



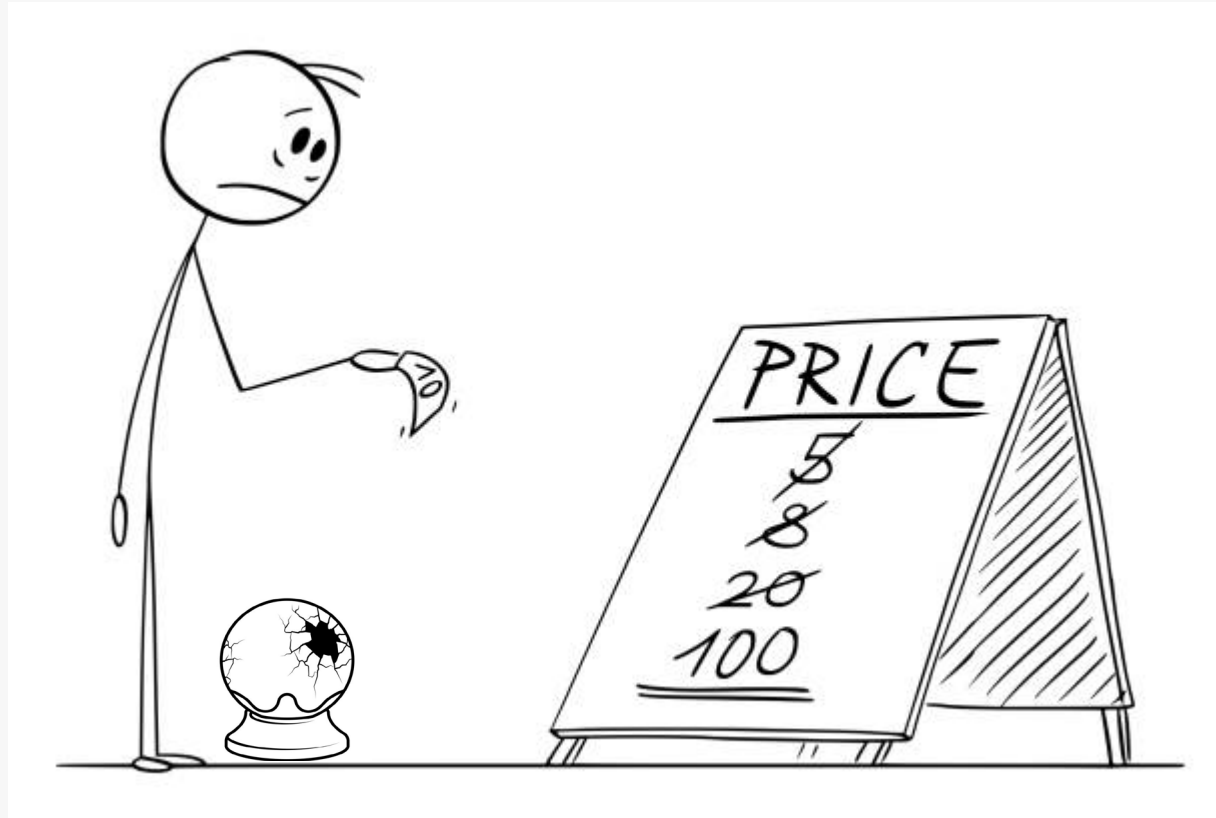
PROMOTING EXCELLENCE • CREATING THE FUTURE

23-24 BUDGET PRESENTATION #1

BUDGET, FINANCE, AND SALARY DISCUSSION

Calallen ISD | July 17, 2023

2023-24 BUDGET SEASON...



88th LEGISLATIVE SESSION UPDATES

- Regular Session
 - Current Law Property Tax Compression – Impact to CISD: -0.08 Tax Rate
 - Increase in Golden Penny Yield – Impact to CISD: +\$1.5M
 - Increase to School Safety Allotment – Impact to CISD: Un-funded Mandate
- Special Session #1
 - Governor Priorities stated “cut property-tax rates solely by reducing the school district maximum compressed tax rate”
 - House & Senate produced bills with differing approaches to property tax relief
 - Ended June 27, 2023 with no action



88th LEGISLATIVE SESSION UPDATES

- Special Session #2
 - Started June 27, 2023
 - Governor's call limited to property tax relief in the form of additional tax rate compression
 - Again House & Senate produced bills with differing approaches to property tax relief
 - However, a compromise has been reached that includes **MAJOR PROPERTY TAX CHANGES**

Approved by the Senate and the House. Awaiting Governor's signature.

Requires November Election for HJR2 to amend the Constitution.



88th LEGISLATIVE SESSION UPDATES

- Special Session #2 - Senate Bill 2
 - Shaves an **additional \$0.1070** off each district's calculated MCR for 2023
 - Increases the **homestead exemption** from the current \$40,000 to **\$100,000** in 2023
 - Prohibits a school district with an **optional homestead exemption** in Tax Year 2022 from repealing or reducing the optional exemption until 2028
 - Includes M&O and I&S **hold harmless provisions**
 - Establishes a 3-year pilot program for **20% appraisal cap** on non-homestead residential and commercial real property valued at **less than \$5 million** beginning in 2024. Does not include hold harmless protection for school districts.
 - Expands the appraisal district board of directors to include **3 at-large elected members** in counties of 75,000 or more



IMPACT OF NO SCHOOL FINANCE BILL

Inflation-Adjusted Basic Allotment

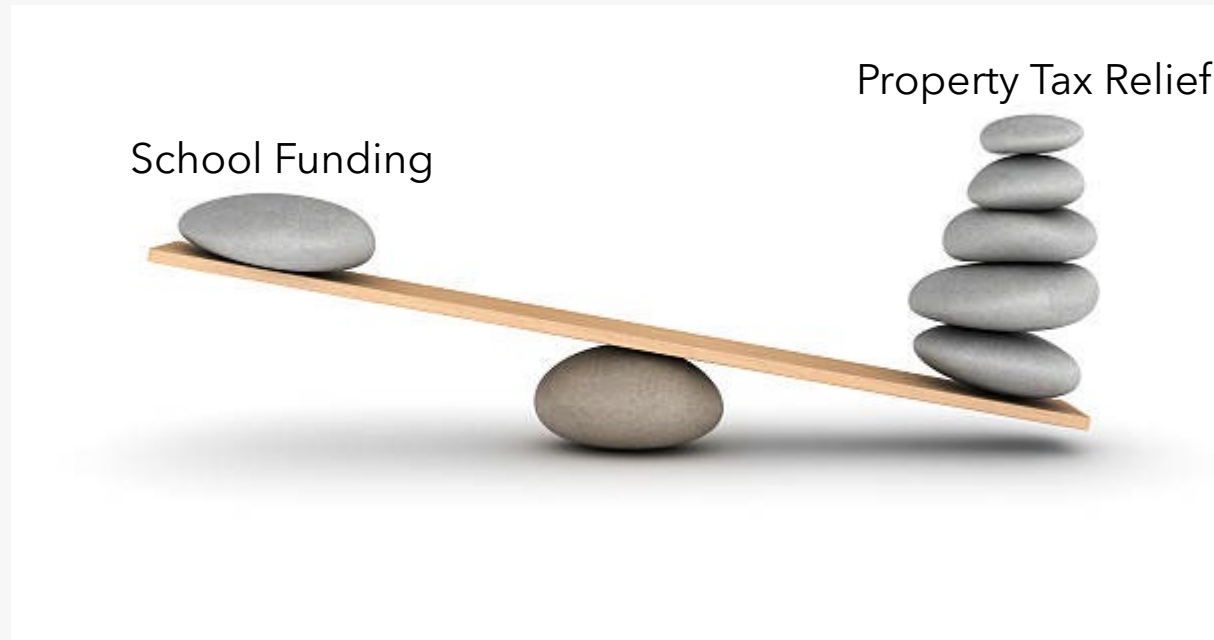
**Impact to
CISD:
~~\$5.6M~~ \$7.4M**

Adjusting the basic allotment for estimated inflation from 2019 through 2023 (14.5% 19.7%) would mean a \$1200 increase.

BA	Increase from Current BA	Two-Year Statewide Total Cost
\$6,160	--	--
\$6,260	\$100	\$1.443 billion
\$6,360	\$200	\$2.896 billion
\$6,460	\$300	\$4.353 billion
\$6,560	\$400	\$5.812 billion
\$6,660	\$500	\$7.272 billion
\$6,760	\$600	\$8.732 billion
\$6,860	\$700	\$10.194 billion
\$6,960	\$800	\$11.656 billion
\$7,060	\$900	\$13.118 billion
\$7,160	\$1,000	\$14.581 billion



WHAT THE 88th SESSION FEELS LIKE FOR SCHOOL DISTRICTS:



FUTURE SPECIAL SESSIONS?

- What was included in the State Budget but did not pass?
 - ~~Property Tax Relief~~
 - **School Funding**
 - Teacher Pay
 - School Choice
 - Virtual Education
- Rumor: Special Session on School Funding will take place in September 2023 - **Major School Implications!**



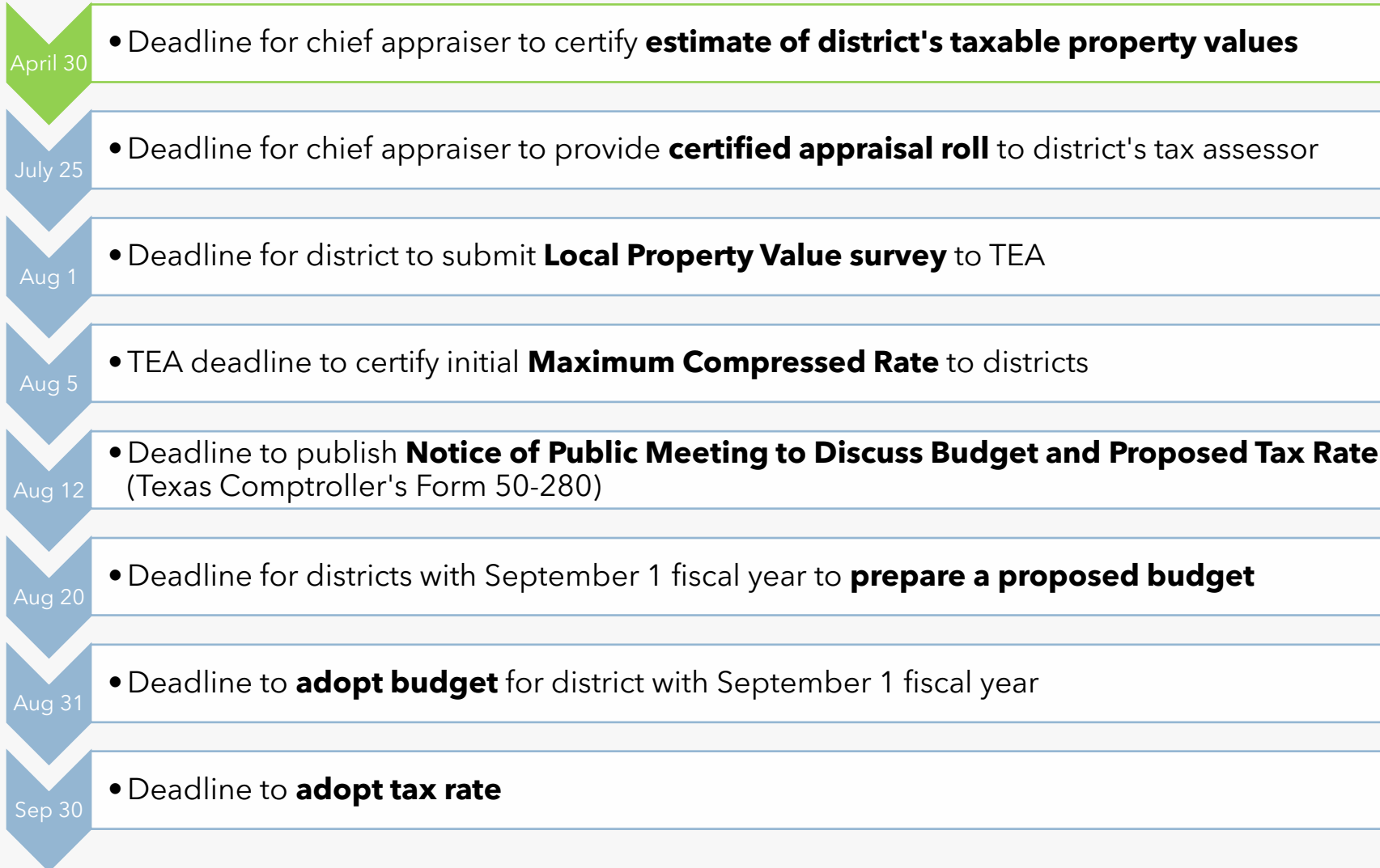
Calallen ISD
Budget Calendar
Fiscal Year 2023-2024
Tax Year 2023 and Fiscal Year 2024

Timeframe	Board Meeting Dates	Action Needed	Responsible Parties
March - June		Review of 2022-2023 Budgets Estimate actual revenues and expenditures Submission of 2023-2024 budget requests	Assistant Superintendent Assistant Superintendent Principals and Directors
Late April		2023 <u>Estimated</u> Tax Values to CISD	Appraisal District
June	June 12, 2023 Regular Meeting	Budget Workshop w/ Board Legislative Update and Preliminary Budget Information	Supt/Asst Supt Board of Trustees
July	July 17, 2023 Regular Meeting	Budget Workshop w/ Board Preliminary Budget Information & Compensation Plan Adopt Compensation Plan & Raises for 2023-2024	Supt/Asst Supt Board of Trustees
July 25th		2023 <u>Certified</u> Tax Values to CISD	Appraisal District
Early August		Tax Value Data Collection Due to TEA TEA Issues Tier 1 Tax Rate for the District	Assistant Superintendent TEA
Early August	August 14, 2023 Regular Meeting	Budget Workshop w/ Board Presentation of Notice to Set Tax Rate and Preliminary Budget *Board may adopt a tax rate lower than what is published	Supt/Asst Supt
August 17th		Notice of Hearing to Set the Tax Rate and Adopt the Budget PUBLISHED in Corpus Christi Caller Times *Must be published 10-30 days before hearing, 2023-2024 deadline August 18, 2023	Assistant Superintendent
Late August	August 28, 2023 Special Meeting	Conduct Hearing to Set the Tax Rate and Adopt the Budget Conduct Special Meeting to Approve: Final Budget Amendments for 2022-2023 Set Tax Rate for Tax Year 2023 Adopt Budgets for 2023-2024	Supt/Asst Supt Board of Trustees

2023-24 BUDGET CALENDAR



BUDGET AND TAX RATE TIMELINE



DISCLAIMERS AND CONSIDERATIONS

- On a \$45 million budget, a 1% variation in revenue or expense is **\$450,000**
- **\$1 million** will pay the annual salaries of approximately **18 teachers**
- The main sources of school district funding are:
 - Local Funding -Property Tax Collections
 - State Funding -Foundation School Program, driven by Student Counts and Attendance, Property Values and Growth, and Hold Harmless Laws
 - Federal Funding -SHARS and Indirect Cost from Federal Grants
- HB3 introduced a **“fixed income diet”** for Texas School Districts, funding has not been adjusted for inflation.
- 5 year projections becoming increasingly complicated and more difficult
 - HB 3, COVID-19, HB 1525, Property Tax Compression, and Future Legislative Sessions



FUND BALANCE CONSIDERATIONS

- Per TEA, the ideal fund balance is 3 month's operating expenses, or ***\$11.5 million for CISD***
- 2021-2022 audited fund balance: **\$24,075,178**
 - \$7 million assigned for Property Insurance Deductibles
 - \$17 million unassigned
- Reasons to continue to maintain a healthy fund balance:
 - Cash flow
 - Hurricane or other disaster, increased insurance deductible is 3% or \$7 million
 - Single large taxpayer, represents 18% of our tax base, or a \$2.5 million risk
 - Future Legislative session impacts
 - HB3 impact of fixed income diet



Additional Revenue From 313 Agreements
Estimates as of 6/14/2023

Tax Year	Fiscal Year	TexStar Project #341		Equistar Project #305		Epic Project #1230		Equistar Project #1777		Combined to be paid to CISD	
		Hold Harmless "Rev Loss"	"Share" w/CISD	Hold Harmless "Rev Loss"	"Share" w/CISD	Hold Harmless "Rev Loss"	"Share" w/CISD	Hold Harmless "Rev Loss"	"Share" w/CISD		
2014	2014-15	0	0	0	0	0	0	0	0	0	0
2015	2015-16	0	0	0	0	0	0	0	0	0	0
2016	2016-17	1,164,376	0	1,524,285	0	0	0	0	0	2,688,661	0
2017	2017-18	19,301	383,502	5,073,889	345,000	0	0	0	0	5,821,692	3,133,031
2018	2018-19	256,373	371,679	4,119	1,945,143	0	0	0	0	2,577,314	(3,244,378)
2019	2019-20	866,494	378,430	4,358	379,733	0	0	0	0	1,629,015	(948,299)
2020	2020-21	78,124	610,946	0	361,315	0	377,021	0	0	1,427,406	(201,609)
2021	2021-22	15,691	673,402	3,923	360,878	1,339,943	385,281	0	0	2,779,118	1,351,712
2022	2022-23	15,367	587,396	3,312	378,179	711,169	364,804	0	0	2,060,227	(718,891)
2023	2023-24	0	563,011	0	364,805	1,070,715	364,805	0	0	2,363,336	303,109
2024	2024-25	0	0	0	381,500	0	384,176	0	0	765,676	(1,597,660)
2025	2025-26	0	0	0	381,500	0	384,176	0	0	765,676	0
2026	2026-27	0	0	0	381,500	0	384,176	0	0	765,676	0
2027	2027-28	0	0	0	0	0	384,176	0	0	384,176	(381,500)
2028	2028-29	0	0	0	0	0	384,176	0	0	384,176	0
2029	2029-30	0	0	0	0	0	384,176	7,447,032	0	7,831,208	7,447,032
2030	2030-31	0	0	0	0	0	384,176	687,010	0	1,071,186	(6,760,022)
2031	2031-32	0	0	0	0	0	384,176	0	0	384,176	(687,010)
2032	2032-33	0	0	0	0	0	384,176	0	0	384,176	0
2033	2033-34	0	0	0	0	0	384,176	0	0	384,176	0
2034	2034-35	0	0	0	0	0	0	0	0	0	(384,176)



CHAPTER 313 AGREEMENTS



- *THIS BILL HAS NOT BEEN SIGNED BY THE GOVERNOR, AND REQUIRES A NOVEMBER GENERAL ELECTION BEFORE IT BECOMES LAW*
- District Financial Impacts
 - Decrease in Taxable Property Value of approximately \$280M
 - Lower M&O property value = less tax rate compression
 - Lower I&S property value = higher rate to make bond payments
 - M&O and I&S Hold Harmless Provision

PENDING
**\$100,000
HOMESTEAD
EXEMPTION
IMPACTS**



M&O TAX RATE COMPRESSION HISTORY

Fiscal Year	Tax Year	Tier 1 State Compr. %	Tier 1 Tax Rate Ceiling	Maximum M&O Tax Rate	Additional Local Compr.	Calallen ISD M&O Tax Rate
2018-19	2018	N/A	1.00	<u>1.1700</u>	N/A	1.1700
2019-20	2019	93%	0.93	<u>1.0683</u>	N/A	1.0683
2020-21	2020	91.64%	0.9164	1.0864	>4.01% Value Growth	0.9915
2021-22	2021	91.64% + \$0.03	0.9134	1.0834	>2.8% Value Growth	0.9896
2022-23	2022	89.71% + \$0.03	0.8941	1.0641	>4.36% Value Growth	0.9429
2023-24	2023	79.50% + \$0.1070	0.7950 0.6880	0.9650 0.8580	>4.36% Value Growth	0.8663 0.7593



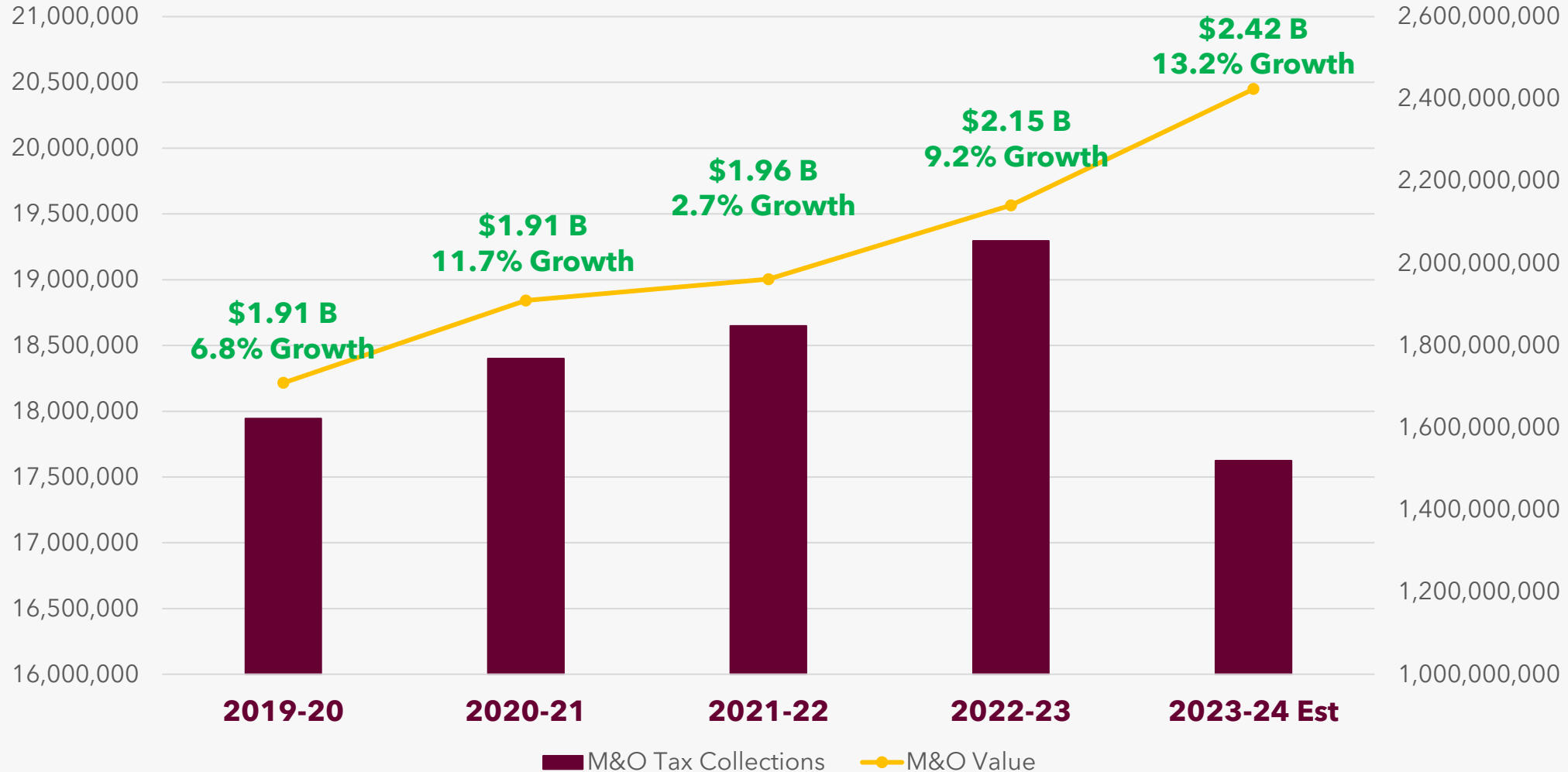
PROPERTY TAX VALUES, RATES, & COLLECTIONS

	2021-22 Certified	2022-23 Certified	2023-24 Estimates*
M&O Value	\$1,961,195,798	\$2,140,887,378	\$2,423,773,746
Value Growth	2.7%	9.2%	13.2%
Tax Rate	0.9896	0.9429	0.7593
Tax Rate Compression	(\$0.0019) -0.2%	(\$0.0467) -4.7%	(\$0.1836) -19.5%
Tax Collections	\$18,649,201	\$19,294,073	\$17,625,000
Collections Growth	1.3%	3.3%	-8.9%
I&S Value	\$2,655,460,491	\$2,889,950,191	\$3,187,571,999
Value Growth	6.2%	8.8%	10.3%
Tax Rate	0.243	0.243	0.2592 (+1.62 cents)
Tax Collections	\$6,257,816	\$6,784,696	\$7,925,000

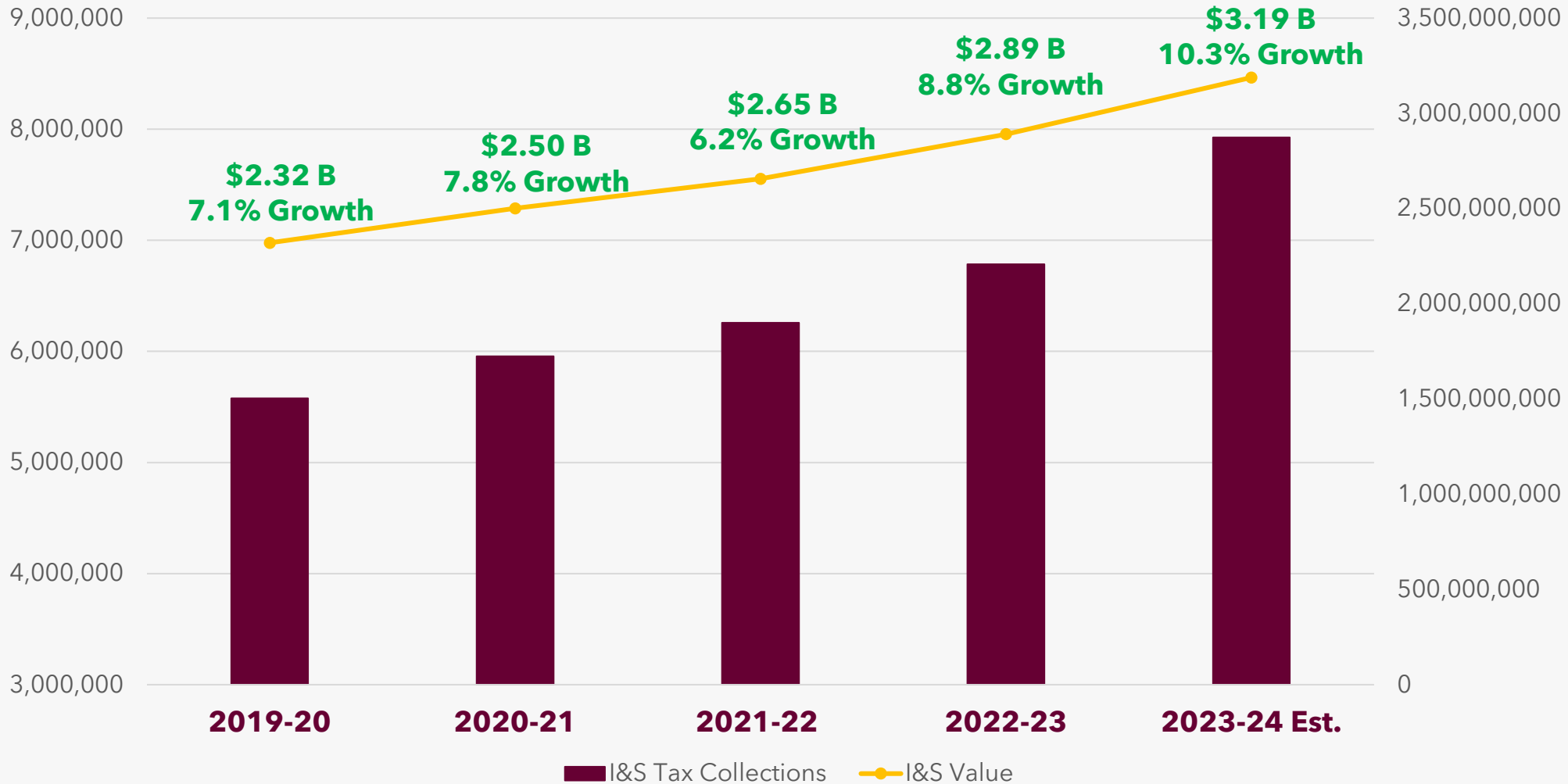
*Calculated before homestead exemption increase from SB2



M&O PROPERTY VALUES & COLLECTIONS HISTORY



I&S PROPERTY VALUES & COLLECTIONS HISTORY





BUDGET & FINANCE UPDATE

*22-23 Fiscal Year End Projections & Preliminary
23-24 Budget*

2023-24 REVENUE CONSIDERATIONS

- Increase in Golden Penny Yields **+\$1.5M**
- **No Legislative Investment in School Funding**



Fiscal Year	October Snapshot Enrollment	Final ADA	ADA Attendance Ratio
2018-19	4,051	3,807.330	94.0%
2019-20	4,090	3,851.899	94.2%
2020-21	3,956	3,701.967 3,852.814 HH	93.6%
2021-22	3,868	3,548.014 3,648.044 HH	91.7%
2022-23	3,952	3,691.151	93.4%
2023-24 Est.*	3,982	3,702.925	93.0%

ADA & ENROLLMENT INFORMATION

**Utilizing PASA Demographic Study percentage growth for enrollment*



GENERAL FUND REVENUE

	2020-21 Audited Financials	2021-22 Audited Financials	2022-23 Year End Est.	2023-24 Est. Budget
Property Taxes	\$18,399,995	\$18,630,512	\$19,294,073	\$19,975,000*
Other Local	\$275,662	\$421,949	\$1,559,403	\$750,000
State Revenue	*\$19,701,764	\$18,211,661	\$17,851,075	\$18,300,000*
TRS On-Behalf	\$2,103,919	\$2,158,605	\$2,374,514	\$2,315,006
Federal Revenue	\$376,665	\$432,374	\$482,288	\$400,000
Subtotal	\$40,858,005	\$39,855,101	\$41,561,353	\$41,740,006
CH 313s	\$1,427,406	\$2,779,118	\$2,060,227	\$2,000,000
COVID-19	\$347,042	\$14,175		
Total	\$42,632,452	\$42,648,393	\$43,621,580	\$43,740,006
Tax Collection Growth	2.55%	1.25%	3.56%	3.53%
State Funding Growth	2.88%	-7.56%	-1.98%	2.51%
YOY Growth w/o CH 313 & Others	1.48%	-2.45%	4.28%	0.43%

*Calculated before additional tax compression & homestead exemption increase from SB2



2023-24 EXPENSE CONSIDERATIONS

- 10% Budget Cuts **-\$650,000**
- Transportation - reduce bus purchases **-\$200,000**
- Staffing reductions - 8 Positions through attrition **-\$520,000**
- **5% increase** in Property Insurance Premiums
- **+**Safety & Security Budget (*details to be provided in August*)



GENERAL FUND – FUND BALANCE

	2020-21 Audited Financials	2021-22 Audited Financials	2022-23 Year End Est.	2023-24 Est. Budget*
Total Revenue	\$42,632,452	\$42,648,394	\$43,621,580	\$43,740,006
Total Expense	(\$40,788,156)	(\$41,710,834)	(\$47,052,688)	(\$45,662,079)
Net Roll/ Loss	\$1,844,296	\$937,560	(\$3,431,107)	(\$1,922,073)
Beg Fund Balance	\$21,293,322	\$23,137,618	\$24,075,178	\$20,644,071
End Fund Balance	\$23,137,618	\$24,075,178	\$20,644,071	\$18,721,998

*2023-24 Estimates include a preliminary placeholder of 1.5% raises

2022-23 Considerations:

- +\$1.1M Payroll Increase for Raises
- +\$1.3M Cost of Re-opening Magee Intermediate
- +\$1.4M Safety & Security Projects
- +\$800k Property Insurance Premiums @ 60% Increase



GENERAL FUND - 5 YEAR PROJECTIONS

	2022-23 Year End Est.	2023-24 Est. Budget*	2024-25 Estimates	2025-26 Estimates	2026-27 Estimates
Total Revenue	\$43,621,580	\$43,740,006	\$43,744,869	\$44,632,466	\$45,561,015
Total Expense	(\$47,052,688)	(\$45,662,079)	(\$46,186,321)	(\$47,005,007)	(\$47,839,017)
Net Roll/ Loss	(\$3,431,107)	(\$1,922,073)	(\$2,441,452)	(\$2,372,541)	(\$2,278,001)
<i>Beg Fund Balance</i>	\$24,075,178	\$20,644,071	\$18,721,998	\$16,280,546	\$13,908,005
End Fund Balance	\$20,644,071	\$18,721,998	\$16,280,546	\$13,908,005	\$11,630,003

Assumes:

- Current funding formulas before SB2 calculations
- 4% Property Value growth
- Conservative enrollment growth based on PASA, and 93% attendance
- 2% Raises, and 1% Non-payroll expense inflation
- +3 ESSER funded positions in 24/25



Fiscal Year	Total Revenue	Total Expense	Budgeted Net Change to Fund Balance
2018-19	\$38,323,989	\$40,427,771	(\$2,103,782)
2019-20	\$40,163,651	\$41,361,939	(\$1,198,288)
2020-21	\$42,000,517	\$42,941,961	(\$941,444)
2021-22	\$40,596,819	\$44,993,205	(\$4,396,386)
2022-23	\$41,468,816	\$47,529,995	(\$6,061,179)
2023-24 Est.	\$43,740,006	\$45,662,079	(\$1,922,073)

HISTORY OF ADOPTED BUDGETS





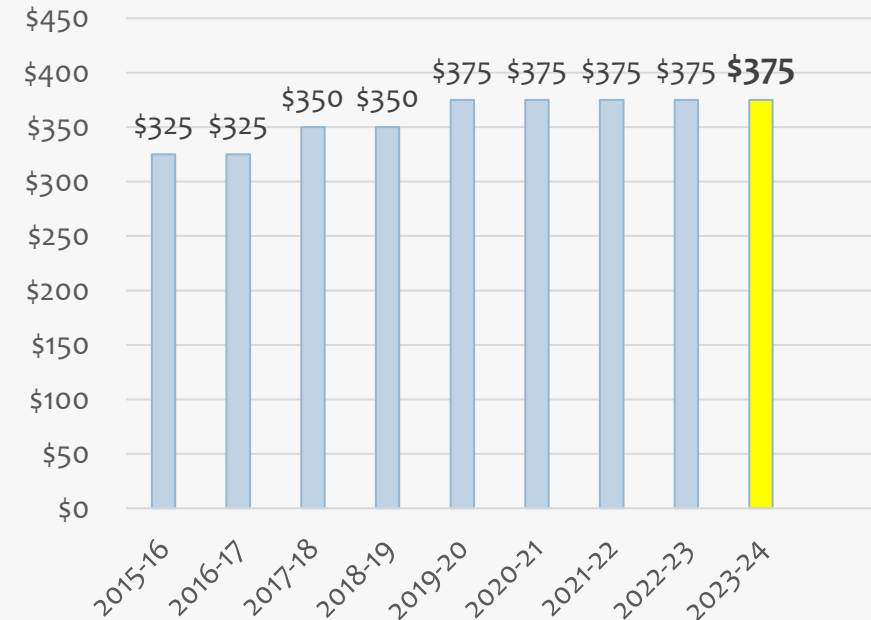
COMPENSATION PLAN DISCUSSION

Salary & Benefits for the 2023-2024 School Year

SALARY AND BENEFITS – Option 1

Fiscal Year	% Increase	187 Day Teacher Increase	Starting Teacher Salary	Other Employee Increase	Other
2019-20	3.4%	\$1,450	\$48,570	\$0.75 <i>Per hour</i>	
2020-21	1.5%	\$800 <i>+Additional adjustment for steps 2-20</i>	\$48,750	1.5% <i>of midpoint</i>	\$500 <i>December retention stipend</i>
2021-22	3.0%	\$1,658	\$50,000	3.0% <i>of midpoint</i>	\$500 <i>December retention stipend</i>
2022-23	Avg. of 4.8%	\$2,750 <i>Avg.</i>	\$51,000	2.0% <i>of midpoint</i>	\$1,000 <i>December retention stipend</i>
2023-24	1.5%	\$880	\$51,500	1.5% <i>of midpoint</i>	N/A

District Contribution to Health Insurance Premiums



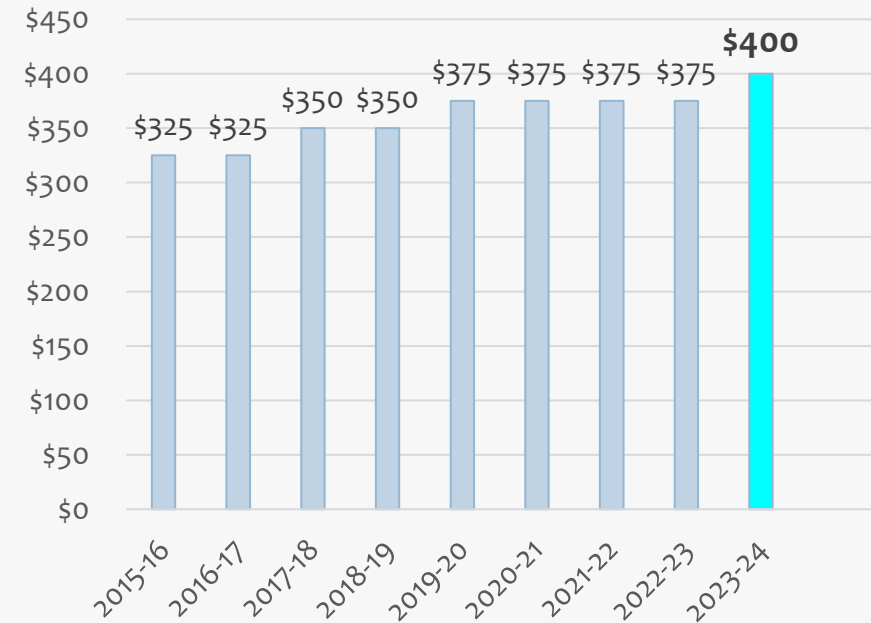
Total Cost to the District: \$470,000



SALARY AND BENEFITS – Option 2

Fiscal Year	% Increase	187 Day Teacher Increase	Starting Teacher Salary	Other Employee Increase	Other
2019-20	3.4%	\$1,450	\$48,570	\$0.75 <i>Per hour</i>	
2020-21	1.5%	\$800 <i>+Additional adjustment for steps 2-20</i>	\$48,750	1.5% <i>of midpoint</i>	\$500 <i>December retention stipend</i>
2021-22	3.0%	\$1,658	\$50,000	3.0% <i>of midpoint</i>	\$500 <i>December retention stipend</i>
2022-23	Avg. of 4.8%	\$2,750 <i>Avg.</i>	\$51,000	2.0% <i>of midpoint</i>	\$1,000 <i>December retention stipend</i>
2023-24	1.0%	\$585 (Steps 26-30+ \$835)	\$51,000	1.0% of midpoint	N/A

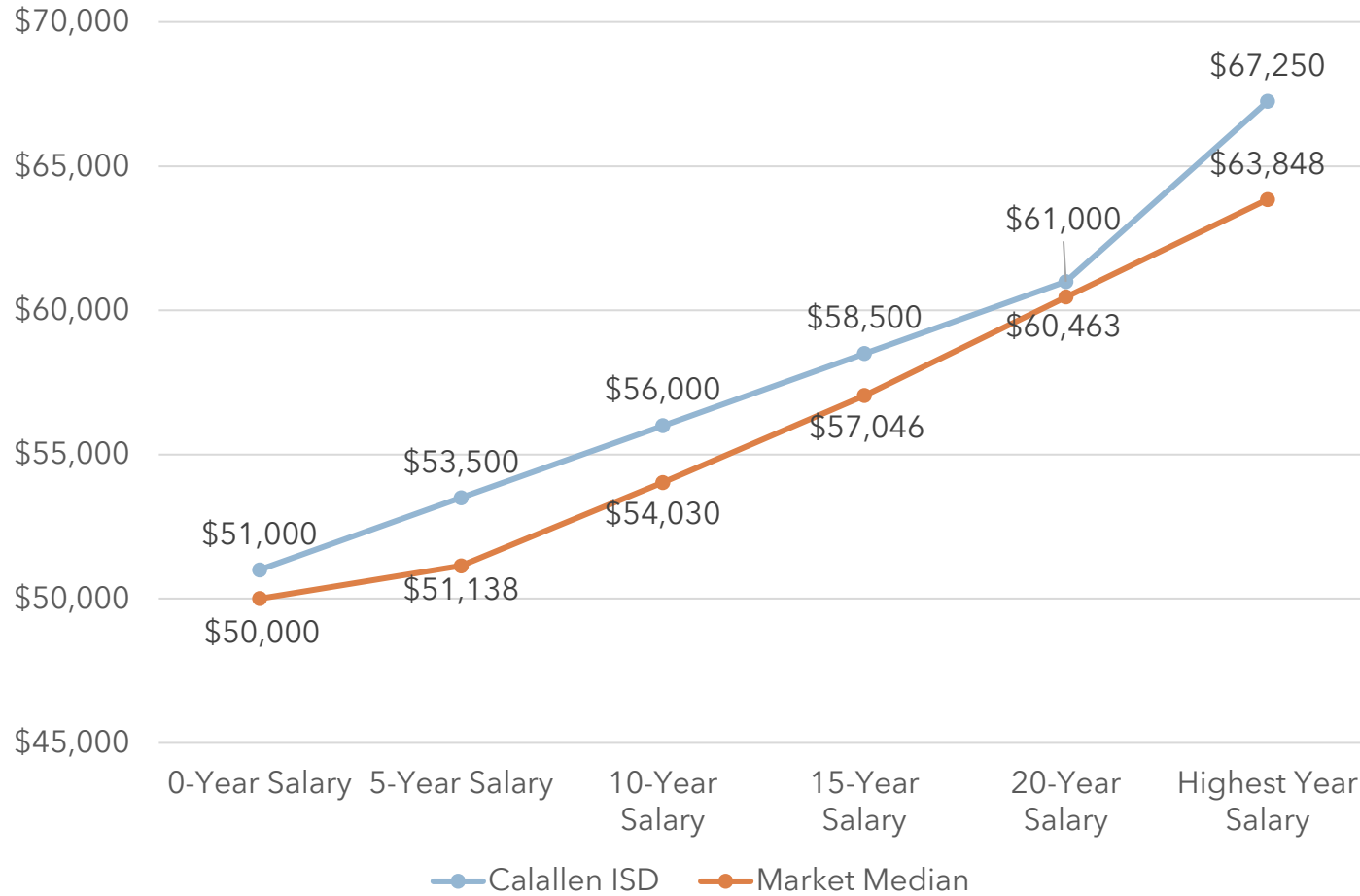
District Contribution to Health Insurance Premiums



Total Cost to the District: \$460,000



22-23 TASB TEACHER MARKET COMPARISON *All ESC2 Region*



22-23 TASB TEACHER MARKET COMPARISON

*Aransas County ISD
Beeville ISD
CCISD
GPISD
TMISD*



TRS CONTRIBUTION CHANGES

For Pay Received On or After	Fiscal Year	State Contribution Rate (On-Behalf)	Public Education Employer Contribution Rate	Member Contribution Rate (Employee Paid)	Pension Surcharge
9/1/2019	2019-20	7.5%	1.5%	7.7%	15.2%
9/1/2020	2020-21	7.5%	1.6%	7.7%	15.2%
9/1/2021	2021-22	7.75%	1.7%	8.0%	15.75%
9/1/2022	2022-23	8.0%	1.8%	8.0%	16.0%
9/1/2023	2023-24	8.25%	1.9%	8.25%	16.5%
9/1/2024	2024-25	8.25%	2.0%	8.25%	16.5%

On current salaries for the District:

- The On-Behalf increase from 8.0% to 8.25% will cost the District approximately \$75,000
- The Public Ed increase from 1.8% to 1.9% will cost the District approximately \$30,000
- On an average Teacher Salary, the Member Contribution increase from 8.0% to 8.25% will cost the Employee approximately \$150



MOTION LANGUAGE

- I move to approve Option ___ as presented. These salary schedules and adjustments do not reflect any statutorily required salary allotments that could be enacted during the ongoing 88th Texas Legislative Session. The District reserves the right to adjust salary amounts for the 2023-24 school year in response to legislative changes or increases in school funding.

	Option 1	Option 2
% Increase	1.5%	1.0%
Starting Teacher Salary	\$51,500 (+\$500)	\$51,000 (No Change)
District Monthly Health Ins Contrib	\$375 (No Change)	\$400 (+\$25)
Cost to the District	\$470,000	\$460,000





QUESTIONS,
COMMENTS, and
DISCUSSION....