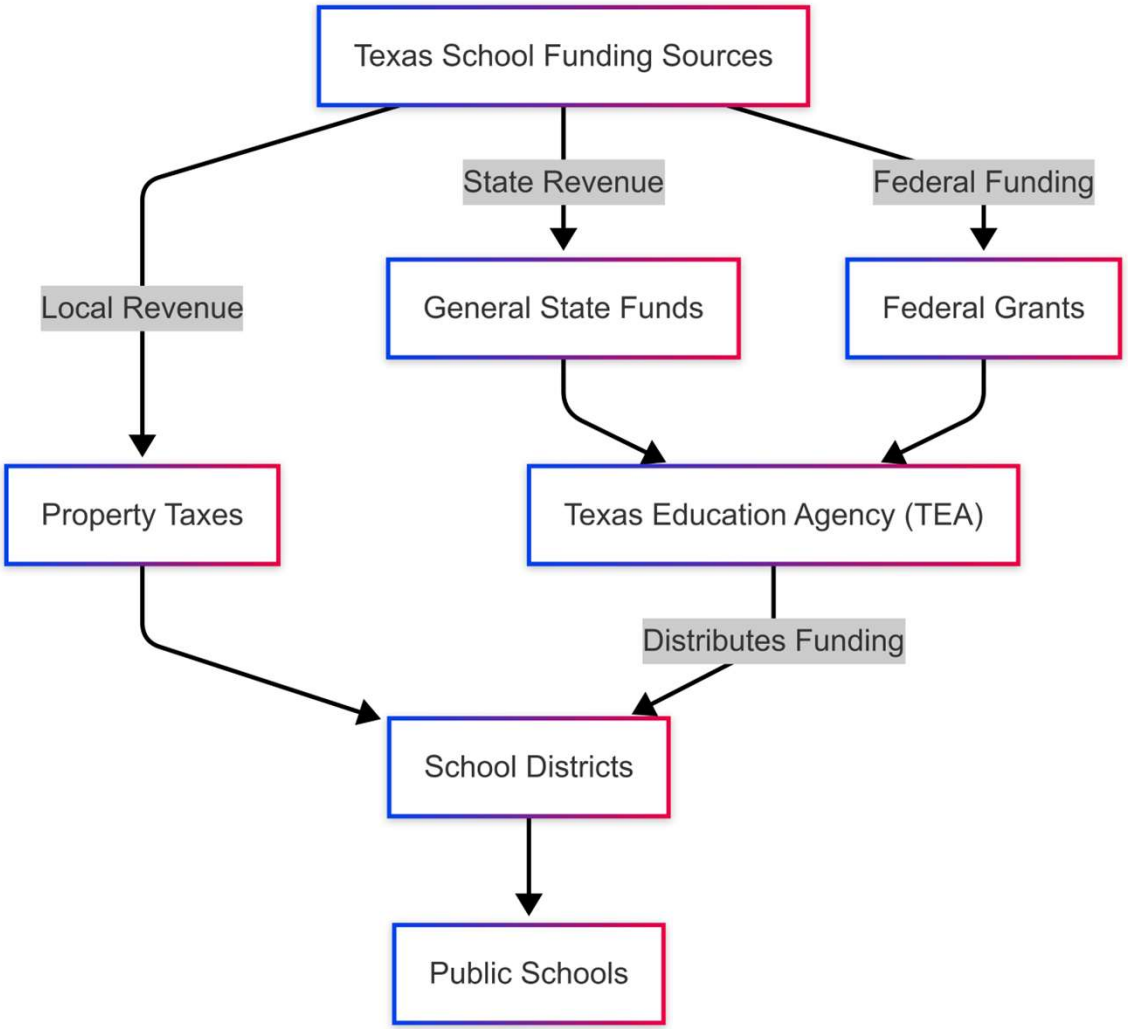
Budget Workshop I

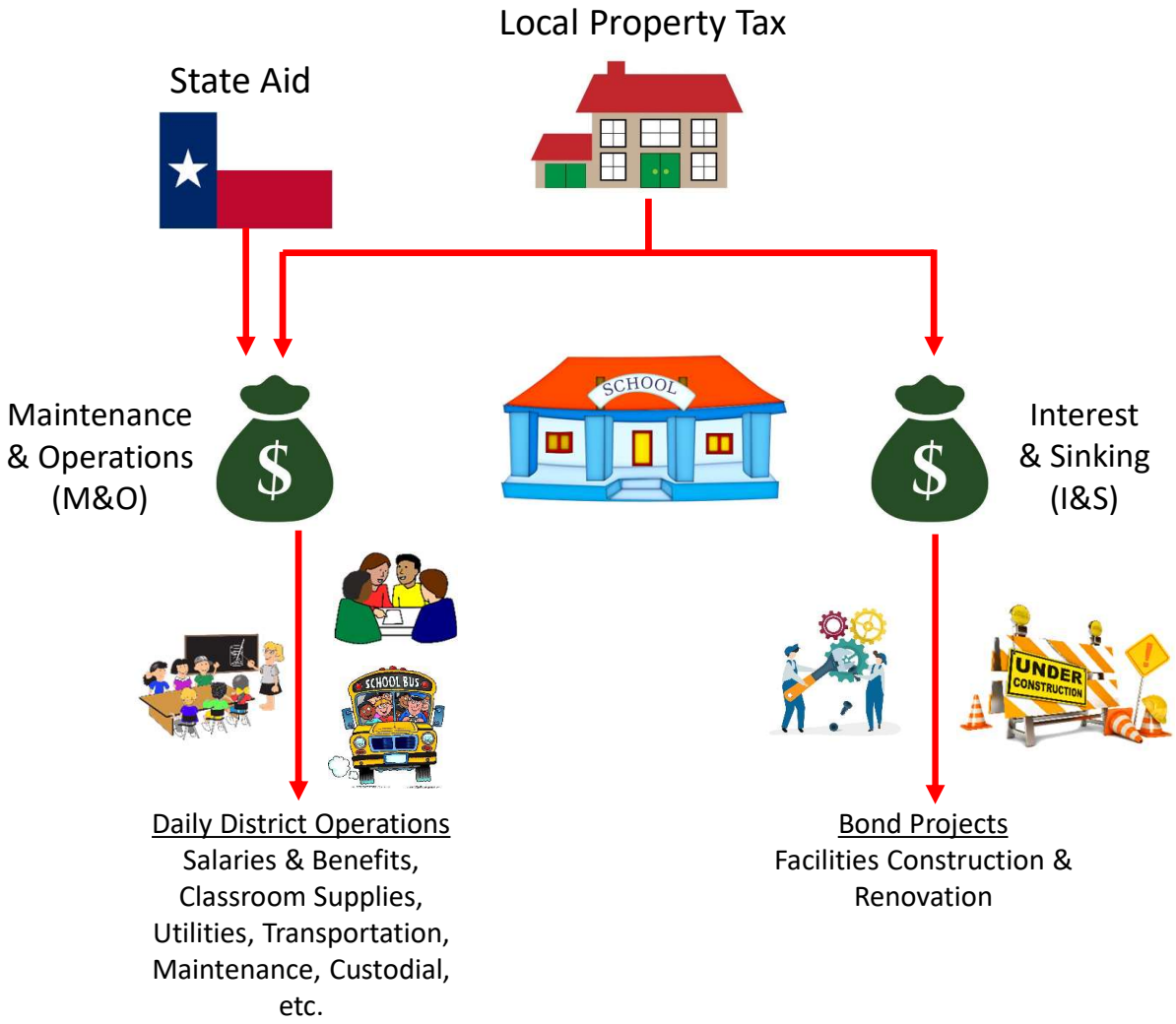
School Finance Overview

HUFFMAN
INDEPENDENT SCHOOL DISTRICT

February 17, 2025

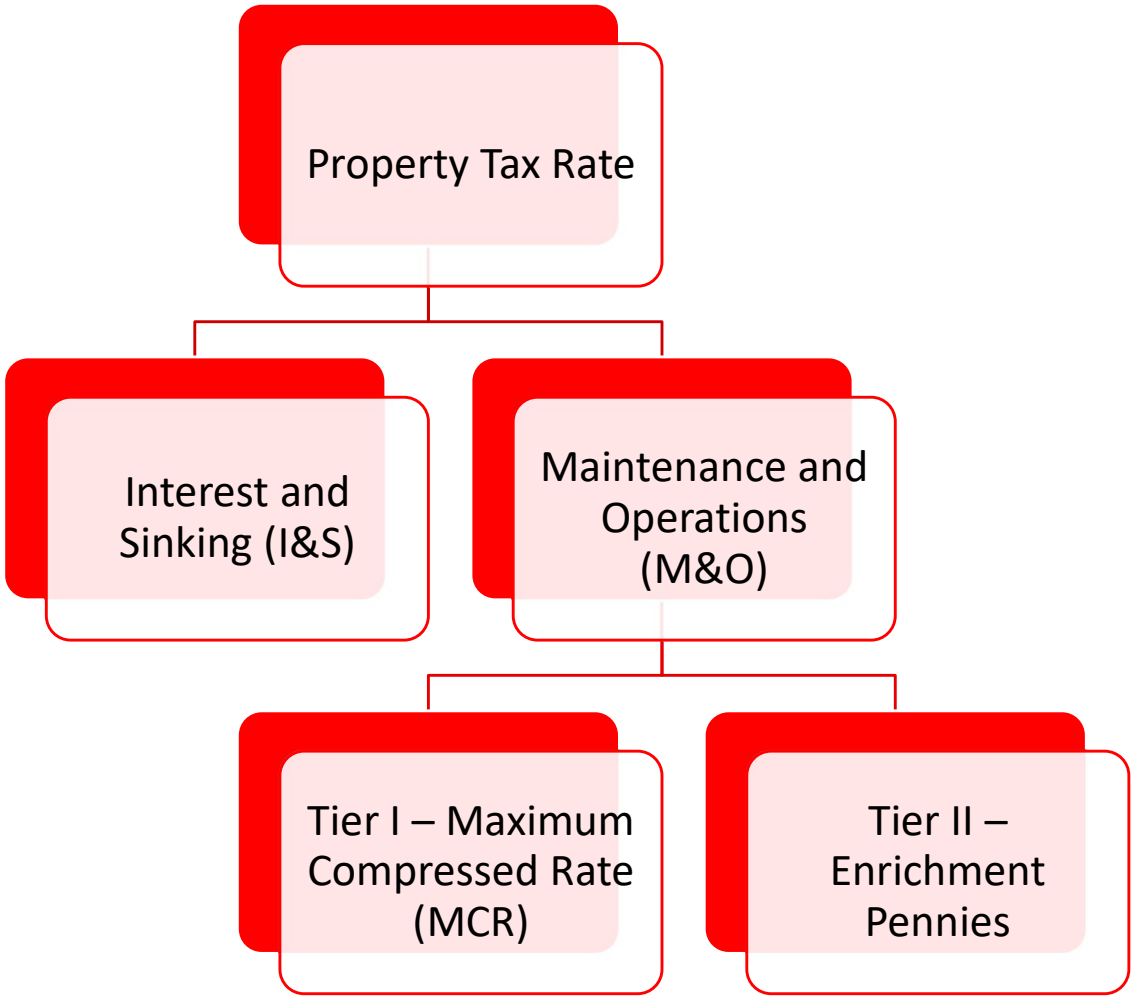

Texas School Funding Sources
State Revenue
Federal Funding
Local Revenue
General State Funds
Federal Grants
Property Taxes
Texas Education Agency (TEA)
Distributes Funding
School Districts
Public Schools

School Finance



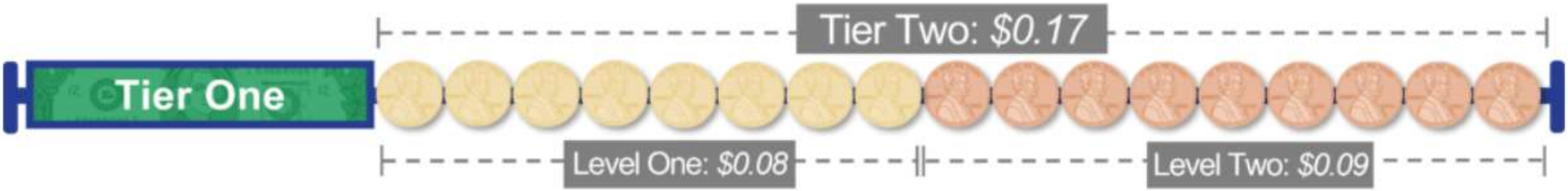
Local Property Taxes

Local Property Taxes



What is the M&O Tax Rate?

- Funds day-to-day operations, alongside State Aid



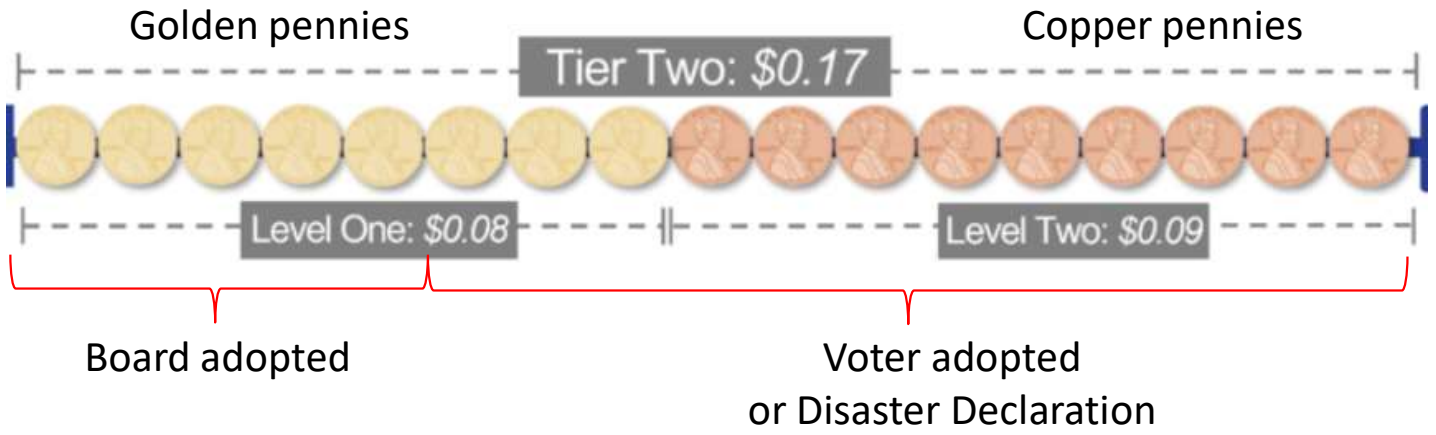
M&O Tax Rate - Tier One

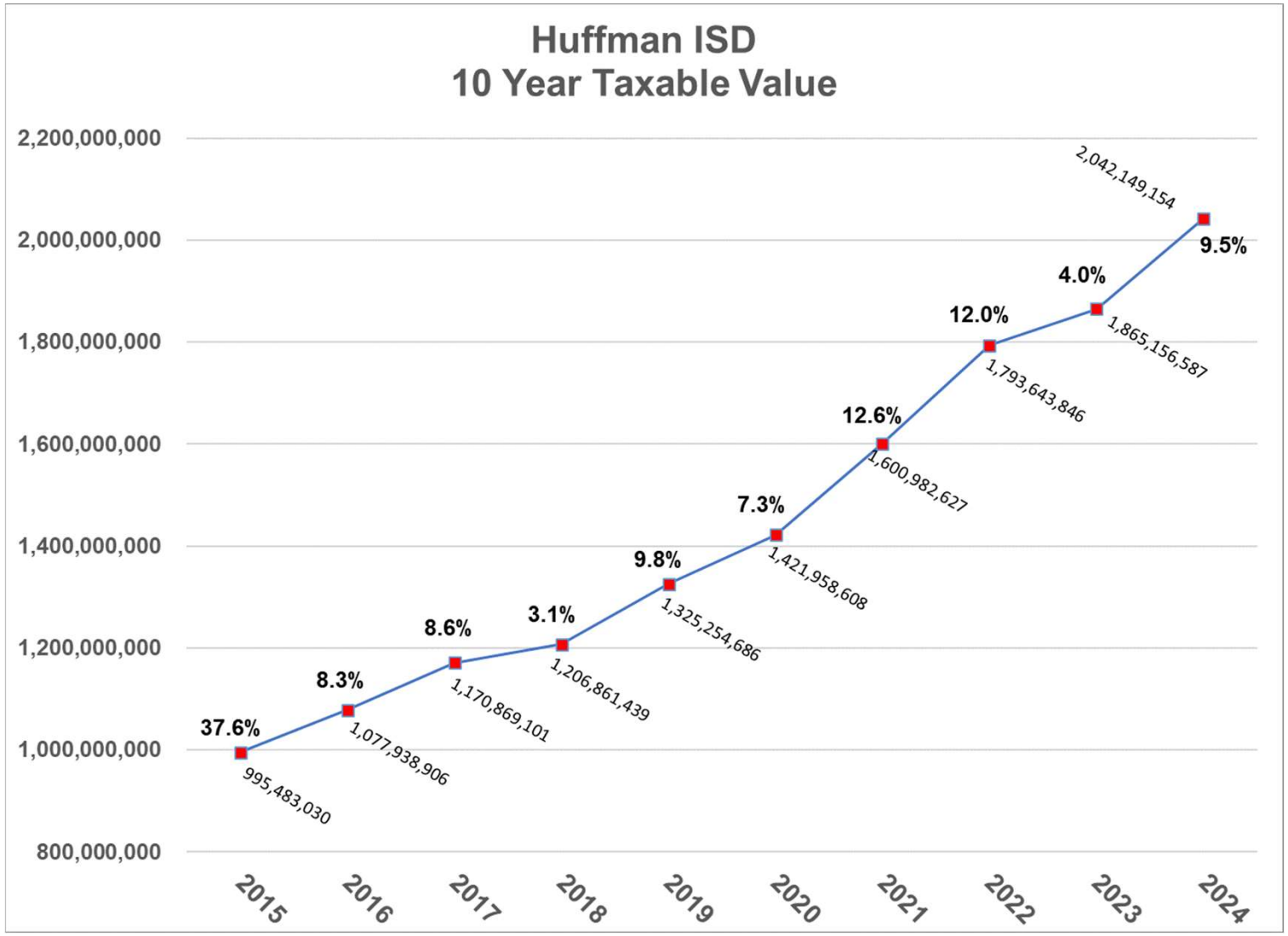
- $1.00 prior to compression from HB3, 86th Texas Legislature, 2019
- Maximum Compressed Rate (MCR) dependent on
  - Estimated statewide property growth and
  - Local property value growth
- 2024 Maximum Compressed Rate = $0.6169

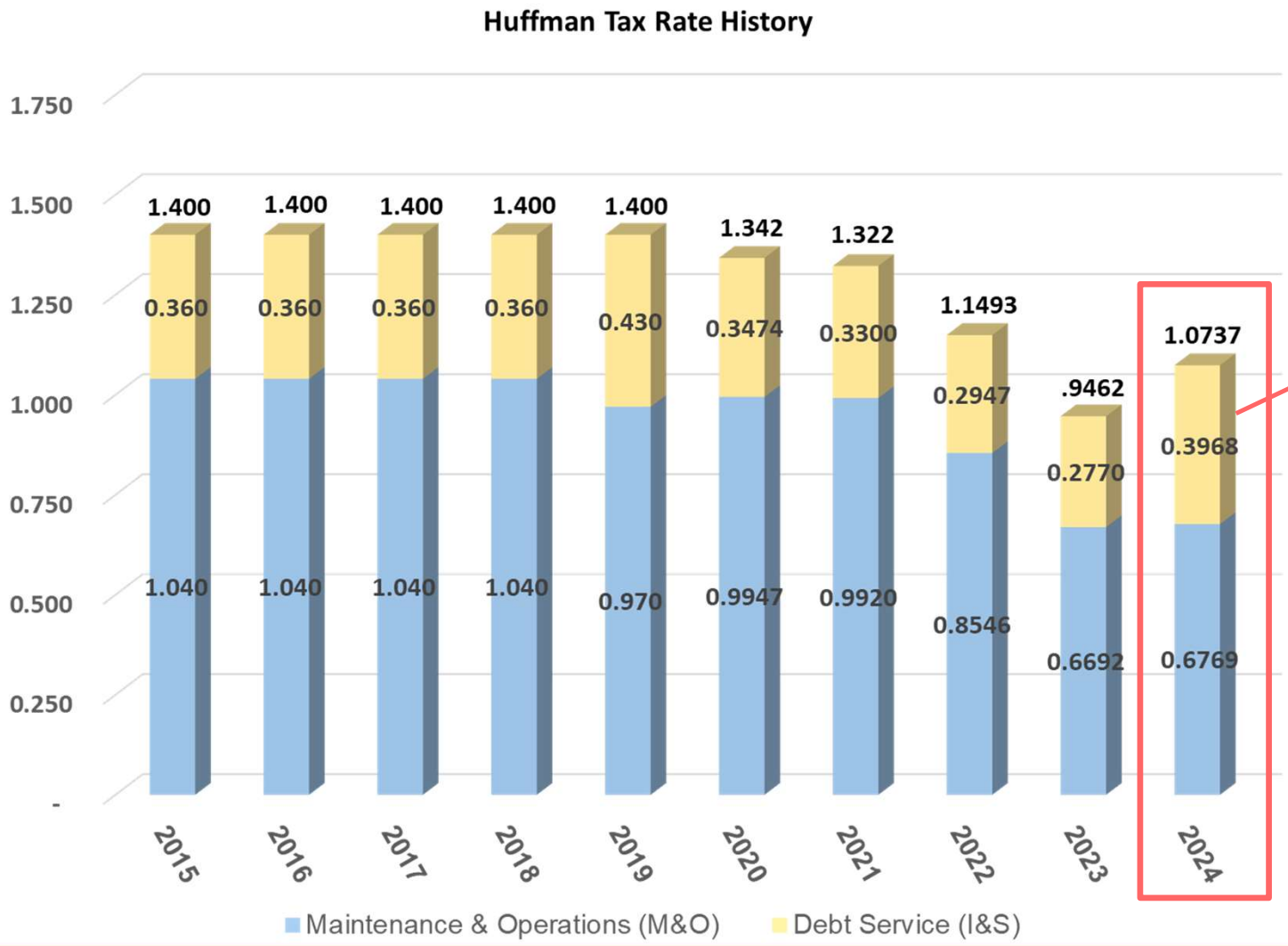


M&O Tax Rate - Tier Two

- Also known as the “Enrichment Rate”
- Maximum of $0.17 allowed
- Additional funding guaranteed from the State based on tax effort

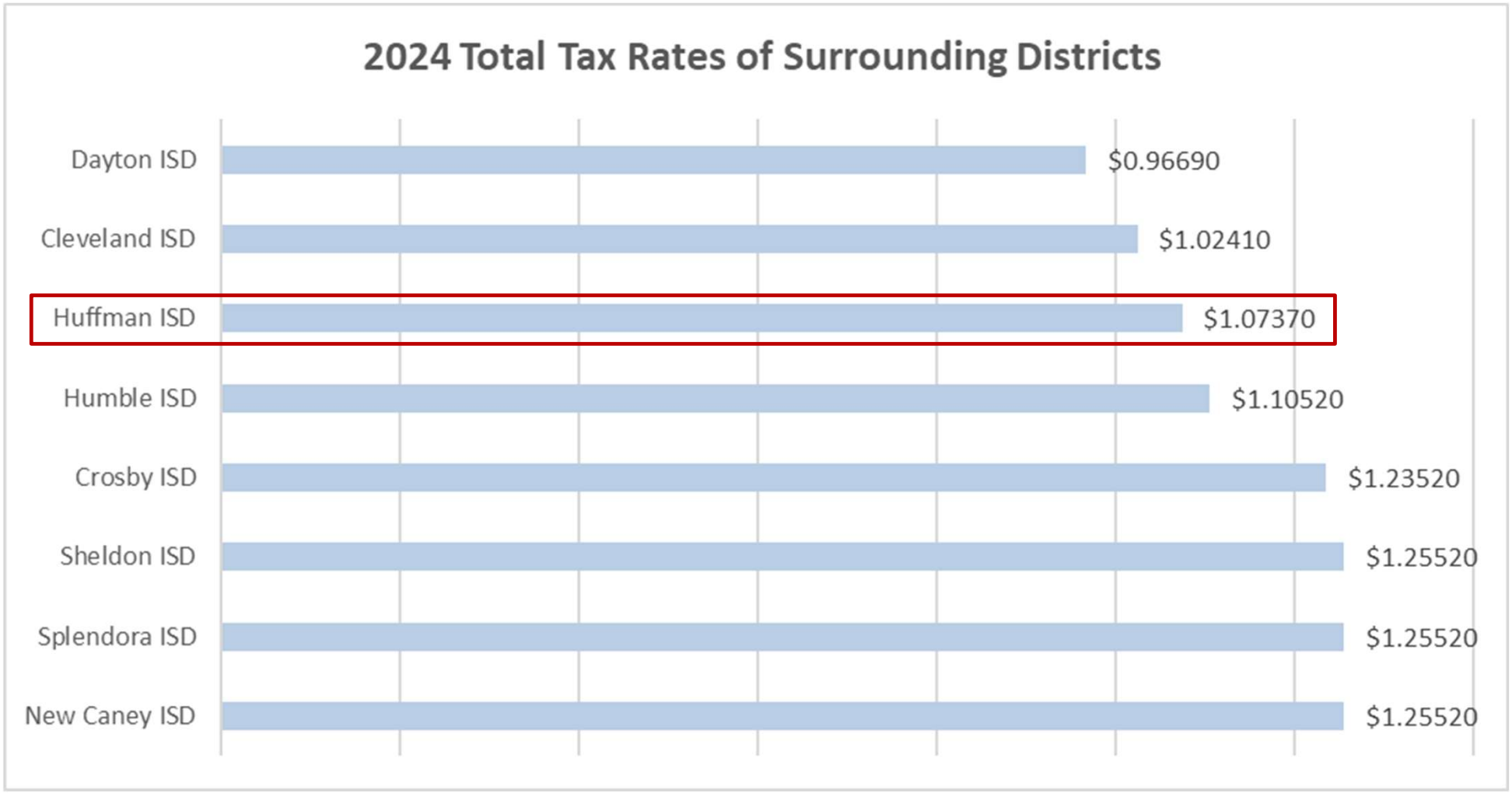



Huffman ISD
10 Year Taxable Value
2,200,000,000
2,000,000,000
1,800,000,000
1,600,000,000
1,400,000,000
1,200,000,000
1,000,000,000
800,000,000
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
995,483,030
1,077,938,906
1,170,869,101
1,206,861,439
1,325,254,686
1,421,958,608
1,600,982,627
1,793,643,846
1,865,156,587
2,042,149,154
37.6%
8.3%
8.6%
3.1%
9.8%
7.3%
12.6%
12.0%
4.0%
9.5%

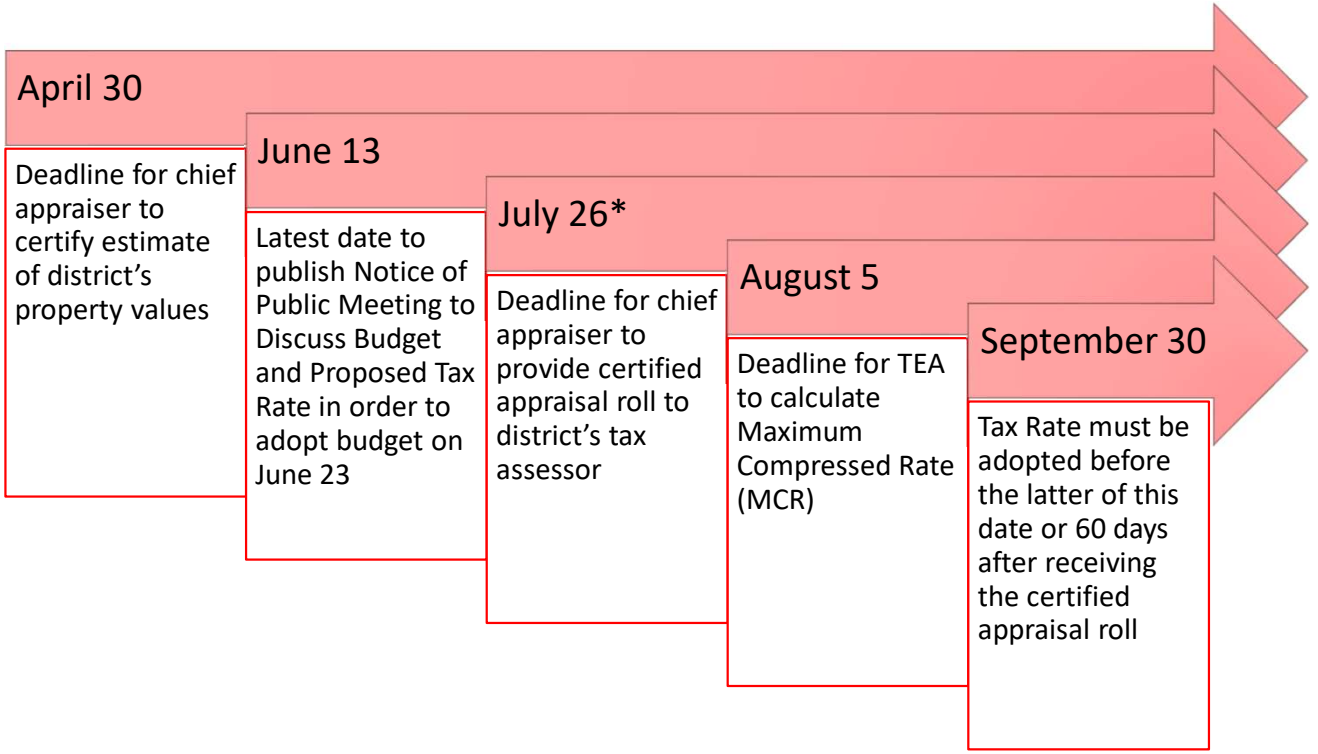


I&S Increase of $0.11981

2023 Voter-approved Bond


2024 Total Tax Rates of Surrounding Districts
Dayton ISD
$0.96690
Cleveland ISD
$1.02410
Huffman ISD
$1.07370
Humble ISD
$1.10520
Crosby ISD
$1.23520
Sheldon ISD
$1.25520
Splendora ISD
$1.25520
New Caney ISD
$1.25520

Property Tax Rate Adoption Timeline

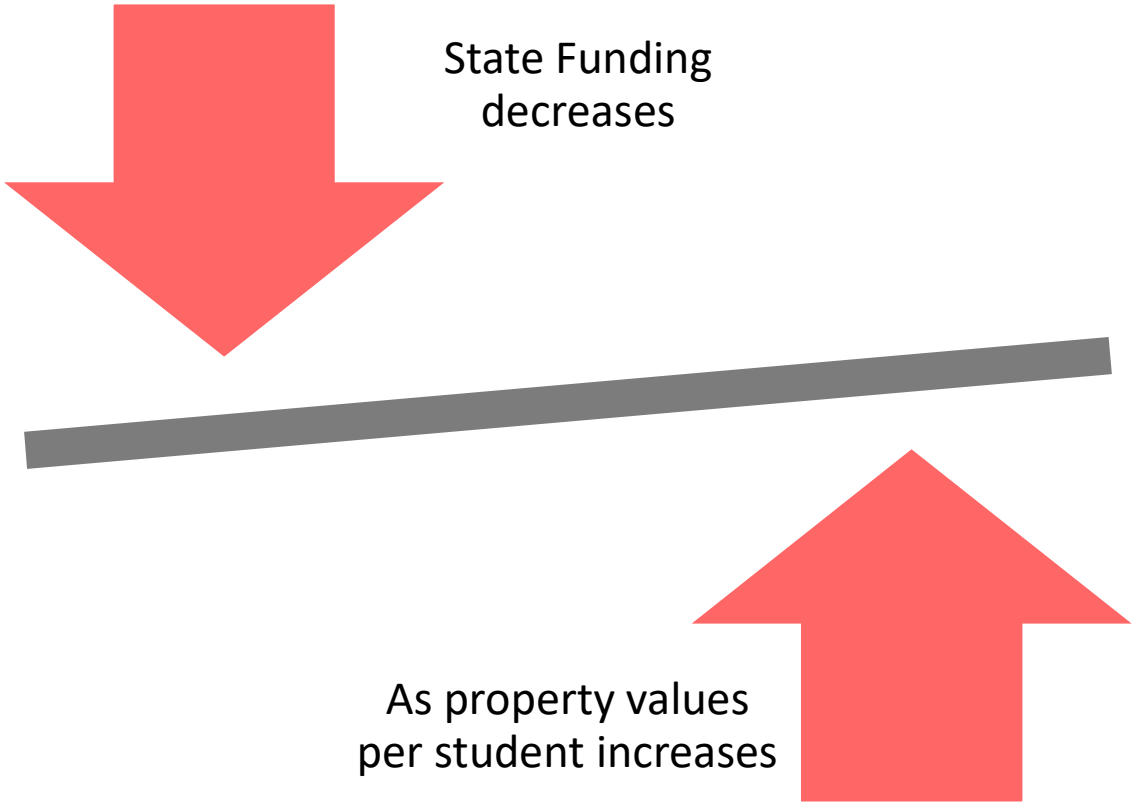


State Funding

Underlying Principles

Adequacy	Resources to provide for students' educational needs
Equity	Substantially equal access to similar revenue per student at similar tax effort
Efficiency	Resources are productive of educational outcomes with little waste

Foundation School Program (FSP)



Foundation School Program (FSP)



The state determines the size of each district's glass (funding) based on a complicated formula that considers a district's size, enrollment, attendance, student demographics, etc.

Foundation School Program (FSP)



The district is then responsible for generating a share through local property taxes.

In some districts, the local share partially fills the cup. In other districts, the local share completely fills or overflows the cup.

Foundation School Program (FSP)



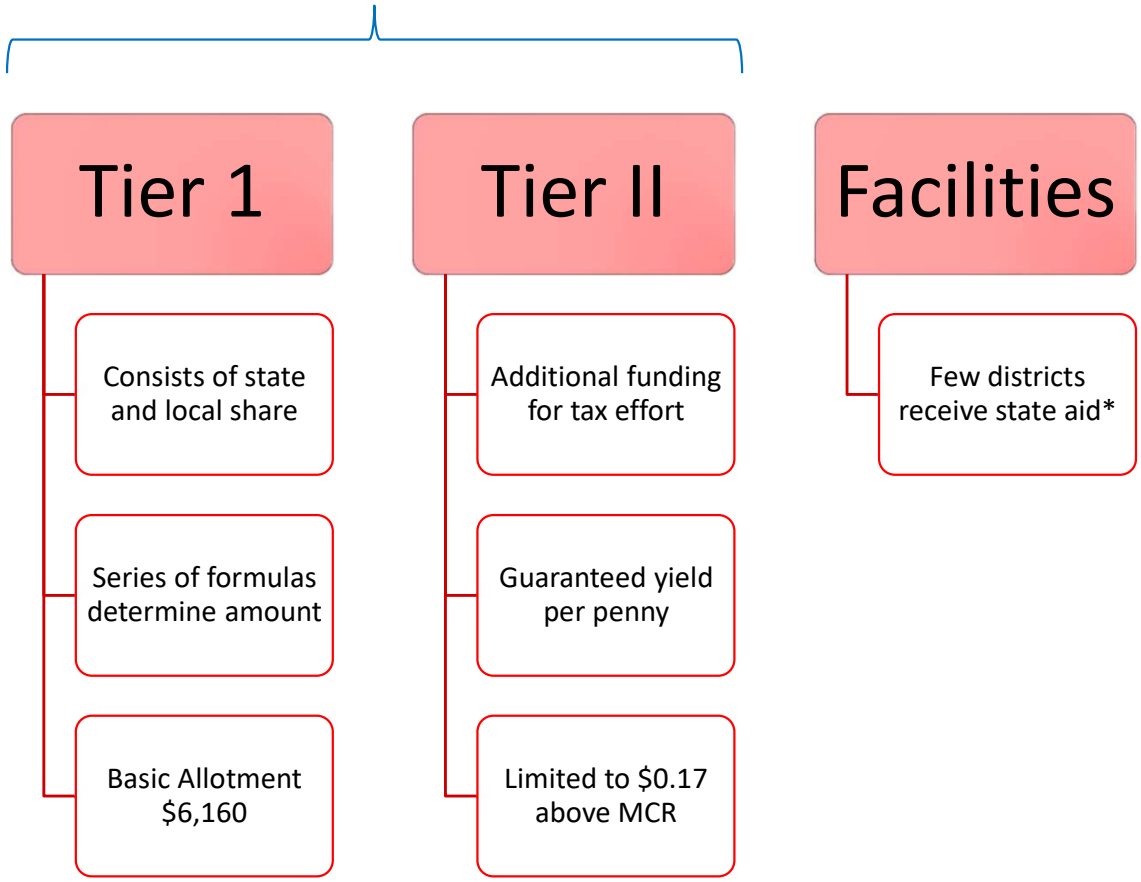
The state then makes up the difference between the district's entitlement and local property taxes with state aid.

FSP Structure

State Aid

Main Components

Operations



Tier I Components – State Funding

Average Daily Attendance (ADA)

- Regular Program Allotment
- Special Education (mainstream)
- Small & Midsize District
- Early Education
- Bilingual
- School Safety

Enrollment

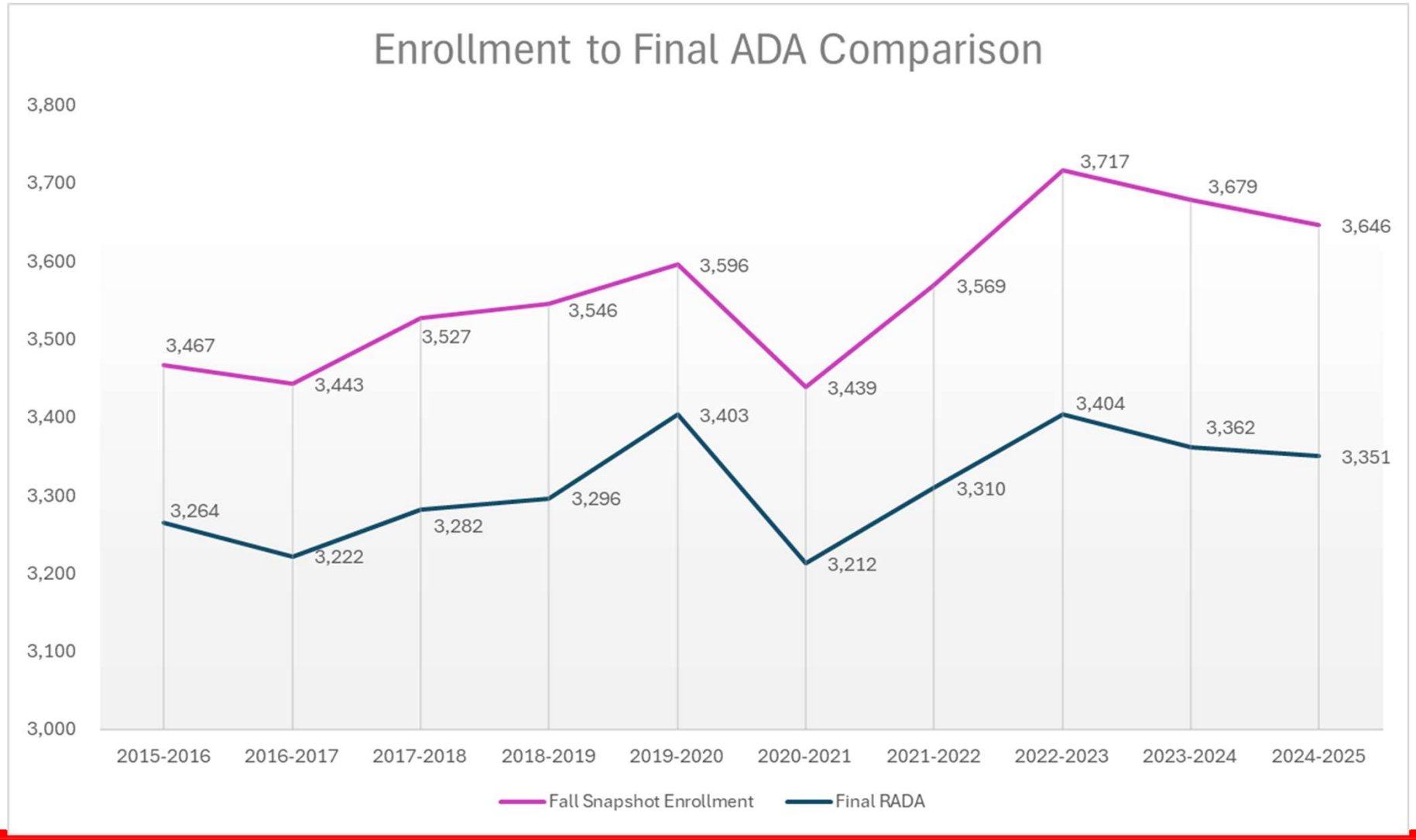
- Compensatory Education
- Dyslexia
- Gifted & Talented
- Fast Growth*

Full Time Equivalents (FTE's)

- Special Ed. (not mainstream)
- Career & Technology

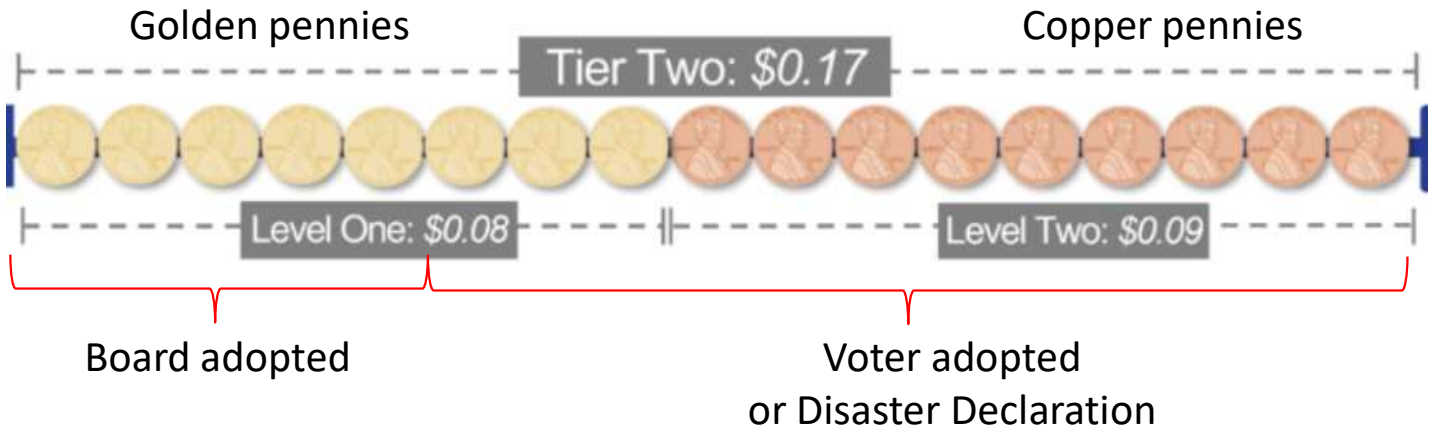
Other

- CCMR – per qualified graduate
- TIA – per qualified teacher
- Transportation – per mile


Enrollment to Final ADA Comparison
3,800
3,700
3,600
3,500
3,400
3,300
3,200
3,100
3,000
3,467
3,443
3,527
3,546
3,596
3,439
3,569
3,717
3,679
3,646
3,264
3,222
3,282
3,296
3,403
3,212
3,310
3,404
3,362
3,351
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
2023-2024
2024-2025
Fall Snapshot Enrollment
Final RADA

Tier II Components – State Funding

- Also known as the “Enrichment Rate”
- Additional funding guaranteed from the State based on tax effort



Guaranteed Yield per penny (24-25)

Golden

$129.52





Copper

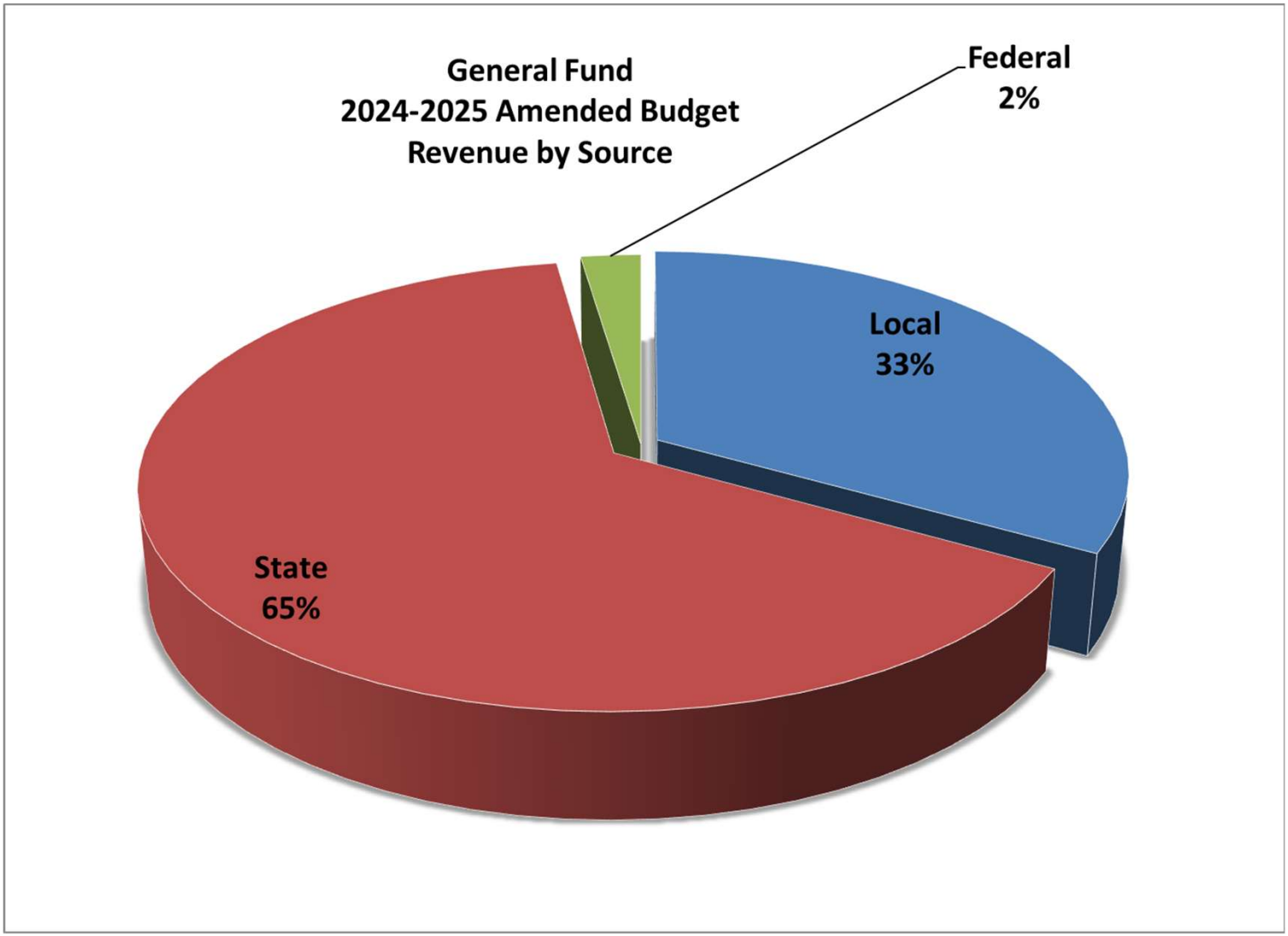
$49.28

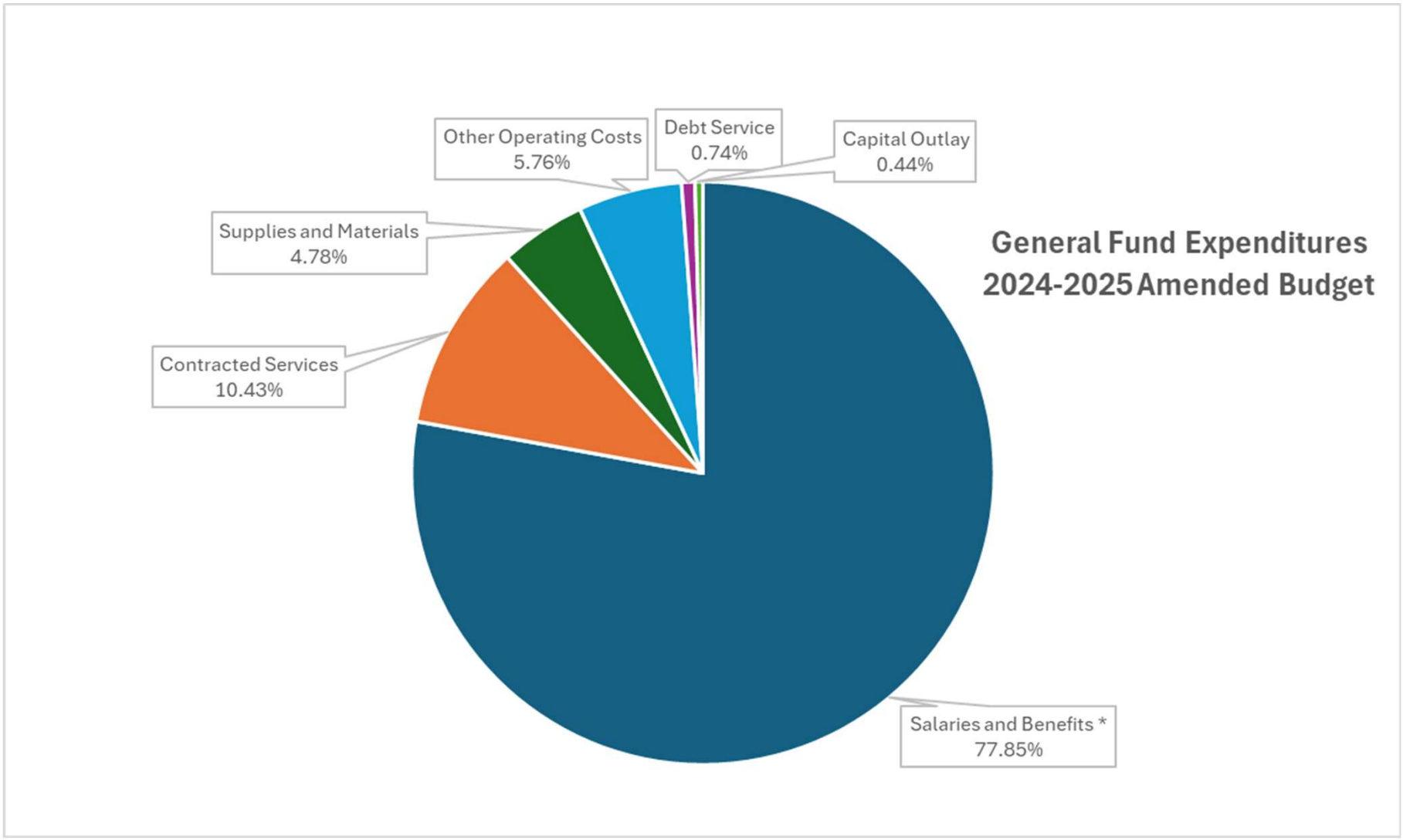
Each Penny*	Golden	Copper
Local Revenue	$182,645	$182,645
State Revenue	435,417	36,302
Total	$618,062	$218,947

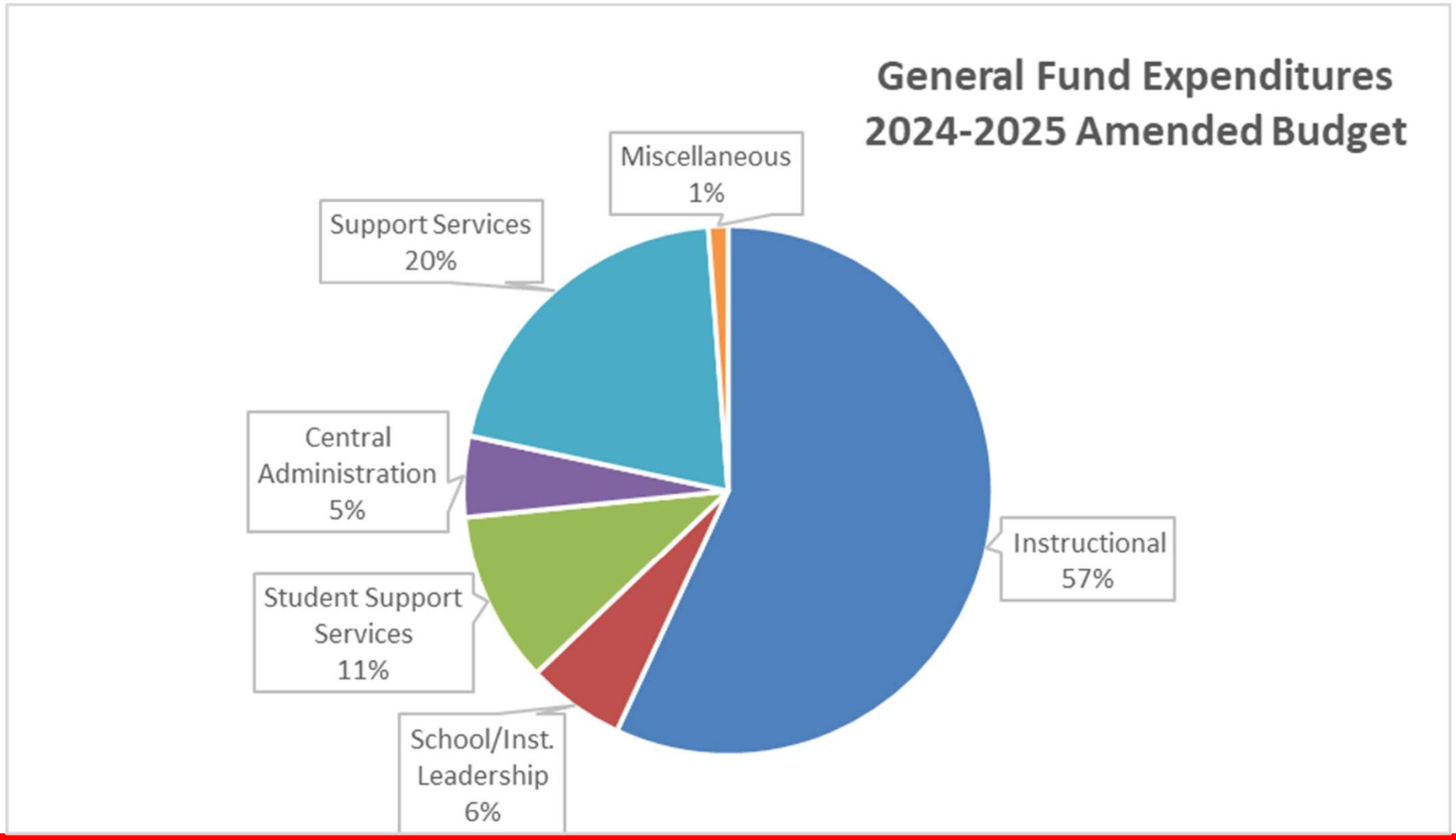
* Based on Revised Budget WADA and preliminary State certified values

General Fund

2024-2025 REVISED BUDGET


General Fund
2024-2025 Amended Budget
Revenue by Source
Federal
2%
Local
33%
State
65%


General Fund Expenditures
2024-2025 Amended Budget
Other Operating Costs
5.76%
Debt Service
0.74%
Capital Outlay
0.44%
Supplies and Materials
4.78%
Contracted Services
10.43%
Salaries and Benefits *
77.85%


General Fund Expenditures
2024-2025 Amended Budget
Miscellaneous
1%
Support Services
20%
Central
Administration
5%
Student Support
Services
11%
School/Inst.
Leadership
6%
Instructional
57%

89th Texas Legislature

89th Legislature Key Dates



- January 13: Issuance of Biennial Revenue Estimate (BRE)
  - https://comptroller.texas.gov/transparency/reports/biennial-revenue-estimate/
  - $194.6 billion for 2026-27 budget cycle
  - Includes $23.8 billion left over from current budget cycle which includes $4.5 billion left unspent when Legislature failed in 2023 to pass education bill
  - Rainy Day fund is expected to be at $28.5 billion by end of 2027 fiscal year
- January 14
  - First day of Regular Session
  - Speaker of the House Elected – Representative Dustin Burrows of Lubbock
- January 17: Appointment of Senate Committees
  - https://www.ltgov.texas.gov/wp-content/uploads/2025/01/Texas-Senate-Committee-Appointments-89.pdf
- February 2: State of the State Address
- February 13: House Committee Chairs announced
  - https://www.house.texas.gov/pdfs/committees/89R-Assignments-by-Committee.pdf
- March 14: Deadline to file bills
- March-May: House votes on General Appropriations Bill
- June 2: Last day of 89th Legislative Session

Major K-12 Budget Bills, as filed

Similarities between SB1 - Huffman & HB1 - Bonnen
$5.25 billion in new public-school funding including: - Funding related to recent SHARS cuts - Special Education - Dual Credit Funding
$6.5 billion in additional property tax relief
$1.1 billion reduction in recapture (Robin Hood payments)
$1.15 billion for Teacher Incentive Allotment (TIA)
$400 million for school safety
$225.4 million for curriculum and instructional materials
Guaranteed yield on golden pennies increase - $132.40 (FY 2026) - $140.02 (FY 2027)
No change in basic allotment

Vouchers and ESAs

- Several bills filed to create an ESA or other publicly funded school choice mechanism
  - HB 212 – Cain
  - HB 612 – Shaheen
  - HB 984 – Toth
  - HB 1657 – Cunningham
- SB 2, Creighton - establishes an Education Savings Account program
  - Gov. Greg Abbott declared an emergency item which expedites the bill through the process
  - Lt. Gov. Dan Patrick declared his top policy priority
  - Universal program where all Texas students are eligible to participate
  - Prioritization if the number of applicants exceed the spots available
  - $10,000 for a student without a disability
  - $11,500 for a student without a disability
  - $2,500 for a student not enrolled in a public school or private school

Additional bills related to School Finance

- HB 236-Landgraff, HB 276-Bucy, HB 683-Bernal, HB 1157-Hinojosa, HB 1703-Lozano, SB 233-Johnson
  - Moves from ADA to Enrollment
- SB 569 - Bettencourt
  - Provides for FSP funding for full time virtual and hybrid programs
- SB 568 – Bettencourt
  - Implements recommendation of the commission on special education funding
    - Moves to an intensity of services-based funding formula based on tiers of intensity
    - Requires annual school board meetings on special education performance
    - Creates an allotment of $500 per prior-year initial evaluation
    - Reinstates autism and dyslexia grants
    - Creates a grant to support recruitment of special education staff
    - Implementation in FY 2026 with hybrid funding using weights and student counts that are yet to be determined

Property Tax

- SB 4 & SJR2
  - Increase homestead exemption from $100k to $140k
  - Includes a hold harmless for districts for both operations and facilities funding
- HB 217 – Harrison
  - Requires a 60% margin in VATREs
- SB 843 - Kolkhurst, HB 2053– Buckley
  - Requires TEA to create a database of VATREs and bond elections to include ballot language, projects to be funded, projected tax rates, and election results



Questions