



CALALLEN ISD

PROMOTING EXCELLENCE • CREATING THE FUTURE

2022-23 BUDGET PRESENTATION #2

*Finance Update and Salary
Discussion*

July 18, 2022

2022-2023 BUDGET SEASON.....



2022-23 BUDGET CALENDAR

Calallen ISD
Budget Calendar
Fiscal Year 2022-2023
Tax Year 2022 and Fiscal Year 2023

Timeframe	Board Meeting Dates	Action Needed	Responsible Parties
March - June		Review of 2021-2022 Budgets Estimate actual revenues and expenditures Submission of 2022-2023 budget requests	Director of Finance Director of Finance Principals and Directors
Late April		2022 <u>Estimated</u> Tax Values to CISD	Appraisal District
July	July 18, 2022 Regular Meeting	Budget Workshop w/ Board Legislative Update and Preliminary Budget Information Set salary scales for 2022-2023	Supt/Director of Finance Board of Trustees
Late July		2022 <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	Director of Finance TEA
Early August	August 8, 2022 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/Director of Finance
Mid August		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, 2022-2023 deadline August 12, 2022	Director of Finance
Late August	August 22, 2022 Special Meeting	Conduct Hearing to Set the Tax Rate and Adopt the Budget Conduct Special Meeting to Approve: Final Budget Amendments for 2021-2022 Set Tax Rate for Tax Year 2022 Adopt Budgets for 2022-2023 Adopt 2022-2023 Compensation Plan	Supt/Director of Finance Board of Trustees

BUDGET AND TAX RATE TIMELINE

- April 30 • Deadline for chief appraiser to certify **estimate of district's taxable property values**
- July 25 • Deadline for chief appraiser to provide **certified appraisal roll** to district's tax assessor
- Aug 1 • Deadline for district to submit **Local Property Value survey** to TEA
- Aug 5 • TEA deadline to certify initial **Maximum Compressed Rate** to districts
- Aug 12 • Deadline to publish **Notice of Public Meeting to Discuss Budget and Proposed Tax Rate** (Texas Comptroller's Form 50-280)
- Aug 20 • Deadline for districts with September 1 fiscal year to **prepare a proposed budget**
- Aug 31 • Deadline to **adopt budget** for district with September 1 fiscal year
- Sep 30 • Deadline to **adopt tax rate**





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
- **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
- 2020-2021 audited fund balance: \$21,293,322
 - \$7 million assigned for construction – Magee repairs and 2018 Bond overruns
- Reasons to continue to maintain a healthy fund balance:
 - Cash flow
 - Hurricane or other disaster, increased insurance deductible is 2% or \$4 million
 - Single large taxpayer, represents 18% of our tax base, or a \$2.5 million risk
 - MAGEE Repairs
 - Bond Project overruns
 - Future Legislative session impacts
 - HB3 impact of fixed income diet

MAGEE INTERMEDIATE REPAIRS

- Civil Work **\$1,008,067**
 - GMP Approved, work completed during Summer 2020
- Plumbing, Foundation, and Masonry Repairs **\$1,657,184**
 - GMP Approved, work completing in August 2022
- Roof Repairs **\$750,000**
 - Estimate, to be completed in Summer 2023
- Electrical Repairs **\$50,000**
 - Estimate, to be completed in Fall 2022
- Fireproofing Repairs **\$267,874**
 - GMP Approved, work completing in August 2022

**Estimated
Grand
Total:
\$3,985,204***

***Does not include lawyers fees or RTU Replacements**



CHAPTER 313 AGREEMENTS

Additional Revenue From 313 Agreements Estimates as of 6/15/2022

Tax Year	Fiscal Year	TexStar Project #341		Equistar Project #305		Epic Project #1230		TENTATIVE Equistar Project #1777		Combined to be paid to CISD	
		Hold Hrmless "Rev Loss"	"Share" w/CISD	Hold Hrmless "Rev Loss"	"Share" w/CISD	Hold Hrmless "Rev Loss"	"Share" w/CISD	Hold Hrmless "Rev Loss"	"Share" w/CISD		
2014	2014-15	0	0							0	
2015	2015-16	0	0							0	
2016	2016-17	1,164,376	0	1,524,285	0					2,688,661	
2017	2017-18	19,301	383,502	5,073,889	345,000					5,821,692	3,133,031
2018	2018-19	256,373	371,679	4,119	1,945,143					2,577,314	(3,244,378)
2019	2019-20	866,494	378,430	4,358	379,733					1,629,015	(948,299)
2020	2020-21	78,124	610,946	0	361,315	0	377,021			1,427,406	(201,609)
2021	2021-22	15,691	673,402	3,923	360,878	1,339,943	385,281			2,779,118	1,351,712
2022	2022-23	0	436,615	0	381,500	0	384,176			1,202,291	(1,576,827)
2023	2023-24	0	413,023	0	381,500	1,985,411	384,176			3,164,110	1,961,819
2024	2024-25	0	0	0	381,500	0	384,176			765,676	(2,398,434)
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)



PROPERTY TAX UPDATE

- No changes from Budget Presentation #1 on July 14, 2022
- Financial Projections include **adoption of \$0.0317 Disaster Pennies**



MANDATORY INCREASE IN HOMESTEAD EXEMPTION

- Details
 - Proposition 2 Passed during May 2022 Elections
 - Effective Immediately for Tax Year 2022 (Fiscal Year 2022-23)
 - Increases Homestead Exemption from \$25,000 to \$40,000
 - **Average Homeowner Tax Savings is \$175 per Year**
- District Financial Impacts
 - **Decrease in Taxable Property Value of \$70M**
 - Lower M&O property value = less tax rate compression
 - State Revenue Hold Harmless Provision

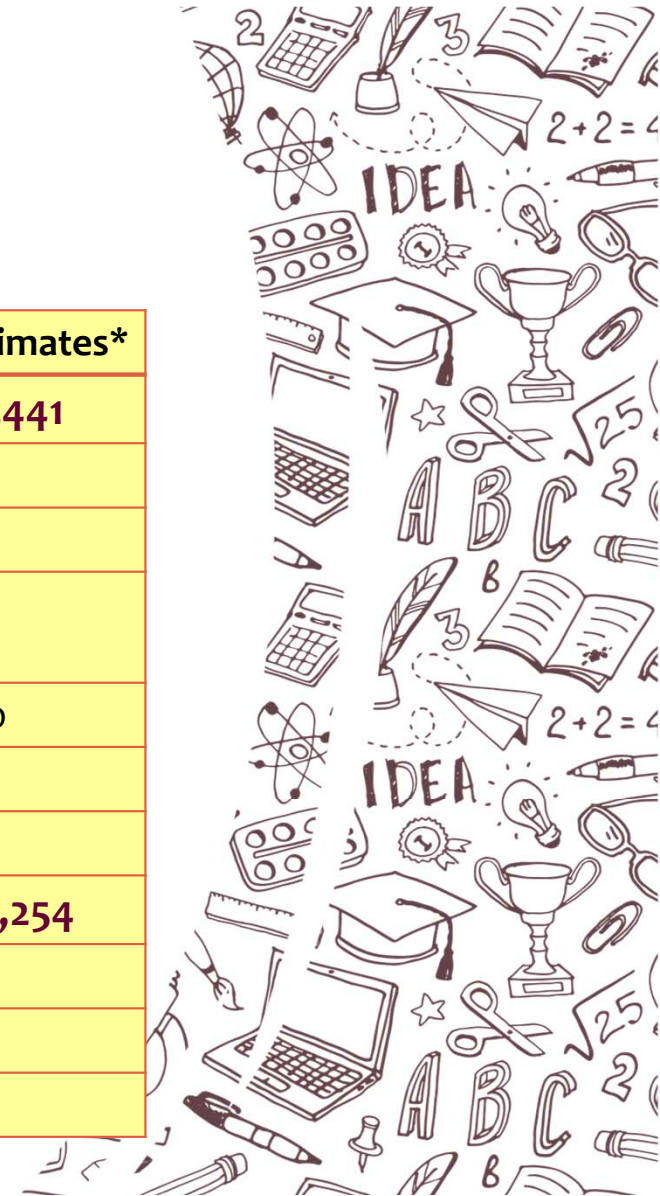
M&O DISASTER PENNIES

- Governor Disaster Declaration for Winter Storm Uri
- Applies to Tier Two Tax Rate (Golden & Copper Pennies)
 - Maximum Tier Two Tax Rate \$0.1700
 - CISD Tier Two Rate \$0.1383
 - **CISD Eligible Disaster Pennies \$0.0317**
- One Year Adoption of Additional Pennies
 - Special Tax Rate Resolution
 - Requires Unanimous Board Vote

PROPERTY TAX VALUES, RATES, & COLLECTIONS

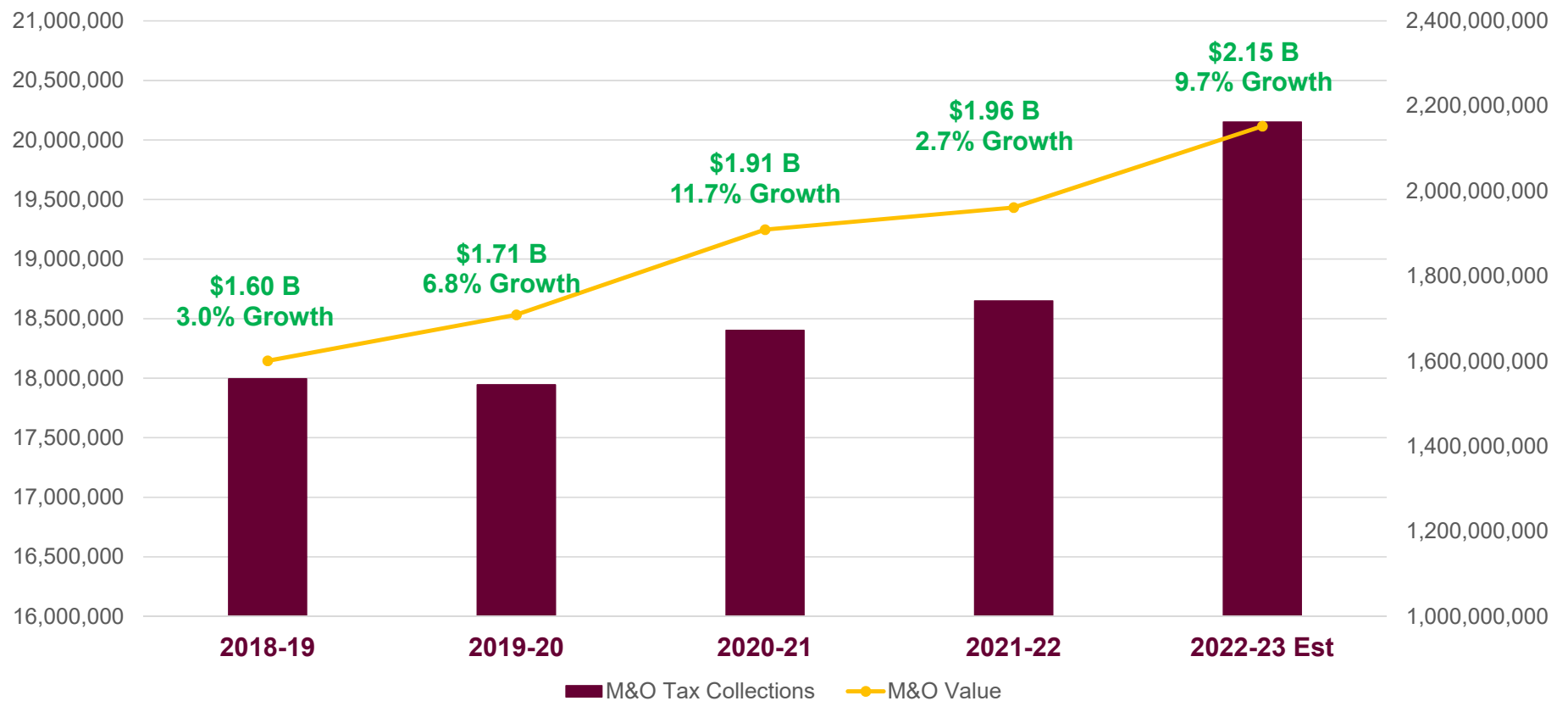
	2020-21 Certified	2021-22 Certified	2022-23 Estimates*
M&O Value	\$1,909,303,972	\$1,961,195,798	\$2,152,372,441
Value Growth	11.7%	2.7%	9.7%
Tax Rate	0.9915	0.9896	0.9746
Tax Rate Compression	(\$0.07680) -7.2%	(\$0.0019) -0.2%	(\$0.0150) -1.5%
Tax Collections	\$18,401,344	\$18,649,201	\$20,150,000
Collections Growth	2.5%	1.3%	8.0%
I&S Value	\$2,500,956,572	\$2,655,460,491	\$2,901,435,254
Value Growth	7.8%	6.2%	9.3%
Tax Rate	0.243	0.243	0.243
Tax Collections	\$5,971,794	\$6,257,816	\$6,800,000

***Includes Adoption of \$0.0317 Disaster Pennies**



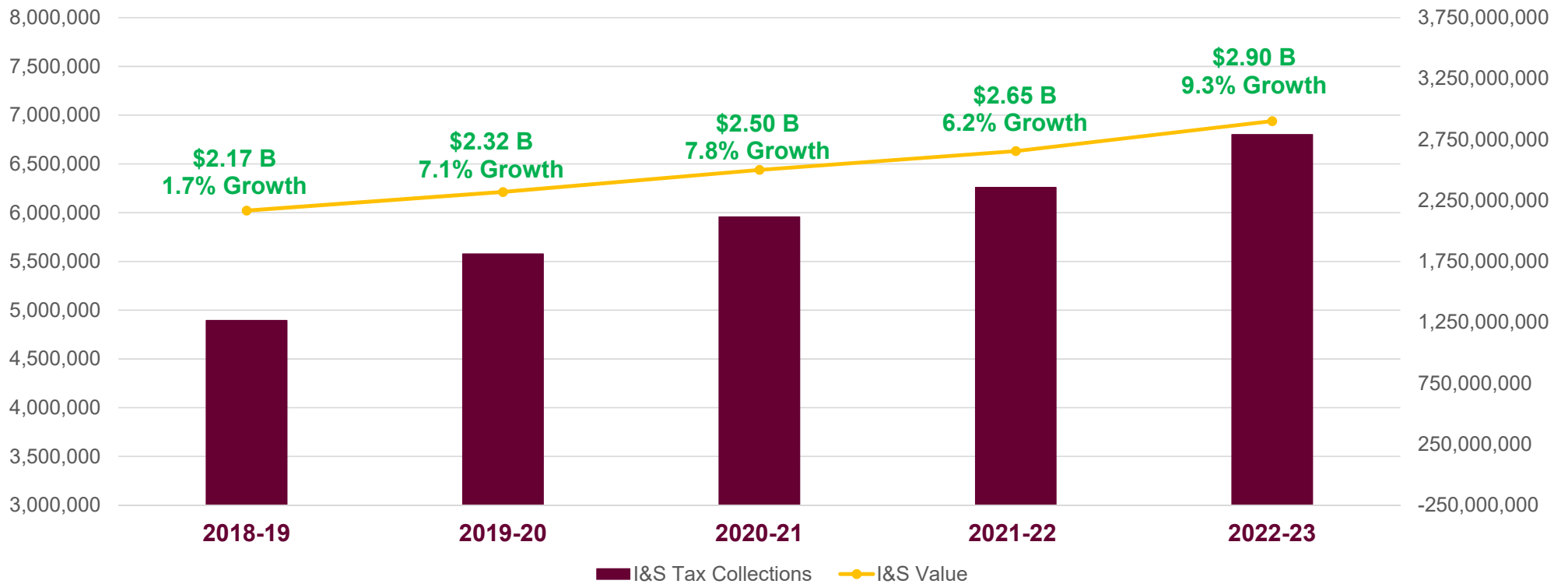


M&O PROPERTY VALUES & COLLECTIONS HISTORY





I&S PROPERTY VALUES & COLLECTIONS HISTORY



FINANCE UPDATE

- No changes from Budget Presentation #1 on July 14, 2022
- Financial Projections assume adoption of **\$0.0317 Disaster Pennies & 2.0% raises & Retention Stipends**



22-23 REVENUE CONSIDERATIONS

- ADA UNKNOWNNS
 - Enrollment? Attendance? New Campus Impact? Full Day PreK?
- Census Blocks for Compensatory Education Allotment
 - Changes based on 2020 Census
 - TEA will not have information available until Late-July
 - Budgeting 21-22 Student Counts
- COVID Impacted Revenues Improving
 - Interest on Earnings, SHARS Revenue, and Local Revenue

ADA & ENROLLMENT HISTORY AND PROJECTIONS

	October Snapshot Enrollment	Final ADA	Attendance Ratio
2017-18	4,063	3,815.406	93.9%
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 Est.	4,000	3,720.000	93.0%



GENERAL FUND – REVENUE

	2019-20 Audited Financials	2020-21 Audited Financials	2021-22 Year End Est.	2022-23 Est. Budget
Property Taxes	\$17,942,639	\$18,399,995	\$18,649,201	\$20,150,000
Other Local	\$577,936	\$275,662	\$330,664	\$350,000
State Revenue	*\$19,149,891	*\$19,701,764	\$17,845,114	\$17,250,000
TRS On-Behalf	\$2,214,710	\$2,103,919	\$2,176,102	\$2,243,775
Federal Revenue	\$376,518	\$376,665	\$454,346	\$400,000
Subtotal	\$40,261,694	\$40,858,005	\$39,455,427	\$40,368,775
CH 313s	\$1,629,015	\$1,427,406	\$2,779,118	\$1,200,000
COVID-19	\$476,546	\$347,042		
Total	\$42,637,255	\$42,632,452	\$42,234,545	\$41,568,775
Tax Collection Growth	-0.94%	2.55%	1.35%	8.05%
State Funding Growth	14.74%	2.88%	-9.42%	-3.33%
YOY Growth w/o CH 313 & Others	6.24%	1.48%	-3.43%	2.38%

*COVID ADA Hold Harmless & Supplant with ESSER Grant Funds

22-23 EXPENSE CONSIDERATIONS

- **\$1M Payroll Increase** for Reopening Magee Intermediate
- **\$250,000 Non-Payroll Increase** for Reopening Magee Intermediate
- **\$120,000 Increase** for 2021 Maintenance Tax Notes Payment
- **\$300,000 Increase** for Insurance Premiums

GENERAL FUND – EXPENSES

	2019-20 Audited Financials	2020-21 Audited Financials	2021-22 Year End Est.	2022-23 Est. Budget*
Expenses	\$38,757,888	\$40,315,053	\$41,551,212	\$46,203,900
Transfers Out	\$135,569	\$473,103	\$1,750,000	\$1,000,000
Total	\$38,893,457	\$40,788,156	\$43,301,212	\$47,203,900
YOY Expense Increase w/o Transfers	0.95%	4.02%	3.07%	11.20%
YOY Expense Increase	-1.19%	4.65%	5.80%	8.27%

*2022-23 Estimates include a preliminary placeholder of 2% raises



GENERAL FUND – FUND BALANCE

	2019-20 Audited Financials	2020-21 Audited Financials	2021-22 Year End Est.	2022-23 Est. Budget
Total Revenue	\$42,367,255	\$42,632,452	\$42,234,545	\$41,593,775
Total Expense	(\$38,893,457)	(\$40,788,156)	(\$43,301,212)	(\$47,203,900)
Net Roll/Loss	\$3,473,798	\$1,844,296	(\$1,066,667)	(\$5,610,125)
Beg Fund Balance	\$17,819,524	\$21,293,322	\$23,137,618	\$22,070,951
End Fund Balance	\$21,293,322	\$23,137,618	\$22,070,951	\$16,460,826

- 2019-20 & 2020-21 Fund Balance inflated by COVID-19 decreased spending and Hold Harmless appropriations
- 2021-22 includes a \$1,750,000 budgeted transfer for Magee Repairs, without the transfer the net roll is +\$673,899
- 2021-22 budget was adopted at a (\$4,396,386) deficit, 2022-23 is the same deficit plus the added cost of reopening Magee Intermediate

COMPENSATION PLAN DISCUSSION

- **UPDATES Ahead!**
- WHY?
 - Correct Deficiencies in Steps 10-20
 - Updated Area District Comparisons
 - REMAIN COMPETITIVE
 - Recruit and Retain High Quality Educators

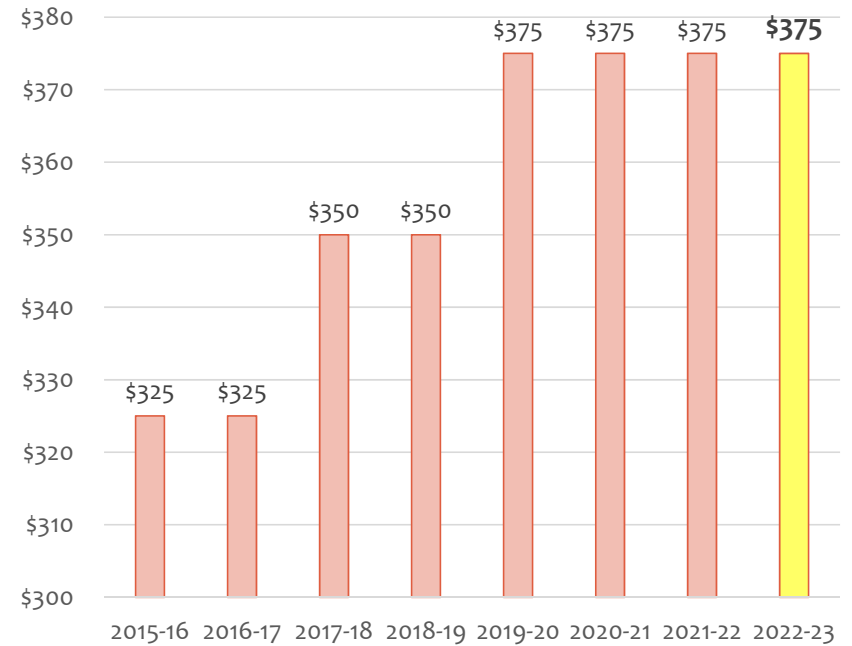




SALARY AND BENEFITS HISTORY

Fiscal Year	% Increase	187 Day Teacher Increase	Starting Teacher Salary	Other Employee Increase	Other
2017-18	3.2%	\$1,400	\$46,730	\$1.00/hr	
2018-19	2.0%	\$840	\$47,250	\$0.60/hr	
2019-20	3.4%	\$1,450	\$48,570	\$0.75/hr	
2020-21	1.5%	\$800 +Additional adjustment for steps 2-20	\$48,750	1.5% of midpoint	\$500 December retention stipend
2021-22	3.0%	\$1,658	\$50,000	%3.0 of midpoint	\$500 December retention stipend
2022-23	Avg. of 4.8%	\$2,750 Avg.	\$51,000	%2.0 of midpoint	\$1,000 December retention stipend

District Contribution to Health Insurance Premiums

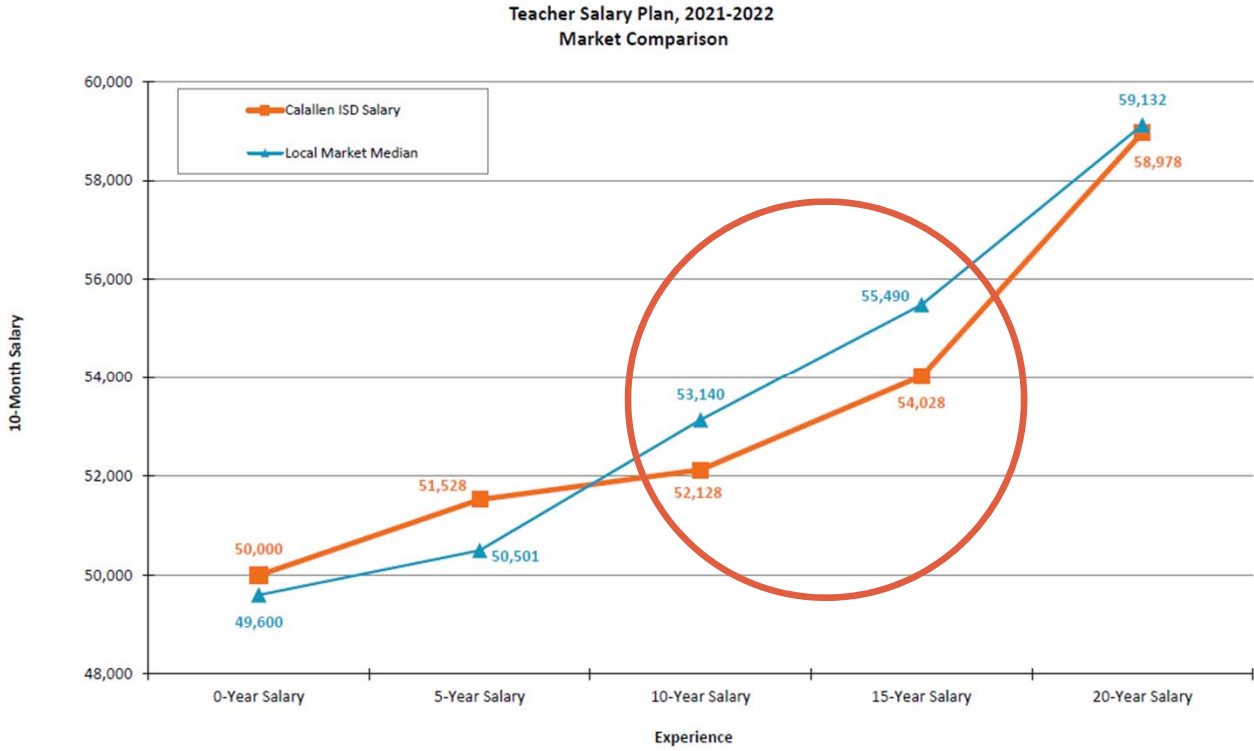


COST OF INCREASES

- **ORIGINAL \$965,000**
 - 2.0% Teacher Raise \$375,000
 - 2.0% All Other Raise \$240,000
 - Dec. Retention Stipends \$350,000
- **NEW PROPOSED \$1,090,000**
 - 4.8% Average Teacher Raise \$850,000
 - 2.0% All Other Raise \$240,000



TASB TEACHER MARKET COMPARISON





2022-23 TEACHER STEP AREA COMPARISON

	Gregory Portland ISD	Alice ISD	Beeville ISD	Sinton ISD	Tuloso Midway ISD	Calallen ISD PROPOSED	Aransas County ISD	Kingsville ISD
Step 0	\$60,000	\$53,000	\$51,500	\$51,500	\$51,500	\$51,000	\$50,101	\$50,000
Step 5	\$62,081	\$54,935	\$52,926	\$53,735	\$53,735	\$53,500	\$52,000	\$51,200
Step 10	\$64,868	\$56,871	\$55,505	\$57,300	\$55,970	\$56,000	\$55,000	\$53,000
Step 15	\$67,155	\$58,806	\$57,805	\$59,300	\$58,205	\$58,500	\$58,000	\$56,300
Step 20	\$68,318	\$60,742	\$61,675	\$62,400	\$60,440	\$61,000	\$61,215	\$59,690
Step 25	\$73,689	\$62,677	\$67,099	-	\$64,339	\$63,500	\$64,157	\$61,800
Step 30+	\$77,847	\$65,000	-	-	\$65,909	\$67,250	\$67,100	-

UPDATED TEACHER MARKET COMPARISON



DEC 2022 RETENTION STIPENDS

- **\$1,000** for all permanent, full-time employees scheduled to work 7.5 hours or more per day
- **\$500** for all permanent employees regularly scheduled to work less than 7.5 hours per day
- One-Time Cost to the District: **\$650,000**
- To be paid from **ESSER III Grant funds**
- Paid on special payroll run on **December 16, 2022**





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 7.75% to 8.0% will cost approximately \$75,000
 - The Public Ed increase from 1.7% to 1.8% will cost approximately \$30,000



2022-23 COMPENSATION SUMMARY

- **4.9% Average Teacher Increase**
 - Average Teacher Raise – \$2,750
 - Teacher Raise Range – \$1,222 to \$4,872
 - Starting Teacher Salary – \$51,000
- **2.0%** of Pay Plan Midpoint for All Other Positions
- Cost to the District - **\$1,090,000**
- **Additional One Time Increase**
 - December 2022 Retention Stipends
 - **\$1,000/\$500** – ESSER III Grant Funded – Cost \$650,000

QUESTIONS, COMMENTS, and DISCUSSION....

