom Teacher (\$2,500   \$5,500) 3-4 YoE   5+ YoE	Classroom Teacher (\$2,500   \$5,500) 3-4 YoE   5+ YoE	Classroom Teacher \$1,000 retention non-eligible EEs
Cost of raises?	\$26.3M	\$26.3	\$32.0M
Change in Fund Balance?	-\$24.2M	\$0.8M	-\$4.8M
90-day reserve met?	✗ 80 days	✗ 88 days	✗ 86 days

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Tax Bill Impact