

Preliminary General Operating Budget

2024-2025



Legislature Determines Entitlement



Once district's cup size is determined, the state fills cup with **local** property taxes **first**.



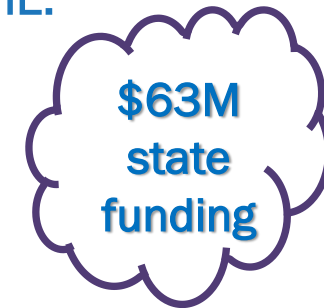
Then, the state fills cup with **state** funds.



If a district offers **tax relief** through **LOHE**, the **state** funding formula **never** fills the cup.

Solution:

Legislature modify the adjustment in the Comptroller's property value assignment for the LOHE.



Funding of School Districts

Property Taxes

- Values determined by Harris Central Appraisal District (HCAD)
- Tax rate comprised of:
 - Maintenance and Operations (M&O)
 - Interest and Sinking (I&S)
- M&O rate capped
 - Voter-Approval Tax Rate Election
- Local optional homestead exemption
 - 20%

State Aid

- Legislative state funding formula
 - Values determined by Comptroller
- Influenced by:
 - Enrollment
 - Average Daily Attendance (ADA)
 - Special populations
 - Enrichment pennies
 - Property wealth
- Not adjusted for inflation
 - Basic allotment = \$6,160

Components of Tax Rate

Maintenance & Operations

- Generates local funds for M&O expenditures in the general operating budget (General Fund)
 - Salaries
 - Contracted Services
 - General Supplies
 - Other Operating
 - Capital Outlay

Interest & Sinking

- Generates funds required to service the district's debt (Debt Service Fund)
 - Debt approved by voters in bond referendum (election)
 - Must be used for principal and interest payments on debt
 - Cannot be used for general operations

Taxable Property Values (HCAD)

BUDGET YEAR	TAX YEAR	TAXABLE VALUE*	PERCENT CHANGE
2020-2021	2020	\$56,584,224,482	4.88%
2021-2022	2021	\$59,851,641,258	5.77%
2022-2023	2022	\$66,389,358,458	10.92%
2023-2024	2023	\$69,734,022,535	5.04%**
2024-2025	2024	\$71,435,456,546	2.44%

* Certified values as of April 2024 except for 2024-2025 (preliminary certified)

**Percent change affected by SB2 increase in state mandated homestead exemption to \$100,000 and over 65 frozen values

Property Values and Tax Compression

M&O Tax Rate Compressed to Lower of:

State Compressed Rate

Local Compressed Rate

Current Year Property Values Affect Tax Compression

Tax Year 2024 Maximum Compressed Tax Rate Same as 2023 or Slight Decrease

State Aid Based on Current Year State Comptroller's Property Values

\$350,000 Home (State)

- Reduction of \$100,000 in taxable value
- Decrease of \$1,081 in property taxes*

\$350,000 Home (Optional)

- Reduction of **additional** \$70,000 in taxable value
- Decrease of **additional** \$757 in property taxes*

Impact of Optional Homestead Exemption

- Reduction of \$7.5B in taxable value
- Decrease of \$81M in property taxes*

*Based on 2023 tax rate

Impact of Homestead Exemption

Student Enrollment

BUDGET YEAR	ACTUAL ENROLLMENT	ENROLLMENT CHANGE	PERCENT CHANGE
2020-2021	115,801	(1,645)	(1.40)%
2021-2022	117,217	1,416	1.22%
2022-2023	118,010	793	0.68%
2023-2024	118,470*	460	0.39%
2024-2025	118,798**	328	0.28%

* Enrollment as of October 2023 Snapshot

** Budget estimate

BUDGET YEAR	AVERAGE DAILY ATTENDANCE
2018-2019	95.38%
2019-2020	95.44%*
2020-2021	94.75%*
2021-2022	92.59%
2022-2023	92.93%
2023-2024	93.44%**

* ADA/Attendance Hold Harmless

** As of 5th six weeks



Average Daily Attendance

Teacher Salary Comparison 2023-2024

SCHOOL DISTRICT	0-YEAR SALARY	5-YEAR SALARY	10-YEAR SALARY	15-YEAR SALARY	20-YEAR SALARY
Aldine	\$61,000	\$63,860	\$65,148	\$66,435	\$68,119
Cypress-Fairbanks	\$62,000	\$63,830	\$66,765	\$68,858	\$71,627
Houston	\$61,500	\$64,500	\$67,500	\$70,000	\$73,000
Katy	\$62,400	\$64,495	\$66,995	\$69,095	\$71,095
Klein	\$60,000	\$64,200	\$66,200	\$68,200	\$70,200
Spring	\$60,500	\$62,000	\$63,500	\$65,600	\$68,100
Spring Branch	\$62,000	\$63,600	\$65,700	\$68,300	\$71,300
Tomball	\$60,500	\$63,000	\$65,500	\$68,250	\$71,000

Food Service Fund and Bond Fund

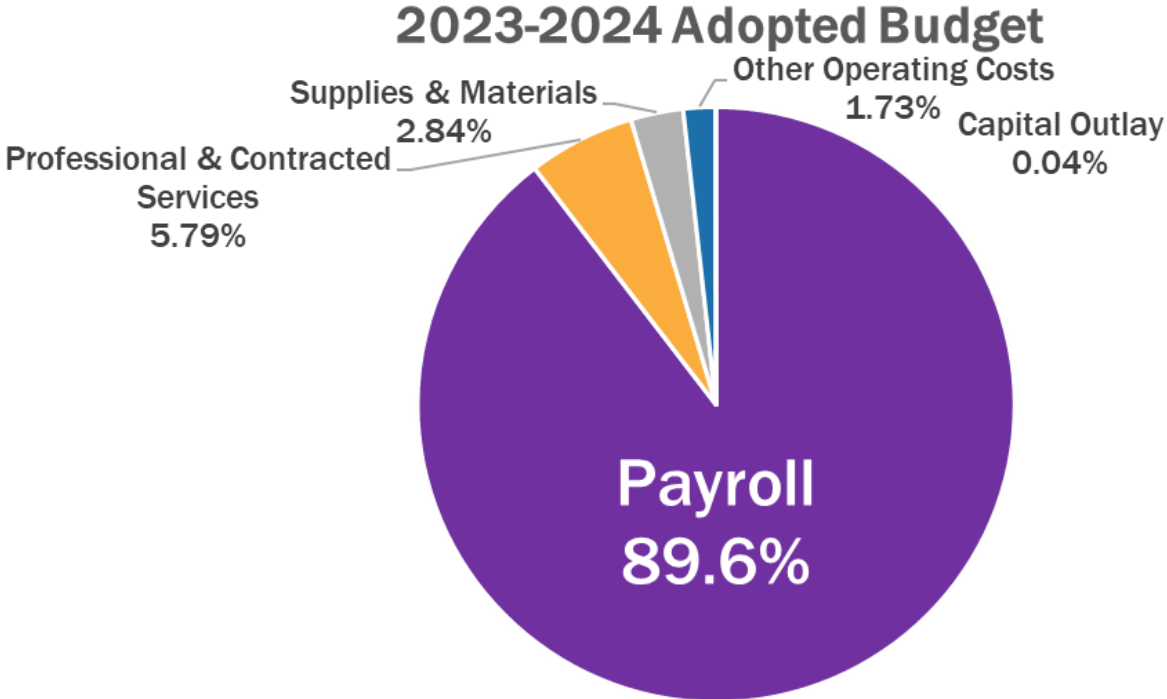
Food Service Fund

- Subsidized with federal reimbursements
- Restrictions on use of funds
 - Child Nutrition Program
 - Cannot be used for general operations

Bond Fund (Capital Projects)

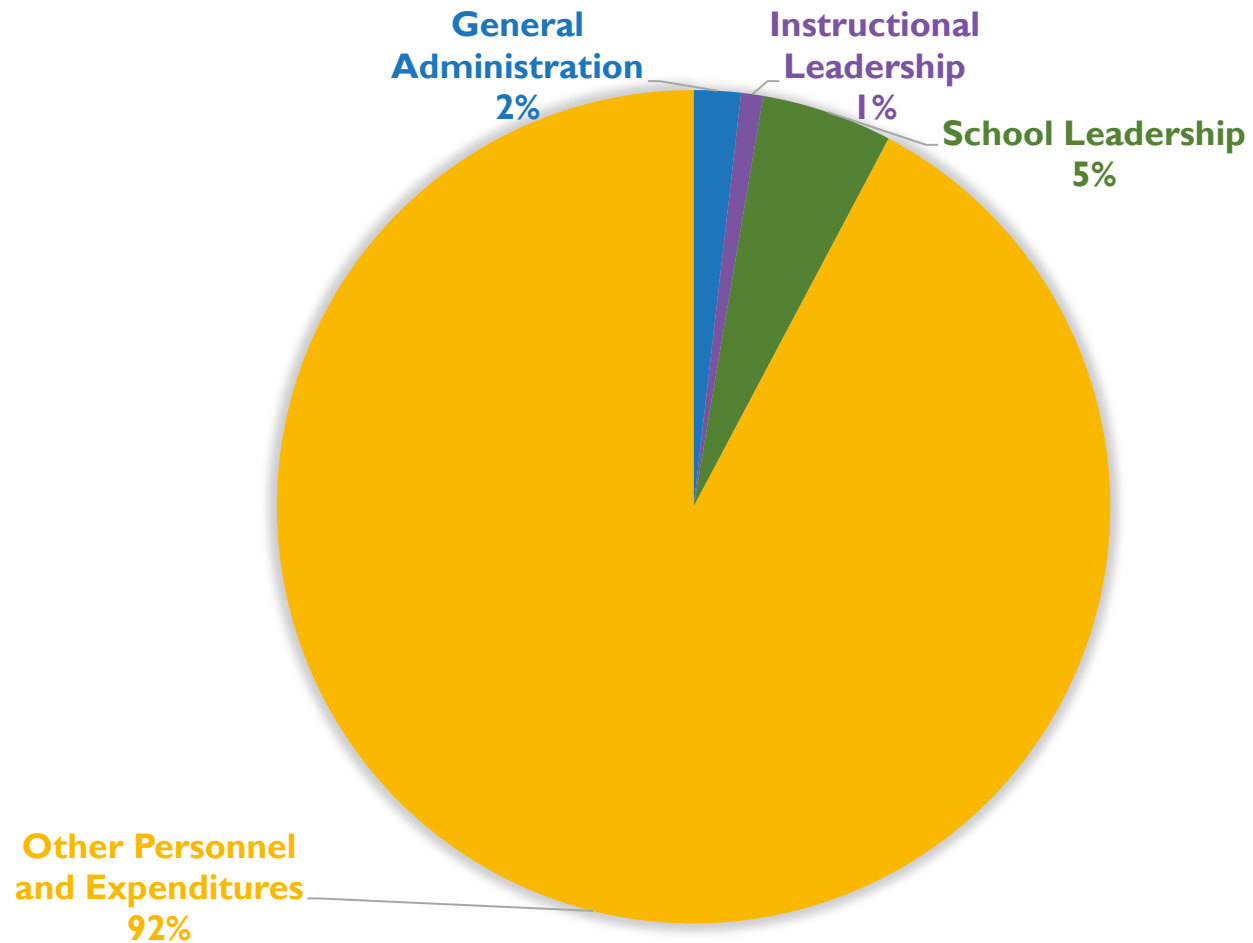
- Proceeds from bond issues
- Restrictions on the use of funds
 - Must be spent on construction/renovation of facilities, equipping of facilities, technology, and buses in the bond program
 - Cannot be used for general operations

General Fund Expenditures

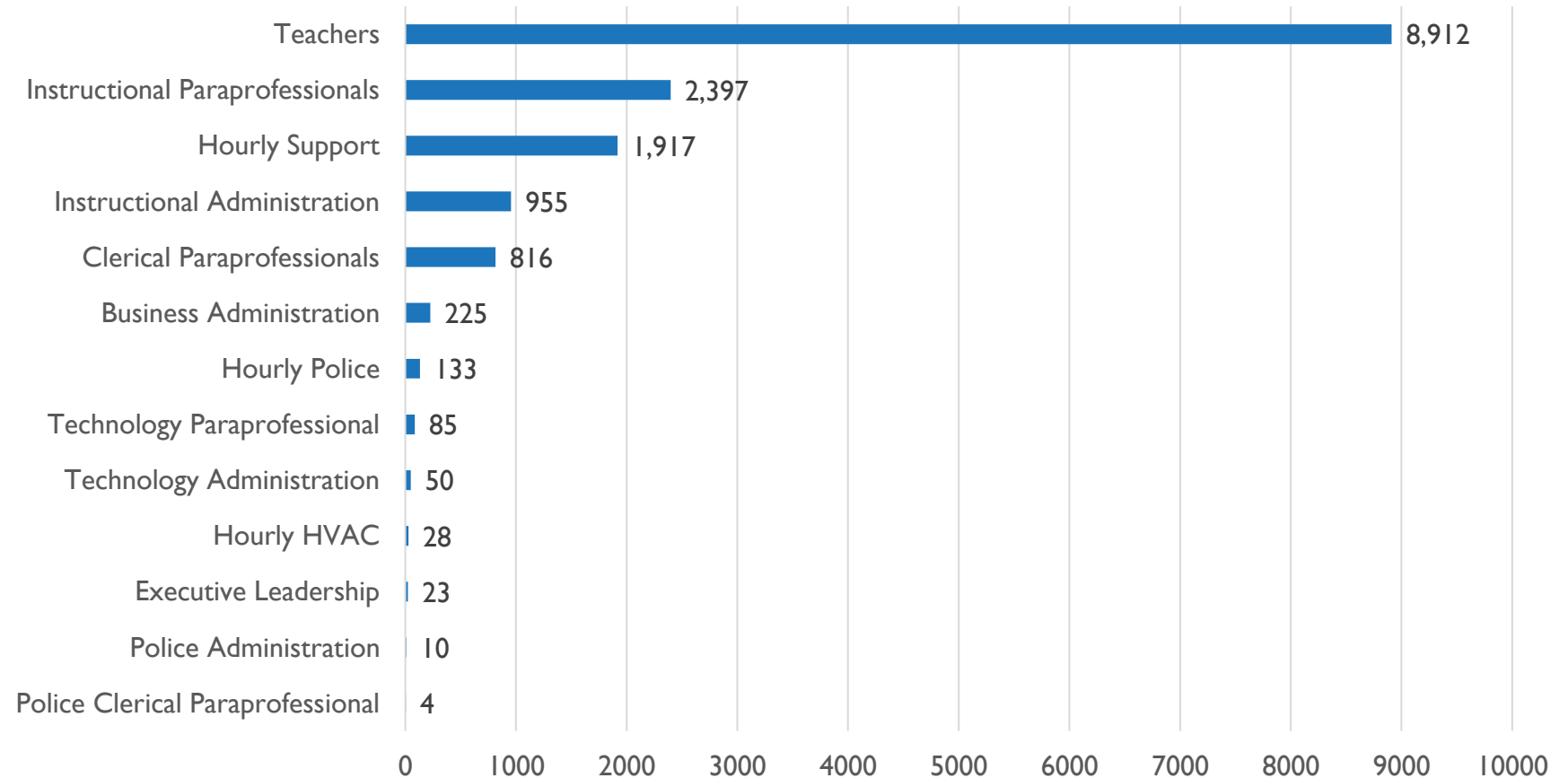


- Payroll
- Professional & Contracted Services
- Supplies & Materials
- Other Operating Costs
- Capital Outlay

2022-2023 Expenditures



Types of Positions



Budget Assumptions



- Expiration of ESSER funding (September 2024)
- Reduced expenditures (\$58M)
 - Reducing positions – no layoffs
- Payroll at 98% fill rate (\$20M)
- Minimal enrollment growth (0.28%)
- Salary increase on greater of midpoint or base of 1% for all levels of administration and 2% for teachers, paraprofessionals, and hourly; and increase in teacher starting salary to \$63,000 (\$17M)


Budget Assumptions



- Reduction of SHARS funding (\$10.3M)
- Continued 2% ADA decrease (\$15M)
- Operating costs for Byrd Elementary (\$2.4M)
- Increase in property values (2.44%)
- Does not include BRAC revenue recommendations
- No increase for 50% recognition of LOHE (\$31.5M)

\$58 Million Budget Reduction Plan (**\$58,629,674**)

- District-Level Staff Reductions - \$5,765,976
 - 42 Curriculum Coaches/Helping Teachers
 - 1 Asst. Supt.
 - 6 Directors/Coordinators/Managers
 - 35 Support Staff/Administrative Assistants
 - 11 Other Professional-Level positions
- Campus-Level Staff Reductions - \$29,714,830
 - 13 campus administrators
 - 120 other professional support staff
 - 278 classroom teachers
 - 31 clerical/support staff
- Maintenance and Operations Staff Reductions - \$2,120,000
 - 60 Operations positions
 - 21 Maintenance positions
- Transportation Department Budget Reductions - \$4,723,318
 - Includes labor, fuel, maintenance, and miscellaneous operating costs
- Non-Staff Miscellaneous Budget Reductions - \$16,305,550



\$58 Million Budget Reduction Plan

Preliminary General Fund 2024-2025

DESCRIPTION	PRELIMINARY BUDGET
Local Revenues	\$498,402,404
State Revenues	571,901,352
Federal Revenues	16,500,000
Total Revenues	<hr/> \$1,086,803,756 <hr/>
Expenditures	<hr/> \$1,164,278,145 <hr/>
Surplus (Deficit)	<hr/> (\$77,474,389) <hr/>

Fund Balance

The total accumulation of operating surpluses and deficits

Importance of adequate fund balance

- Manage cash flow low points
 - Majority of tax collections in December and January
 - Reimbursement from federal funds
 - Fund disasters until reimbursed by insurance/federal funding
- Mitigate current and future risks such as revenue shortfalls and unanticipated expenditures
 - Declines in enrollment/ADA

How much fund balance is needed

- Minimum of 4 months for June 30 year end

How is fund balance replenished

- Operating surplus

Estimated months in fund balance at 6/30/2025

- 4.68 months

Student Transportation Allotment

- Regular Route Services
 - \$1.00 Per Mile For Two or More Miles Service
 - Approved Hazardous Traffic = 10% of Two or More Miles Service
- Special Education Route - \$1.08 Per Mile
- CTE – Cost Per Mile for Regular Route Services for the Preceding Year (2023 Allotment Per Mile = \$6.8683)
- Private Route Services - \$0.25 Per Mile
- 2022-2023 Allotment = \$8,129,146
- 2022-2023 Actual Expenditures - \$43,340,225

Transportation Plan 2024-2025

RECOMMENDATIONS	BUDGET REDUCTION
Hybrid with Hazardous Route Plan	\$3,000,000
Eliminate Late Runs	1,435,072
Eliminate Service for Alternative Learning Centers	288,246
Total	<hr/> <u>\$4,723,318</u> <hr/>

Transportation Plan 2024-2025

The following criteria will be used by the Cypress-Fairbanks ISD to define hazardous traffic conditions if approved by the Cypress-Fairbanks ISD Board:

1. Transportation will be provided for elementary students within **one mile** if:
 - a. Crossing a tollway;
 - b. Crossing a state highway;
 - c. Crossing a farm-to-market road;
 - d. Crossing a moderately to heavily traveled thoroughfare without a protected crossing (traffic light or stop sign);
 - e. Walking along a moderately to heavily traveled thoroughfare without a safe walk path; or
 - f. Crossing a railroad track.
2. Transportation will be provided for middle school students within **two miles** if:
 - a. Crossing a tollway;
 - b. Crossing a state highway;
 - c. Crossing a farm-to-market road;
 - d. Crossing a four or more lane, heavily traveled thoroughfare without a protected crossing (traffic light or stop sign); or
 - e. Crossing a railroad track.
3. Transportation will be provided for high school students within **two miles** if:
 - a. Crossing a six-lane roadway with a speed limit over 45 mph;
 - b. Crossing a tollway;
 - c. Crossing a state highway; or
 - d. Crossing a farm-to-market road;

Factors Impacting Deficit Since 2019-2020

No increase in basic allotment since 2019 and record inflation of 19%
Basic Allotment = \$6,160

Local Optional Homestead Exemption = loss of \$63M

2% decrease in average daily attendance = \$15M

Operational costs to open new facilities = \$18M

Salary increases and retention stipends = \$180.6M

Staff for growth = \$26.7M

Increases in special education, bilingual, and safety and security expenditures = \$71M

Expiration of federal stimulus funding

Questions?
