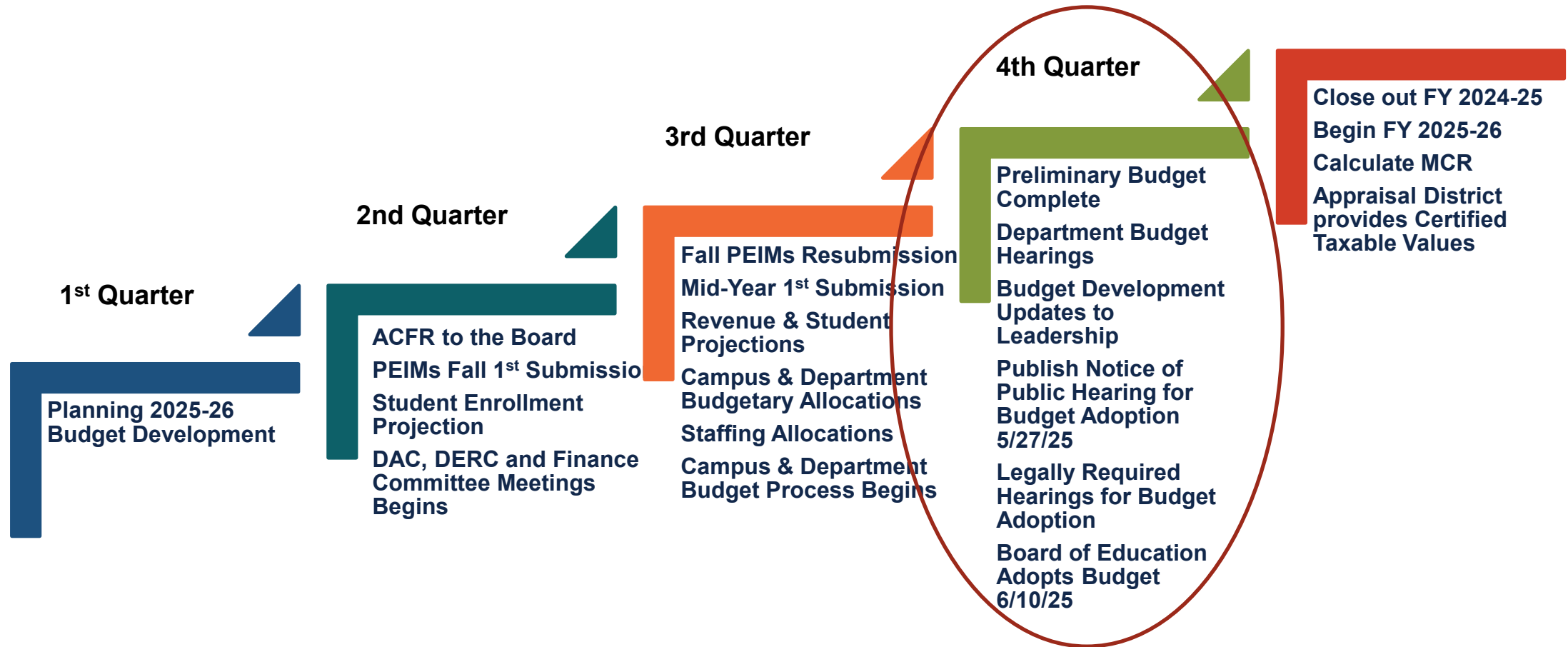


2025-26 Budget Development Update

**May 13, 2025
Special Board Meeting**

Fort Worth
INDEPENDENT SCHOOL DISTRICT

Budget Development Calendar



The Budget Reflects the District's Goals

Priority 1

- Student Academic Excellence

Priority 2

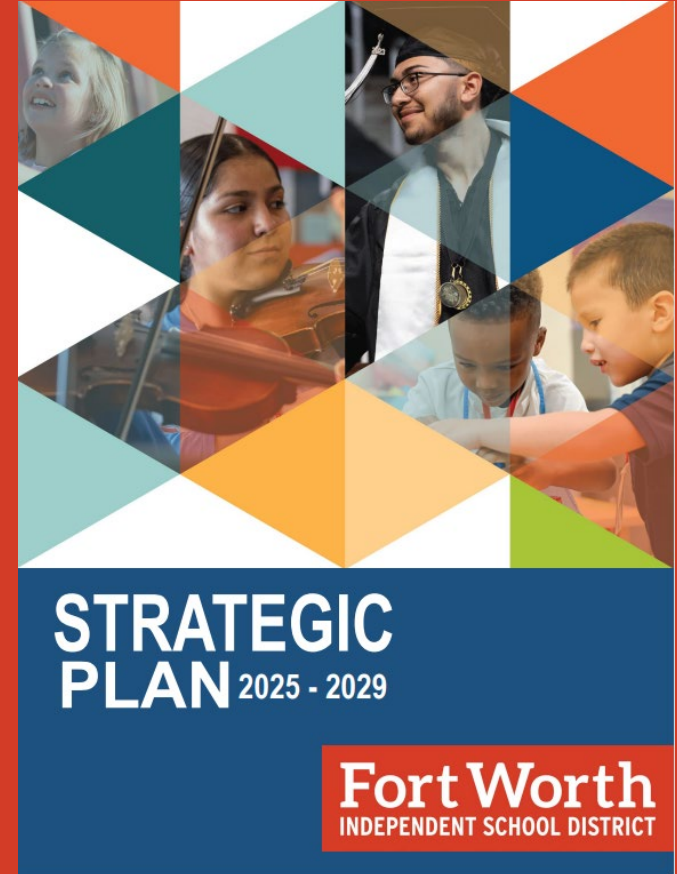
- Student and Family Engagement

Priority 3

- Employee Effectiveness and Retention

Priority 4

- Operational Alignment and Efficiency



Key Budget Drivers

Strategic Plan 2024-29

Staffing Guidelines

Literacy Plan

Strategic Schedule Shift

Departmental Requests

Balanced Budget

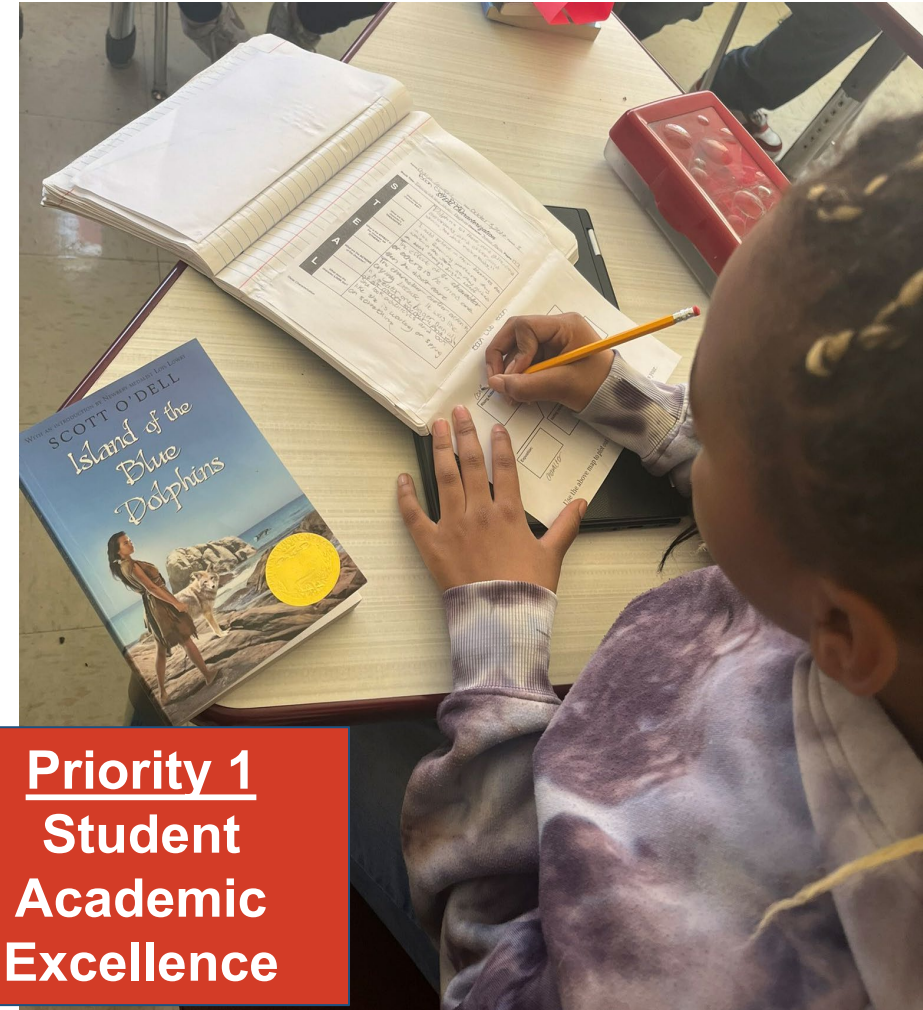
Legislative Session



2025-2026 Budget Planning Preview

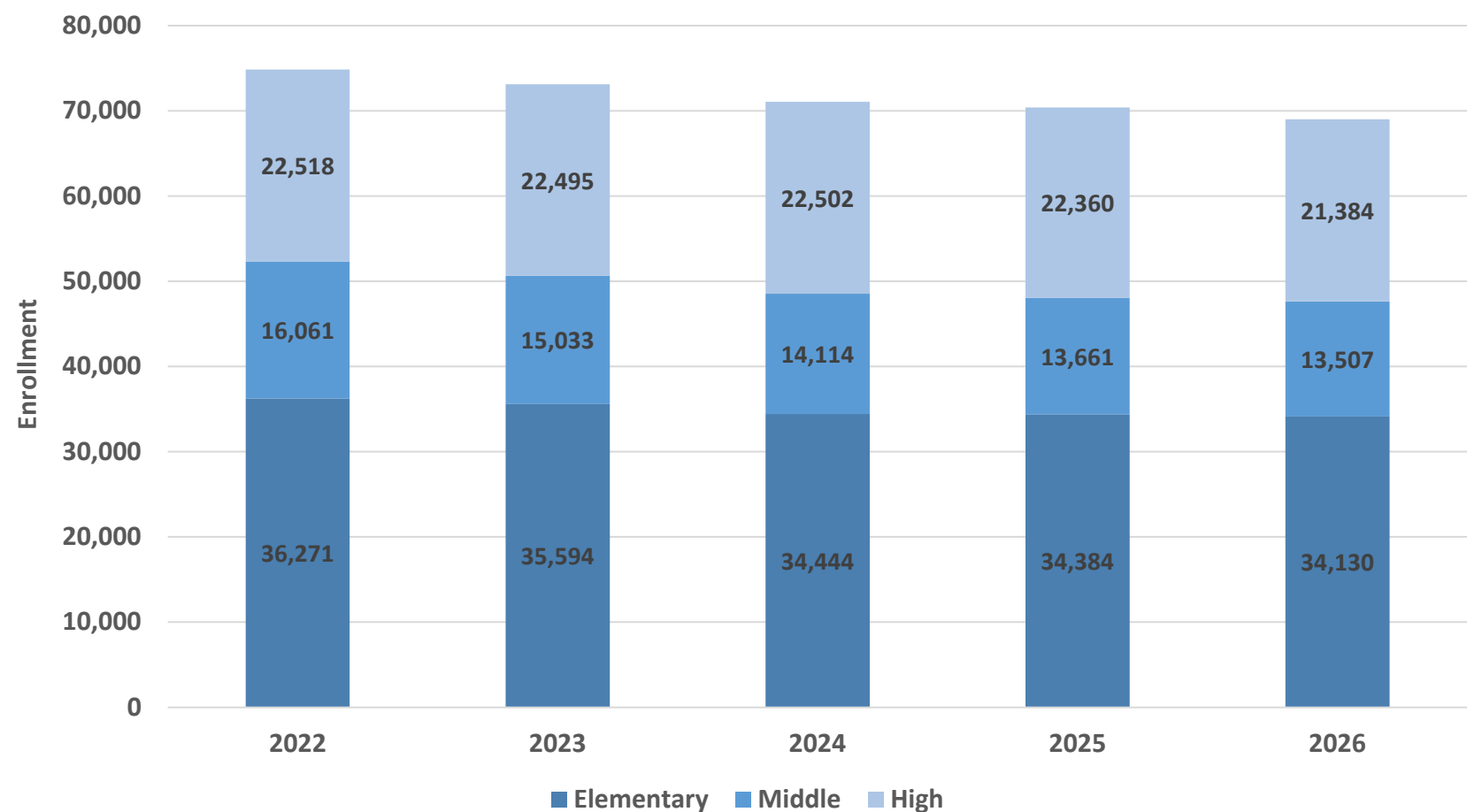
Budget Allocations to Support Student Literacy

- ✓ Instructional Support Redesign (**over \$22.7 Million**)
- ✓ Middle School Block Schedules + 21 Positions (**over \$1.4 Million**)
- ✓ Additional Research-Based Phonics Program (**\$555,000**)
- ✓ Dyslexia Screener 7th Grade and New Program (**\$579,950**)
- ✓ Instructional Planning Calendar (IPC)
and Instructional Framework Redesign (**over \$2.4 Million**)
- ✓ IPC and Instructional Framework Professional Learning (**TBD**)
- ✓ Stipend Proposals (Bilingual/ESL, Special Ed) (**over \$1.8 Million**)
- ✓ Comprehensive Data Service for Progress Monitoring (**\$2 million**)
- ✓ Wraparound (Tele-Teachers (**\$100K**) and Read2Win (**TBD**))



Priority 1
Student
Academic
Excellence

Enrollment Data & Projections



	2024-25 Snapshot	2025-26 Projected
PreK-3	355	350
PreK-4	4,356	4,402
Kindergarten	4,699	4,751
Grade 1	4,913	4,936
Grade 2	4,848	4,828
Grade 3	5,098	4,760
Grade 4	5,071	5,043
Grade 5	5,044	5,060
Grade 6	4,572	4,530
Grade 7	4,503	4,539
Grade 8	4,586	4,438
Grade 9	6,709	6,122
Grade 10	5,691	5,455
Grade 11	5,159	5,173
Grade 12	4,801	4,634
Total	70,405	69,021

Projected 25-26 ADA: 62,464

Enrollment Data & Projections

	2024-25 Snapshot	2025-26 Projected	Change year to year	Change Cohort to Cohort
EE	355	350	(5)	
P	4,356	4,402	46	
K	4,699	4,751	52	395
1st	4,913	4,936	23	237
2nd	4,848	4,828	(20)	(85)
3rd	5,098	4,760	(338)	(88)
4th	5,071	5,043	(28)	(55)
5th	5,044	5,060	16	(11)
6th	4,572	4,530	(42)	(514)
7th	4,503	4,539	36	(33)
8th	4,586	4,438	(148)	(65)
9th	6,709	6,122	(587)	1,536
10th	5,691	5,455	(236)	(1,254)
11th	5,159	5,173	14	(518)
12th	4,801	4,634	(167)	(525)
Total	70,405	69,021	(1,384)	

From ED – Facilities: The projections are based on current grade-level enrollments multiplied by the historical cohort survival rates (how many students progress from one grade to the next year-to-year). Adjustments are made for changes in housing inventory or other factors (charters, boundaries, etc.) where relevant. The forecasts are calculated at the campus level and rolled up/summed to the District total.

With regard to the 9th grade class specifically and why we anticipate such a decrease:

- The change in current 9th grade class to 10th grade class is based on the historical movement from grade 9th to 10th grade.
- The current 8th grade class is almost 10% smaller than the previous 8th grade cohort (loss of 587).

		2021/22	2022/23	2023/24	2024/25	Proj
8 to 9	Number	1472	1756	1491	1715	1536
	% Change	1.249407	1.326166	1.272812	1.343412	1.334932

Potential Changes to State and Local Funding: A Legislative Update

FIRST Requirement



Indicator 20: Did the school board members discuss any changes and/or impact to state or local funding within 120 days of the district adopting its budget? (Enter Yes or No)

- This indicator measures whether the school board had the opportunity to consider changes/impacts to state or local funding before the budget was adopted.
- If the school district fails Indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.

General Fund Revenue Update (Current Law)

Revenues	2024-25 Original Budget	2024-25 Revised Budget	2024-25 Projected Actual	Variance
Local	\$ 462,655,095	\$ 449,944,446	\$ 443,374,361	\$ (6,570,085)
State	347,499,942	372,675,608	373,205,927	530,319
Federal	16,403,057	11,103,057	11,103,057	-
Other	-	1,100,000	1,100,000	-
Total Revenues	\$ 826,558,094	\$ 834,823,111	\$ 828,783,345	\$ (6,039,766)
 Projected ADA	 63,102	 63,717	 63,717	
Enrollment	69,726	70,405	70,405	

General Fund Revenue Update (Current Law vs. HB2)

Revenues	2024-25 Revised Budget	2024-25 Projected Actual	2025-26 Projection (Current Law)	2025-26 Projection (HB2)
Local	\$ 449,944,446	\$ 443,374,361	\$ 448,102,042	\$ 447,236,782
State	372,675,608	373,205,927	359,633,683	396,423,143
Federal	11,103,057	11,103,057	7,217,250	7,217,250
Other	1,100,000	1,100,000	600,000	600,000
Total Revenues	\$ 834,823,111	\$ 828,783,345	\$ 815,552,975	\$ 851,477,175
 Projected ADA	 63,102	 63,717	 62,464	
Enrollment	69,726	70,405	69,021	

State Funding Impacts: Legislation Highlights (HB2)

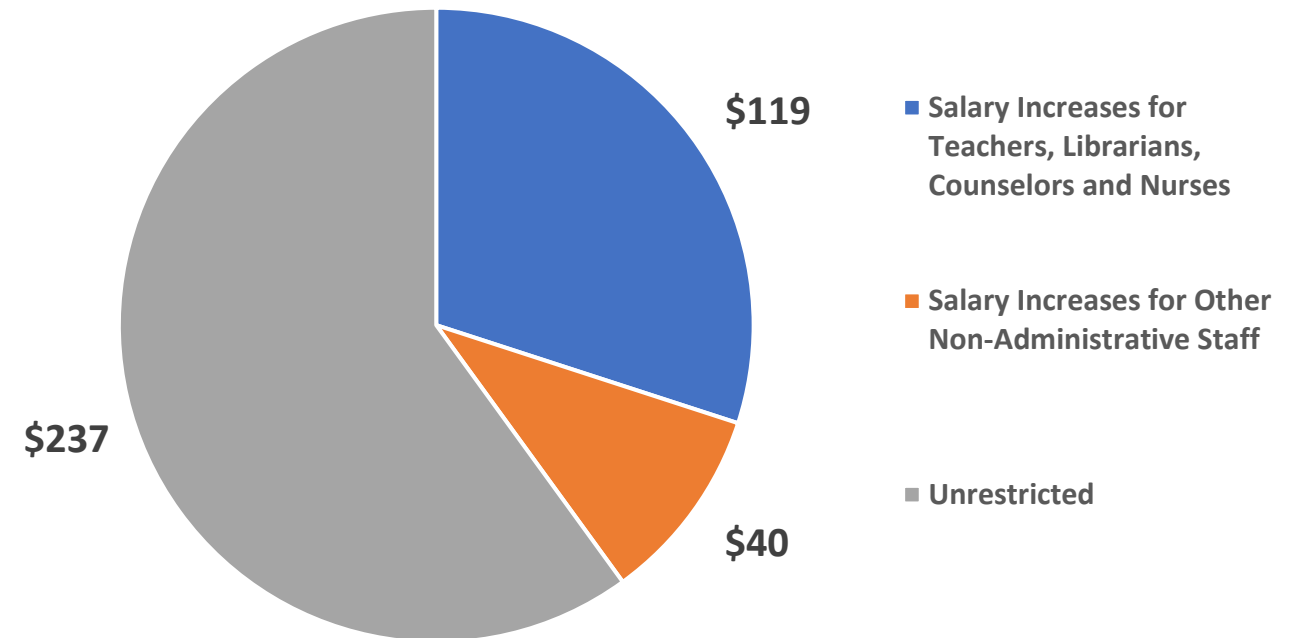
- Basic allotment of \$6,555
- Freeze in golden penny yield increase at \$129.52
- Increased small / mid-sized allotments
- Updated special education weights, student counts, initial evaluation allotment
- Increase Bilingual Allotment weights by 0.02
- Compensatory Education Allotment weights increased by 0.005
- No change to current law M&O hold harmless mechanisms
- Reduction in ASAHE for districts that collect more in I&S taxes and state aid than needed for minimum debt payment
- Salary increase required
- Teacher Incentive Allotment increases
- Fine Arts (New) Allotment

Bottom Line: Use Caution when running numbers as nothing is final until bills pass both chambers and signed by the Governor! End of Legislative Session is June 2, 2025.

HB2 – Basic Allotment

- **Basic allotment (BA):** increases the basic allotment by \$340 and adds a guaranteed yield increment adjustment that ties the basic allotment to the growth of property values, which is initially set at \$55 (BA goes from \$6,160 to \$6,555)
- **Generates approximately \$24.7M in additional funding based on the BA increase only**

Basic Allotment Use Breakdown



HB2 – Compensation Increases

- Basic allotment increases: 40% must be used for salary increases, not compensation, as previously defined (BA); therefore, this would not include benefits or stipend increases
- The 40% is to be broken down as follows:
 - 75% of the 40% goes to salary increases for teachers, full-time counselors, full-time nurses and full-time librarians, prioritizing higher salary increases for classroom teachers in the following order: a) classroom teachers with 10 or more years of experience and b) classroom teachers with five or more years of experience.*
 - HB2 further requires that a difference of at least 40% between the **average** salary schedule increase provided to classroom teachers with more than 10 or more years of experience and classroom teachers with more than 5 or more years of experience; Limit: You are not required to provide any employee more than a \$15,000 increase per year
 - 25% of the 40% goes to salary increases for **other non-administrative** staff
- Any salary increases to administrative staff would come from the unrestricted basic allotment funds

SB 26 Highlights

- **Teacher Pay Increase**

- 5,000 students or less: \$5k / teachers for 3 to < 5 years and \$10k / teacher for 5 or more years
- 5,001 students or more \$2,500 / teacher for 3 to < 5 years and \$5,500 per teacher for 5 or more years

- **Increase in TIA funding**

- **State liability insurance for teachers**

SB 260 - School Safety

- **Senate position was \$28 per ADA**
- **House position was \$14 per ADA and \$37,000 per campus**
- **The Senate can concur or request a conference committee to resolve differences between bills**

Education Savings Account - SB2

- Establishes a school voucher program in the state of Texas, beginning with the 2026-27 school year
- Provides \$1B in funding for the program in the initial year
- Program to be funded and administered through the Texas Comptroller
- Requires a school to be open for two years before accepting ESAs.
- No more than 20 percent of ESAs can go to families that do not have children with disabilities or make above the bill's income threshold (i.e. who are members of a household with a total annual income that is at or above 500 percent of the federal poverty guidelines) *Example: about \$156,000 in annual income for a family of four.*

Education Savings Account - SB2

- **School voucher provides an ESA of:**
 - Approximately \$10K per regular student
 - Approximately \$11,500 per special education student (capped at a maximum of \$30,000/student)
 - \$2,000 per home school student
- **FWISD will lose approximately \$12,247 per ADA lost, based on HB2 funding**

Property Tax Relief

HB 2: Contingent upon voters passage of a constitutional amendment, proposed increase of Homestead Exemption from \$100K to \$140K per primary residence

- **Hold harmless (HHL) for this change; prior M&O HHL provisions will remain**
- **Similar bill on the Senate side, SB4**

HB 2: Tax Rate Compression – MCR reduced by \$.0331 with caveat that tax rate compression may not reduce school district's tax rate to below 90% of any other school district's tax rate

- **Hold harmless provision will pay for this loss or property tax values**

SB 23: Contingent upon voters passage of a constitutional amendment, the bill would increase the homestead exemption for taxpayers who are disabled or 65 or older from \$10,000 to \$60,000 and provide related hold harmless state aid.

State Funding Change to Current Year Property Values

- Prior to House Bill 3 (2019), the State used Prior Year Taxable Property Values in the Funding Formula;
- Annual Property Value Growth would generate more revenues than the prior year values provided, and had been referred to as “lag” revenue;
- House Bill 3 implemented use of Current Year Taxable Values, which eliminated the gain associated with growth in the Taxable Values.
- There are two major components in the state funding formula: Tier One and Tier Two.
- Ultimately, the “driver” in general fund revenue is ADA, or students.

HB3 Tax Compression

Tax Compression was part of HB3 in 2019: It does not impact overall funding, it impacts the balance of local and state funding ($A+B=C$) in Tier One entitlement.

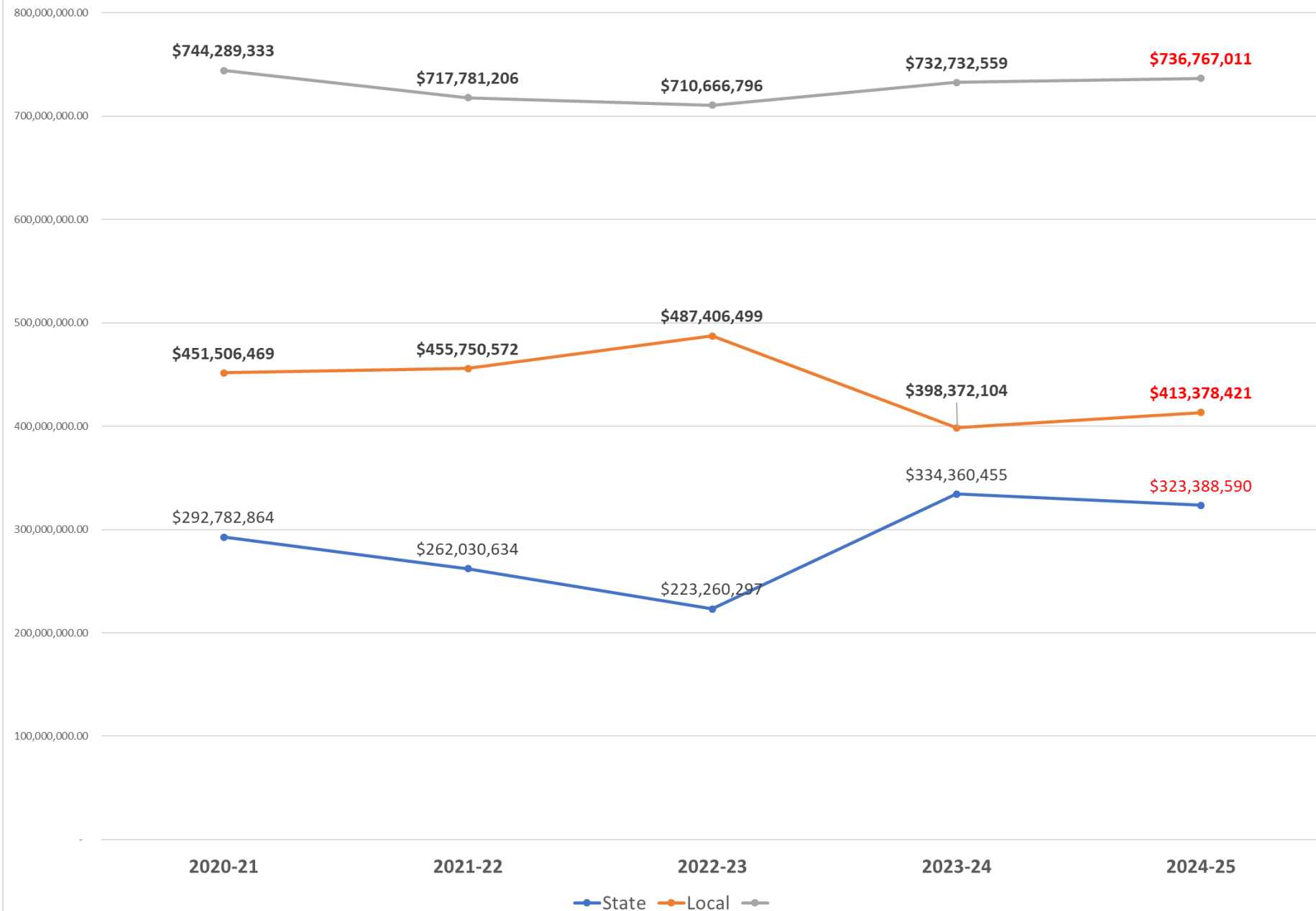
- As local funding (A) increases, State funding (B) will decrease, tax compression is not supposed to affect the total (C).
- In TY 2025, state and local compression will apply to the District's Tier One tax rate
 - State and local compression work in parallel, and districts receive the method which results in the greatest amount of compression.

Tier Two Component

Tier Two Enrichment (based on local tax effort)

- Tier Two of the FSP is intended to supplement the basic funding provided by Tier One. Tier Two guarantees a specific level of funding per student in weighted average daily attendance, or WADA, for each penny of tax effort above a school district's maximum Tier One tax rate (also referred to as the state maximum compressed tax rate, or MCR). The funding provided by this additional tax effort is also referred to as enrichment.
- Currently the District has 17 pennies above the MCR

FWISD State and Local Funding - General Funding Only



Note: Numbers in red are estimated and subject to change.

Estimated MCR + Enrichment Pennies

Estimated M&O tax rate for 25-26 (current law):

- $\$0.5692 + \$0.17 = \$0.7392$

Estimated M&O tax rate for 25-26 (HB2):

- $\$0.5637 + \$0.17 = \$0.7337$

M&O tax rate for 24-25: \$0.7869

Recapture

Texas Education Code makes provisions for certain districts with excess local revenue to pay funds into the Foundation School Program for distribution to other school districts

School Districts with
Excess Local Revenue



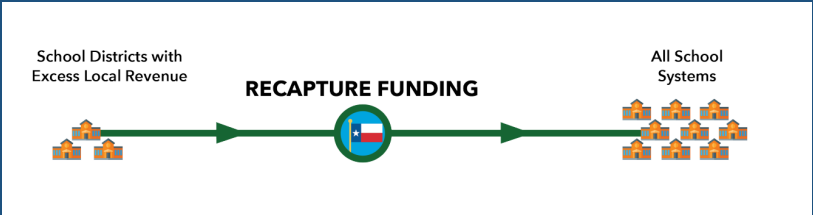
RECAPTURE FUNDING



All School
Systems



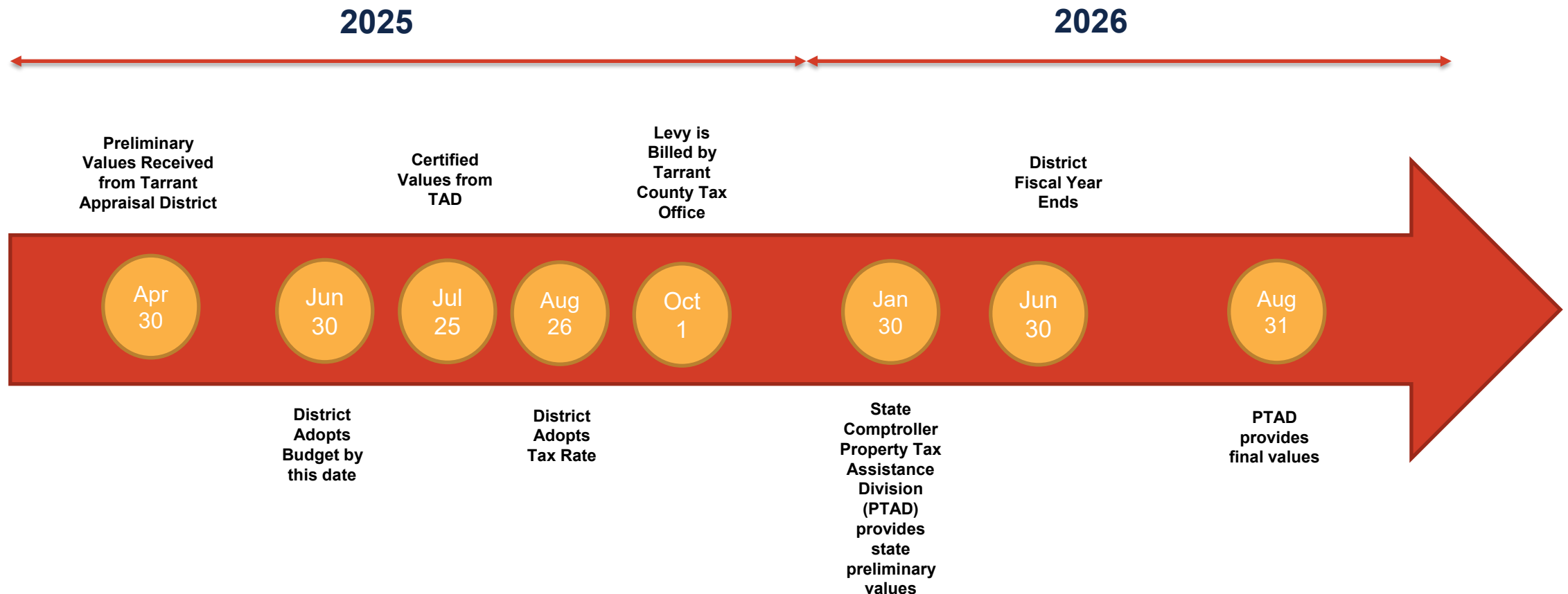
Recapture



Fiscal Year	Recapture Amount
2022-23	\$2,136,586
2023-24	\$4,111,116
2024-25*	\$6,115,572
2025-26(current law/HB2)*	\$11,175,906/\$8,186,265

*Estimate as of 05/07/25

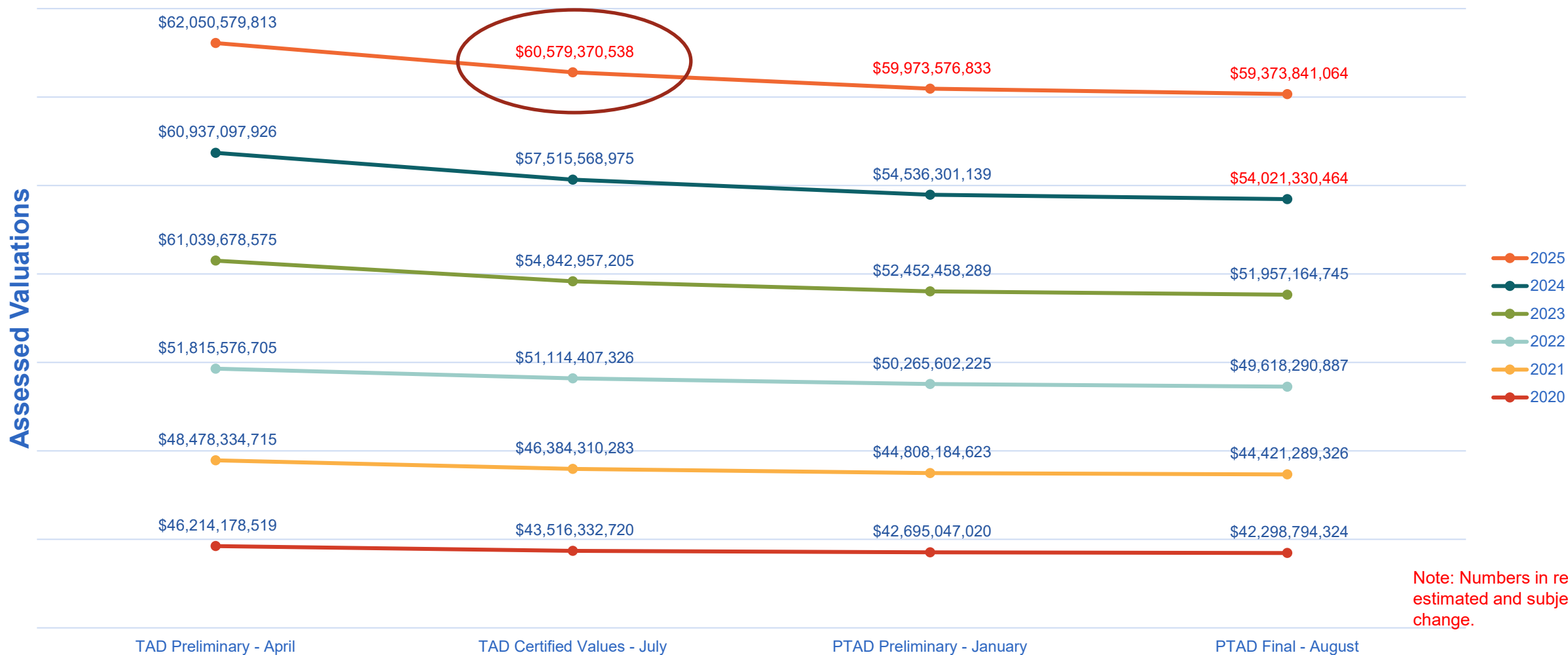
Timeline of PV and Tax Process



Property Values Information

Source	2025 Tax Year	Use
Tarrant Appraisal District	Preliminary Values: 4/30/25 Certified Values: 7/25/25	Preliminary values are used to budget revenue, and certified values to set tax rate.
Tarrant County Tax Office	Levy billed: 10/1/25 (monthly adjustments from November through August) The June adjusted levy is used on the year end Financial Statements.	The tax office bills tax payers based on values from the appraisal district, and tax rates set by each taxing entity.
State Comptroller Property Tax	Preliminary Values: 1/31/26 Final Values: 8/31/26 Changes are made by filing property value Audits and Self reports	TEA uses the Comptroller values to adjust State Funding. The State calculates Tier 1 funding based on student data, and applies the Local Fund Assignment to reduce the State portion.

Property Values from TAD and PTAD for Tax Years 2020 - 2025



	YTD Actual 2024-				
	2023-24 Actual	Original Budget 2024-25	25 (Through 3/31/25)	Projected 2025	Proposed 25-26
Revenues					
5700 Local and intermediate sources	\$ 139,923,688	\$ 154,978,343	\$ 137,564,430	\$ 145,612,434	\$ 157,123,863
5800 State program revenues	14,900,150	13,475,846	15,027,885	15,027,885	14,527,124 (a)
TOTAL REVENUES	154,823,838	168,454,189	152,592,315	160,640,319	171,650,987
Expenditures					
71 Principal	\$ 114,935,000	\$ 97,230,000	\$ 97,230,000	\$ 97,230,000	\$ 83,495,000
71 Interest and issuance costs	63,575,591	71,224,189	71,782,957	71,218,265	66,227,237
TOTAL EXPENDITURES	\$ 178,510,591	\$ 168,454,189	\$ 169,012,957	\$ 168,448,265	\$ 149,722,237
Excess (deficiency) of revenues over expenditures	\$ (23,686,753)	\$ -	\$ (16,420,642)	\$ (7,807,946)	21,928,750
Other Financing Sources (Uses)	-	-	666,624		(21,928,750)
Net Change in Fund Balance	\$ (23,686,753)	\$ -	\$ (15,754,018)	\$ (7,807,946)	\$ -
Fund balance - beginning	78,286,720	54,599,967	54,599,967	54,599,967	46,792,021
Fund balances - ending	\$ 54,599,967	\$ 54,599,967	\$ 38,845,949	\$ 46,792,021	\$ 46,792,021
Target - 20% of next fiscal year's requirements	20.00%	20.00%	20.00%	20.00%	
Beginning of year fund balance %	46.47%	32.41%	32.41%	32.41%	
EOY Actual/Projected Fund Balance %	32.41%	32.41%	32.41%	27.78%	

(a) Based on estimate from FA

Estimated revenues based on a \$0.2763 tax rate

HB19 – Debt Issuances

Key Provisions for School Districts

- Limit debt rate to the minimum amount of required debt service unless 60% of the board votes to adopt a higher rate with a motion that states the minimum required rate, the proposed rate, the difference between the two rates, and the purpose for which the excess revenue will be used.
- Require bond elections to be held on the November uniform date.
- Limit maximum annual debt service on debt issued on or after September 1, 2025, to 20% of the average tax collections for the three preceding fiscal years.
- Require that bond proceeds be allocated according to the percentage or amount stated on the ballot.

Impact of HB19 and HB2 on FWISD

- **Modification of ASAHE-Facilities to reduce it by any amount over state aid plus local collections for required debt service. Disincentivizes early defeasance. (HB2)**
- **Provisions of HB19 would result in District being unable to issue debt until 2030 (current outstanding amount of unissued debt: \$461M)**
- **Without defeasance (HB2), 2025-26 tax rate would decrease by 3.75 cents but tax rate in 2026-27 would increase 5.22 cents to 29.02 cents; AV assumed growth is 2% and District issues remaining \$461M authorization in January 2027**

Adopted Tax Rates – 2014-15 to 2024-25

Year	M & O	Debt Service	Totals
2024-2025	\$0.7869	\$0.2755	\$1.0624
2023-2024	\$0.7904	\$0.2720	\$1.0624
2022-2023	\$0.9896	\$0.2920	\$1.2816
2021-2022	\$1.0512	\$0.2920	\$1.3432
2020-2021	\$1.0864	\$0.2920	\$1.3784
2019-2020	\$0.99	\$0.2920	\$1.282
2018-2019	\$1.06	\$0.2920	\$1.352
2017-2018	\$1.06	\$0.2920	\$1.352
2016-2017	\$1.04	\$0.3120	\$1.352
2015-2016	\$1.04	\$0.3120	\$1.352
2014-2015	\$1.04	\$0.2822	\$1.322

Projected Tax Rate for 25-26*

Fiscal Year	2024-25	2025-26 (current law)	2025-26 (HB2)	2025-26 (HB2 – w/o defeasance)
Maintenance & Operation	\$0.7869	\$0.7392	\$0.7337	\$0.7337
Interest & Sinking	\$0.2755	\$0.2763	\$0.2763	\$0.2380
Total Tax Rate	\$1.0624	\$1.0155	\$1.0100	\$0.9717

Subject to Change!

**PRELIMINARY BASED ON ESTIMATED CERTIFIED VALUES WHICH ARE
SUBJECT TO CHANGE AS VALUES BECOME AVAILABLE.*

2025-2026 Budget Planning Dates

April 21, 2025 – Board Finance Committee Meeting

- Budget Development Update
- Revenue Updates
- Latest Legislative Runs from TASBO and Moak Casey
- Compensation Models Based on Pending Legislative Action

April 22, 2025 – Board Budget Presentation

Board Finance Committee Meeting Topics

April 30, 2025 – Deadline to Receive Preliminary Values

Tarrant Appraisal District to provide Preliminary Certified Values



Priority 4
Operational
Alignment and
Efficiency

2025-2026 Budget Planning Dates

May 13, 2025 – Board Budget Workshop

- Budget Development Update
- Revenue Updates
- Expenditure Preliminary Budgets (Debt Service Only)
- Property Values Discussion
- Latest Legislative Runs from TASBO and Moak Casey
- Updated Compensation Models Based on Pending Legislative Action

May 20, 2025 – Regular Board Meeting

- Budget Development Update
- Revenue Updates
- Expenditure Preliminary Budgets for General Fund, Debt Service and Child Nutrition Services Funds
- Latest Legislative Runs from TASBO and Moak Casey



Priority 4
Operational
Alignment and
Efficiency

2025-2026 Budget Adoption

June 2, 2025 Legislative Session Ends

Legislative Session Ends

June 3, 2025 TRS Releases Plan Premiums

After legislative session, TRS plans to hold board meeting to approve rates

June 10, 2025 – Special Board Meeting

- Approve Compensation Model for 2025-2026
- Adopt Budgets for General Fund, Debt Service and Child Nutrition Services Funds



Preparing for Budget/Tax Rate Adoption– Key Deadlines

Deadline to Adopt Budget:
June 10th, no later than June 30th

**TEA Property Value Survey to Determine
Maximum Compressed Tax Rate (MCR):**
July 18th – August 1st

**Deadline to Publish Notice of Public
Meeting to discuss budget and proposed
tax rate:**
10 days before the meeting

Deadline to Adopt Tax Rate:
**Before the later of September 30 or 60
days after receiving the certified
appraisal roll – August 2025 Board Mtg**



2025-2026 Budget Planning Public Input



Participants



Thoughts



Ratings



Ratio

Priority 2
Student and
Family
Engagement



tejoin.com

741-309-478

What should the District consider when
creating the budget for next year?

Priority 3
Employee
Effectiveness
and Retention

Priority 4
Operational
Alignment and
Efficiency

Fort Worth

INDEPENDENT SCHOOL DISTRICT