



## **BUDGET PARAMETERS 2026-2027 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 2026-2027 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:**

- Dr. Don Heseman – 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	<p>October Snapshot</p> <ul style="list-style-type: none"> <li>• October 2024-2575</li> <li>• October 2025- 2405 (170)</li> <li>• Projecting for decrease in 70 student upcoming school year</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in state funding                             <ul style="list-style-type: none"> <li>○ \$435,050 = 70 students x \$6,215 (Basic Allotment)                                     <ul style="list-style-type: none"> <li>▪ This does not include Special Population weights</li> </ul> </li> </ul> </li> </ul>
Demographic Changes <a href="#">PEIMS Snapshot Fall 2025</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 92% or better district-wide</li> <li>•</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
Cost Increase for Property Insurance	<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> <li>○ 2025 Premium: \$749,849</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 2026 projected Remain the same \$749,849</li> </ul>
98% Tax Collections for both M&O and I&S	<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</li> </ul>
No Change in State Funding	<ul style="list-style-type: none"> <li>• Deficit budget 2025-2026</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
Child Nutrition	<ul style="list-style-type: none"> <li>• 2025-2026 District Community Eligibility Program-</li> <li>• Free Breakfast and Lunch Districtwide</li> </ul>	<ul style="list-style-type: none"> <li>• Year 1 of FMSC RFP</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 increase</li> <li>VATRE/ No VATRE</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>2025-2026 Tax Rate: M&amp;O: \$0.8022 I&amp;S: \$0.1720</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>2025 Snapshot Data Exhibited all campuses 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>

PRELIMINARY	\$	1,255,193,396.00
LAST YEAR CERTIFIED	\$	(1,448,998,552.00)
Loss in Value	\$	(193,805,156.00)
divided by 100	\$	(1,938,051.56)
multiplied by .8022	\$	(1,508,063.81)

	Preliminary	Certified	
2026	1,255,193,396.00		
2025	1,463,170,773.00	1,448,998,552.00	SB4
2024	1,471,145,882.00	1,516,197,071.00	
2023	1,592,026,846.00	1,486,657,562.00	SB2
2022	1,459,187,702.00	1,449,435,288.00	
2021	1,082,032,356.00	1,090,586,986.00	
2020	1,156,929,319.00	1,205,340,342.00	

**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>• 2025-2026 3% &amp; HB2 Changes</li> <li>• Substitute Pay</li> <li>• Ensure market competitiveness</li> </ul>	2026-2027 – April Start <ul style="list-style-type: none"> <li>• Staffing Guidelines</li> <li>• Evaluate TASB survey study to ensure market competitiveness</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>Reduce 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>Reduce 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>\$751K</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 2026-2027

No VATRE	VATRE
Local and State Fund Reduced Combined For Disaster Pennies Estimated <b>\$2,500,000- \$3,000,000</b>	Local and State Fund Reduced Combined For Disaster Pennies Estimated Keep <b>\$2,500,000 - \$3,000,000</b>
ADA Decrease = <b>-\$717,000</b>	ADA Decrease = <b>-\$717,000</b>
Tier Loss = <b>-\$150,000</b>	Tier Loss = <b>-\$150,000</b>
Allotment Decreases = <b>-\$252,000</b>	Allotment Decreases = <b>-\$252,000</b>
<b>Early Ed Allotment- Not included in Budget \$350,000</b>	<b>Early Ed Allotment- Not included in Budget \$350,000</b>
<b>-\$3,017,000</b>	<b>-\$769,000</b>
SRO =\$ 100,000	SRO =\$ 100,000
Salary Increase =\$322,000	Salary Increase =\$322,000
Technology Increase =\$ 160,000	Technology Increase =\$ 160,000
<b>\$694,477</b>	<b>\$694,477</b>
<b>-\$3,599,000</b>	<b>-\$1,351,000</b>