

FY26 BUDGET OUTLOOK

Shanika Clay, Chief Financial Officer





BUDGET

In Pursuit of *Exceptional*

FY26 Outlook – State Revenue Indicators

+/-	Proposed increase for Teacher Retirement System employer contribution rate	New burden for local funds
Estimate \$3.4M cost increase with rate change from 20.78% to 21.91%, with \$2.2M in additional QBE ^{-a)} earnings estimated		\$1.2 million
+/-	Proposed increase in employer share of health insurance cost for certified employees	New burden for local funds
Increase of \$125 per employee, per month proposed; estimate \$3.9M in additional QBE ^{-a)} funds to offset \$4.1M cost increase		\$0.2 million
-	Proposed increase in employer share of health insurance cost for classified employees	New burden for local funds
Increase of \$305 per employee, per month (\$5,970 annual increase) proposed with no state funding support		\$6.9 million
+	Continuation of Security grant and enhancement of the Transportation categorical grant	
-	Increase in local five mill share contribution for QBE ^{-a)} and anticipate decrease in equalization funding	

(a) –Quality Basic Education (QBE) Formula



BUDGET

In Pursuit of *Exceptional*

FY26 Outlook – State Revenue Outlook: Local Five Mil Share and Equalization

Fiscal Year	Digest Year	100% Digest Value	% digest Δ	Local Five Mil Share	% LFMS Δ	Equalization Grant
2017	2014	\$16,255,684,423	9%	\$31,419,360	9%	\$18,576,312
2018	2015	\$17,249,906,584	6%	\$33,250,515	6%	\$19,858,289
2019	2016	\$18,911,403,695	10%	\$36,460,227	10%	\$14,904,866
2020	2017	\$20,269,086,980	7%	\$39,056,640	7%	\$13,623,098
2021	2018	\$24,166,521,948	19%	\$46,763,726	20%	\$1,294,984
2022	2019	\$23,570,182,067	-2%	\$43,183,118	-8%	\$14,331,680
2023	2020	\$25,380,041,444	8%	\$46,378,730	7%	\$3,519,000
2024	2021	\$27,589,155,809	9%	\$51,813,006	12%	\$8,898,308
2025	2022	\$35,961,097,872	30%	\$59,873,600	16%	\$7,817,812
2026	2023	\$40,189,148,190	12%			

\$12.3M decline

\$1.1M decline



- QBE Formula has three-year lag in digest used to calculate the local five mil share and equalization grant.
- As local digest value increases, a comparative increase in the local five mil share (which reduces state earnings) occurs.
- Equalization grant amounts – which require a statewide assessment – are not available until the State’s budget is adopted. The last time HCS had a double-digit gain, the equalization grant significantly dropped.



BUDGET

In Pursuit of *Exceptional*

General Fund Budget Expenditure Framework and Pending Analysis

	FY22 Adopted	FY23 Adopted	FY24 Adopted	FY25 Adopted
Total Expenditures				
Teaching & Learning	83%	83%	83%	83%
Maintenance of Facilities	9%	9%	9%	9%
Transportation of Students	5%	5%	5%	5%
Central Support Services to Schools	3%	3%	3%	3%
% of expenditures dedicated to staff/contractor compensation	91%	90%	91%	92%

Completed Analysis

- ✓ Quantified expense for proposed SHBP changes – estimate is \$11 million cost increase with 65% (\$7.1 million) unfunded
- ✓ Quantified expense to of TRS change – estimate is \$3.4 million
- ✓ Quantified expense to honor salary steps on amended and enhanced FY25 salary scales^{-a)} – estimate is \$5.8 million

Upcoming Analysis

- Quantify staffing requirements in response to FY26 projections and student needs assessments
- Calculate compensation improvement scenarios for job families
- Assess inflationary pressures on market pricing for key operational contracts

(a –Teacher salary scales effectively increased by \$2,760 per Board supplement action in December 2024; other benefit eligible staff scales increased by \$720



BUDGET

In Pursuit of *Exceptional*

FY26 Budget Calendar

Henry County Schools
FY26 Budget Calendar

The following proposed schedule of activities will guide budget development in the Henry County School System for the school year 2025-2026.

Activity	Responsibility	Date
Present FY26 Budget Development Calendar	Superintendent/CFO	Monday, December 9, 2024 Study Session
Advertise and hold Public Meetings for House Resolution 1022 (*)	Board of Education/Superintendent	January 2025
Present FY26 Budgetary Priorities	Superintendent/CFO	Monday, January 13, 2025 Study Session
Present FY26 Outlook	Superintendent/CFO	Monday, February 10, 2025 Study Session
Present FY26 Budget Overview	Superintendent/CFO	Monday, March 10, 2025 Study Session
Post FY26 Budget Overview on Henry County Schools Website	Financial Services	Friday, March 14, 2025
Provide FY26 Budget Notebook to Board of Education	Financial Services	Monday, March 24, 2025
Present FY26 Tentative Budget	Superintendent/CFO	Monday, April 14, 2025 Study Session
Host Budget Hearing (1 of 2)	Board of Education/Superintendent	Monday, April 14, 2025 6:30 p.m.
Adopt FY26 Tentative Budget	Board of Education	Monday, April 14, 2025 Business Session
Post FY26 Tentative Budget on Henry County Schools Website	Financial Services	Friday, April 18, 2025
Present FY26 Final Budget	Superintendent/CFO	Monday, May 12, 2025 Study Session
Host Budget Hearing (2 of 2)	Board of Education/Superintendent	Monday, May 12, 2025 6:30 p.m.
Adopt FY26 Final Budget	Board of Education	Monday, May 12, 2025 Business Session
Post FY26 Final Budget on Henry County Schools Website	Financial Services	Friday, May 16, 2025
Advertise and hold Public Meetings for Tax Payer Bill of Rights (**)	Board of Education/Superintendent	July 2025
Final adoption of millage rate (**)	Board of Education	July / August 2025

Mar 10th | FY26 Budget Overview

Apr 14th | FY26 Budget Hearing #1
Tentative Budget Adoption

May 12th | FY26 Budget Hearing #2
Final Budget Adoption

(*) Scheduled dates for 3 public hearings pending; advertisement will occur via the legal organ and district website.

(**) Scheduled dates for 3 public hearings and adoption of millage rate are contingent on availability of tax digest information; advertisement will occur via the legal organ and district website.