Budget Workshop
Monday, November 16, 2026 4:30 PM

Carrie L. Lovejoy Child Development Center:
Room C113 (Closed Session) & Library (Open Session)
256 Country Club Road
Allen, TX 75002

Agenda

1. Call to Order
   Presenter: Julie McLaughlin, President
2. Roll Call and Announcement by President that a quorum is present, that the meeting has been duly called, and that notice of the meeting has been duly posted for time and manner as required by law
   Presenter: Julie McLaughlin, President
3. Closed Session, Gov't. Code 551.071-551.084. The Board May Retire into Closed Session in Accordance with the Texas Open Meetings Act
   Presenter: Julie McLaughlin, President
   - 3.A. 551-071 For the purpose of a private consultation with its attorney only when it seeks the attorney's advice about pending or contemplated litigation or a settlement offer or on a matter in which the duty of the attorney to the Board under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the requirement for open meetings.
   - 3.B. 551-072 For the purpose of deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the District in negotiations with a third person.
   - 3.C. 551-073 For the purpose of deliberating a negotiated contract for a prospective gift donation to the District if deliberation in an open meeting would have a detrimental effect on the Board's position in negotiations with a third person.
   - 3.D. 551-074 For the purpose of deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee. However, the Board may not conduct a closed meeting for these purposes if the officer or employee who is the subject of the deliberation or hearing requests a public hearing.
   - 3.E. 551-076 For the purpose of deliberating the deployment, or specific occasions for implementation, of security personnel, devices or security audits.
   - 3.F. 551-082 For the purpose of deliberating in a case involving discipline of a public school child, or in which a complaint or charge is brought against a District employee by another employee and the complaint or charge directly results in the need for a hearing. However, the Board may not conduct a closed meeting for this purpose if the employee against whom the complaint or charge is brought makes a written request for an open hearing.
   - 3.G. 551-0821 For the purpose of deliberating a matter regarding a student if personally identifiable information about the student will necessarily be revealed by the deliberation. This exception does not apply if an open meeting about the matter

is requested in writing by a parent or guardian of the student or by the student if the student has attained 18 years of age.

3.H. 551-083 For the purpose of discussing or deliberating the standards, guidelines, terms or conditions the Board will follow, or will instruct its representative to follow, in consultation with representatives of employee groups.

3.I. 551-084 For the purpose of excluding a witness from a hearing during the examination of another witness.

4. Return to Open Meeting for Action, If Necessary, On Matters Discussed In Closed Session
   Presenter: Julie McLaughlin, President
5. Public Comments
   Presenter: Julie McLaughlin, President

LOVEJOY
INDEPENDENT SCHOOL DISTRICT
EST. 1917

School Board Public Comments Sign In

The Board of Trustees encourages public comment. All public comment at a meeting other than a regularly scheduled meeting should be limited to agenda items posted for the meeting. By signing up to provide public comment at a Board meeting, you are acknowledging and accepting the procedures for public comment available online at lovejoyisd.net.

Any individual seeking to speak during the public comment session of a regular board meeting must complete and submit the public comment card by no later than 15 minutes prior to the designated start time provided on the meeting notice. Public comment cards must be completed in their entirety with accurate and truthful information and must designate whether the speaker is speaking on a specific agenda item. Failure to designate an agenda item relevant to the speaker's comments will result in the classification of the public comment as a non-agenda item comment, to be heard at a later time in the meeting. Public comment cards are only applicable to the meeting in which they are completed and submitted by the established deadline.

Each individual will have one opportunity per meeting to share their comments with the Board of Trustees, not multiple opportunities per individual agenda items. If a speaker is not present when his/her name is called, the speaker forfeits the opportunity to speak at that meeting. All speakers will be limited to no more than three minutes. The presiding officer reserves the right to reduce the number of minutes per speaker to no less than one minute per speaker in order to maintain effective meeting management. The speakers will be recognized in the order in which each person signs up. If there are more speakers than time allotted for public comment, the amount of time per speaker may be reduced, as determined appropriate by the Board of Trustees. If time does not allow for you to speak at public comment, the Board of Trustees may allot additional time for public comment or defer specific agenda items for review at a subsequent meeting in an effort to allow more public comment, as determined necessary by the Board. This public comment card will not be maintained from one meeting to the next and is only applicable to the meeting on the date in which it was submitted.

If you have a specific concern related to an employee of the District or a specific student issue, you are encouraged to utilize the District's grievance procedures provided in Board Policies DGBA (LOCAL), FNG (LOCAL), and GF (LOCAL) or applicable grievance process. Each grievance procedure allows for an individual to redress grievances with the Board of Trustees. All relevant policies are available online at lovejoyisd.net.

Disruptive behavior will not be tolerated in the meeting. If after the provision of a single warning, the disruptive behavior continues, the disruptive individual may be escorted out of the meeting by District officials and/or law enforcement. It is a criminal offense for a person, with the intent to prevent or disrupt a lawful meeting, to substantially obstruct or interfere with the ordinary conduct of a meeting by physical action or verbal utterance.

The Board of Trustees appreciates your active participation in the school district.

****Failure to Complete the Form in Its Entirety will result in you not being able to speak****

First and Last Name:

Relationship to Lovejoy ISD (Choose one):

☐ Resident ☐ Parent/Guardian ☐ Non-resident

Designate the Item as an agenda or non-agenda item, and if non-agenda, provide a brief description of the topic in 3 – 5 words.

☐ agenda item #: _____
☐ non-agenda item topic: _____

Email Address:

Phone:

Organization and Campus(es) your student(s) attend (if applicable):

☐ **I acknowledge I read, understand, and agree to the public comment procedures and regulations, particularly as it relates to disruptive behavior.**

☐ **I understand non-agenda items may be moved to the end of the meeting, , if necessary for effective meeting management, and are only permitted at regular meetings**

☐ **I reviewed the form in its entirety and understand that a failure to complete this form will result in my inability to speak at today's meeting.**

Print: **Signature:** **Date:**

---

6. Presentation: Strategic Financial Planning Workshop
   Presenter: Thomas Willman, Chief Financial Officer

LOVEJOY
INDEPENDENT SCHOOL DISTRICT
EST. 1917

Lovejoy Independent School District Board of Trustees

Date of Meeting	November 16, 2026
Document Title	Strategic Financial Planning Workshop
Presented For	Board Action X Report/Review Only
Supporting Documents	None X Attached Provided Later
Administrator Responsible	Thomas Willman, Chief Financial Officer

Executive Summary

Lovejoy ISD is preparing for the 2027-2028 budget development process amid projected operating deficits and continued pressure on fund balance. This workshop builds a shared understanding of the district's financial position and supports proactive planning to sustain educational excellence.

The workshop provides a preliminary study of major revenue and expense levers that influence long-term financial sustainability, including enrollment, local revenue, organizational structure, staffing, compensation, and operational efficiencies. The analysis examines their potential financial effects, implementation requirements, and a high-level overview of implications. Inclusion in this study does not represent an administrative recommendation or a proposal for Board action.

The 90th Texas Legislative Session will begin in January 2027 and determine state public school funding for the next biennium. Legislative decisions will inform the district's financial outlook and budget planning. As updated funding information and demographic projections become available, the district will refine its financial models.

This workshop establishes a foundation for future planning by clarifying assumptions, examining financial risks, and identifying areas for further analysis.

The guiding priority remains sustaining Lovejoy ISD's exceptional student experience through responsible stewardship of district resources.
Fiscal Implications
Presentation only.
Administrator Recommendation
Presentation only.
District Priority
04 Culture of Progress: Lovejoy ISD will build on our legacy of excellence by fostering a culture of innovation, collaboration, continuous improvement, and stewardship to meet the evolving needs of our students and staff. **05 Parent and Community Partnerships:** Lovejoy ISD will prioritize community, connection, and communication.

LOVEJOY ISD BOARD WORKSHOP • NOVEMBER 16, 2026

Strategic Financial Planning & Budget Modeling

2027–2028 Budget Development Process: Why, How & What

Thomas Willman, Chief Financial Officer
One Heart. One Lovejoy. Best Today. Better Tomorrow.

01 WHY
Challenges & Model

02 HOW
Guiding Principles

03 WHAT
Levers

PART 01 • THE WHY

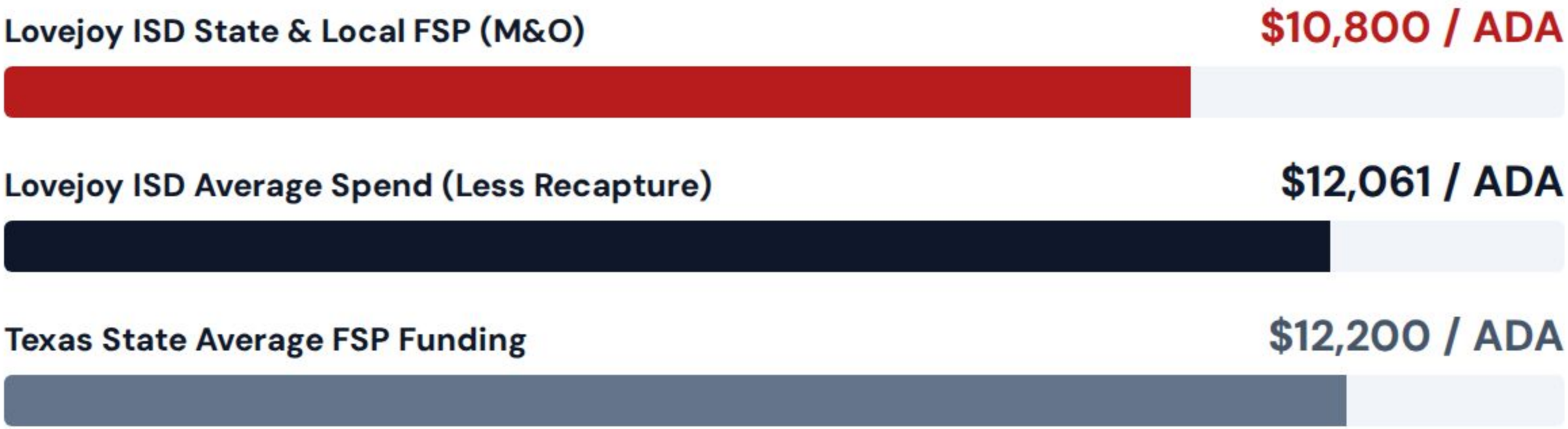
Financial Challenges & Current Outlook

Structural state funding gaps, recapture acceleration, and enrollment shifts shaping FY27–FY29.

This workshop is intended solely for preliminary financial planning and analysis. All financial impacts presented are estimates based on current assumptions and are subject to further refinement. Inclusion in this study does not constitute an administrative recommendation or proposal for Board action, and no decisions are being made at this time.

THE FUNDING CHALLENGE

Per-ADA Revenue Trails Spend & State Average



$1,261/ADA Gap: Bridged by $3.9M non-FSP revenue.

Basic Allotment: $6,215 (0.89% increase since 2019)

If funded at the State Average, Lovejoy ISD would have a balanced budget.

IMMEDIATE FISCAL PRESSURES

Recapture, Payroll & Reserve Trajectory

$1.2M
Annual recapture (~3–4% staff raise)

84%
Operating spend in payroll (excl. recapture)

90–110
Target fund balance days (120+ cash)

- **Recapture Acceleration:** Enrollment decline triggers both Tier I & II recapture by FY29 (currently only Tier II).
- **Reserve Risk:** Projected to drop below 90-day priority threshold after FY29.
- **89th Session Mandates:** Tuition-based Pre-K requires TEA review; Special Education settle-up Sept 2027.
- **Formula Complexity:** 39 student counts, 18 property values, 17 Tier I allotments.

CURRENT FINANCIAL MODEL

Baseline Model Assumptions & Enrollment

Enrollment Metric (10.28.26)	Count
2025–2026 Last Day (5.22.26)	**3,775.5**
Current Student Count (incl. tuition)	**3,817**
2026–2027 Current Enrollment (ADA)	**3,783**
Projected Budgeted Enrollment	**3,729 (+54)**
Lovejoy Scholars / Staff Students	**472 / 169**

Modeled Cost & Offset Drivers

- **2% Annual Salary + Benefits:** $684,700/yr + $100K market adjustment.
- **2% Non-Staff Inflation:** $137,872/yr; $300K contingency removed.
- **Bond M&O Relief:** $430,537/yr modeled (copiers, Skyward, ERP, staff).
- **Grant Leverage:** $330K IMA + $51K Title II; $250K MEP savings post-2029.
- **Target FY29 Gap:** $1.2M needed for 120-day reserve.

FINANCIAL OUTLOOK

Multi-Year Budget Projections (FY26–FY29)

Fiscal Year	Status / Type	Operating Result	Days Fund Balance
FY26	Audit Final	**+$152,684 (Surplus)**	**170 Days**
FY27	Current Budget	**-$759,208 (Deficit)**	157 Days
FY28	Projected	**-$1,908,862 (Deficit)**	139 Days
FY29	Projected	**-$3,288,767 (Deficit)**	**110 Days**

⚠ **Target Gap Requirement**

Requires **$1.2M** in revenue additions or expense reductions to maintain 120 days of operating reserves in FY29.

PART 02 • THE HOW

Guiding Principles & Strategic Alignment

Anchoring every budget decision in Lovejoy's Mission, Core Values, Culture Commitments, and Strategic Plan: Excellence by Design.

FOUNDATION OF OUR FUTURE DECISIONS

Mission, Core Values & Culture Commitments



Our Mission

Propel every person to personal excellence.

Core Values

Kids Come First.

One Heart. One Lovejoy.

Best Today. Better Tomorrow.

Culture Commitments

Relationships
Learning
Collaboration
Results
Fun

Pillar 04: Culture of Progress

Commitment: Lovejoy ISD is committed to sustaining a strong, future-ready district by intentionally investing in high-quality learning experiences, disciplined financial stewardship, and a reliable, innovative technology ecosystem. Through a vertically aligned STEM for All approach, responsible and transparent financial decision-making, and purposeful use of technology tools and professional learning, we will expand student opportunity and support educator effectiveness. Together, these efforts position Lovejoy ISD to deliver rigorous, relevant learning while preparing students and staff to thrive in a digitally connected and rapidly evolving world.

PILLAR 04: CULTURE OF PROGRESS • TARGET 4.2

Long-Term Financial Sustainability

Prioritize Lovejoy ISD's long-term financial sustainability by strategically aligning resources to district priorities, proactively managing revenue and expenditures, and exercising disciplined stewardship to protect future stability.

KPI 4.2.1: Maintain transparency and stakeholder trust.

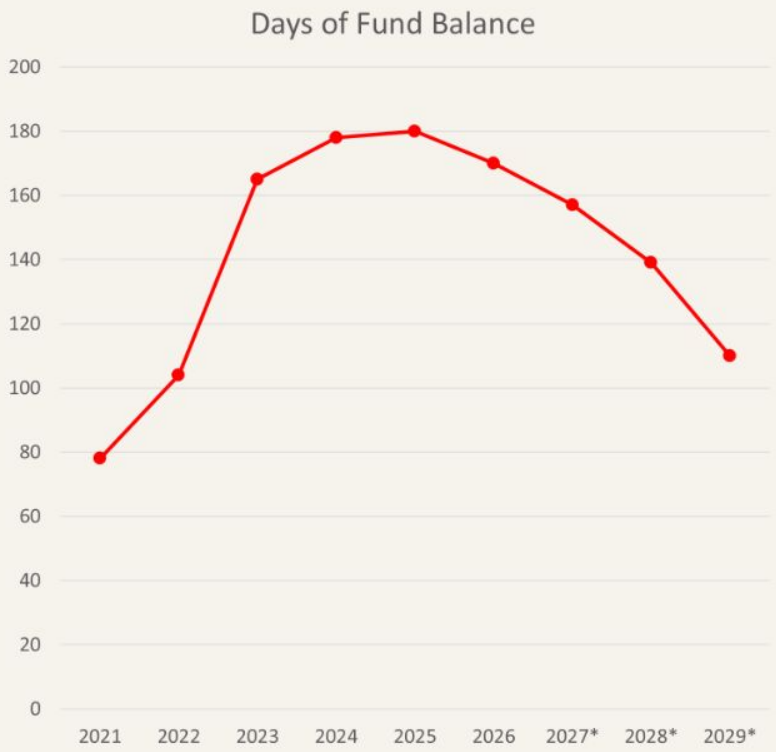
KPI 4.2.2: Maximize operational efficiency and reduce waste.

KPI 4.2.3: Strengthen financial resilience against uncertainty.

BOARD PRIORITY

GENERAL FUND RESERVES

FISCAL YEAR	BEGINNING BALANCE	SURPLUS / (DEFICIT)	ENDING BALANCE	DAYS
2021	$9.3M	($821K)	$8.5M	**78**
2022	$8.5M	$2.4M	$10.9M	**104**
2023	$10.9M	$5.2M	$16.1M	**165**
2024	$16.1M	$2.4M	$18.5M	**178**
2025	$18.5M	$790K	$19.3	**180**
2026	$19.3	$153K	$19.5M	**170**
2027*	$19.5M	($759K)	$18.7M	**157**
2028*	$18.7M	($1.9M)	$16.8M	**139**
2029*	$16.8M	($3.3M)	$13.5M	**110**



*Planning scenario entering the 90th Legislative Session cycle; projected years underscore the need for basic allotment increases.

PART 03 • THE WHAT (REVENUE LEVERS)

Levers 01–03: Revenue Generation Options

LEVER 01 • ENROLLMENT

+$448K–$700K

+50 students adds $448K; reaching 550 Scholars cap adds $700K.

LEVER 02 • VATRE

+$519,582 Net

Remaining $0.0317 copper pennies yield $1.38M gross less $661K recapture + $196K in aid offset.

LEVER 03 • STUDENT FEES

+$100K–$400K

Student fees ranging from $200-$400; secondary participation ranging from 500-1,000 students.

This workshop is intended solely for preliminary financial planning and analysis. All financial impacts presented are estimates based on current assumptions and are subject to further refinement. Inclusion in this study does not constitute an administrative recommendation or proposal for Board action, and no decisions are being made at this time.

Levers 04–07: Structural & Operational Savings

Lever 04: Structural Efficiency (~$1.2M)

K–5 and 6–8 campus consolidation saves $990K staff + $200K operations.

Lever 05: Staffing & Class Ratios

Primary +1/+2 saves $153K–$229.5K; Secondary +2 saves $229.5K; $205K central office.

Lever 06: Strategic Compensation

Each 1% raise represents $342,350/yr.

Lever 07: Bond M&O Efficiencies

$430.5K modeled now; $87K library books + $250K future MEP/LED relief.

This workshop is intended solely for preliminary financial planning and analysis. All financial impacts presented are estimates based on current assumptions and are subject to further refinement. Inclusion in this study does not constitute an administrative recommendation or proposal for Board action, and no decisions are being made at this time.

EXTERNAL STATE POLICY CALENDAR

90th Texas Legislative Session Timeline (2026–2027)

NOV 9, 2026

Bill Pre-Filing

Lawmakers begin filing school finance bills.

JAN 12, 2027

Session Convenes

140-day regular session opens in Austin.

MAR 12, 2027

Filing Deadline

60-day cut off for standard bill introductions.

MAY 14–30, 2027

Floor & Conference

Final House/Senate votes and budget reconciliation.

MAY 31, 2027

Sine Die

Session adjourns; biennium state aid established.

Budget Impact: Decisions regarding state funding for public education will be made during the 90th Texas Legislative Session. These decisions will inform the District's financial outlook and the development of the 2027–2028 budget, which the Board of Trustees will consider for adoption in June 2027.

NEXT STEPS & GOVERNANCE ROADMAP

2027–2028 Budget Development Timeline

DECEMBER 2026 – MAY 2027

Budget Development

Continue analyzing opportunities for revenue generation and expenditure savings. Monitor the legislative session and potential financial implications.

JANUARY 2027 - MARCH 2027

Demographics & Revenue

Review updated demographic report and preliminary revenue estimates.

JUNE 2027

Board Adoption

Board adopts 2027–2028 tax rate and district budget.

7. Superintendent's Announcements
   Presenter: Katie Kordel, Superintendent
8. Announcements
   Presenter: Julie McLaughlin, President
9. Adjournment
   Presenter: Julie McLaughlin, President