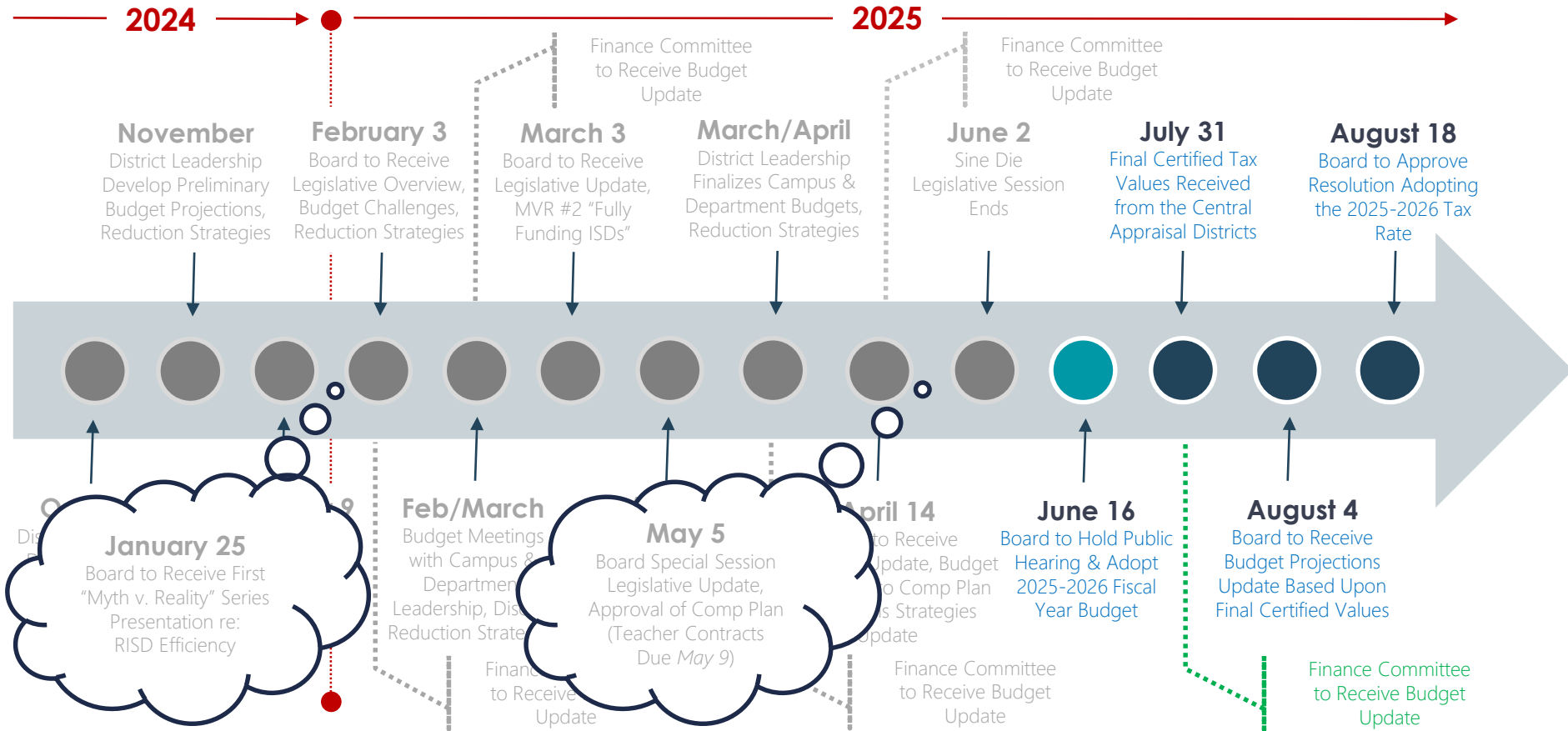




# ROCKWALL ISD

Budget & Legislative Update | June 2025

# FY 2025-2026 Budget Process







# LEGISLATIVE UPDATE



The background of the image is a grayscale photograph of the Texas State Capitol building in Austin, featuring its iconic dome and classical architecture. Overlaid on the left side of the image is a large, faint watermark of the Seal of the State of Texas, which includes a five-pointed star and the words "THE STATE OF TEXAS".

# \$23.76 B

## 2026-2027 State Budget Surplus

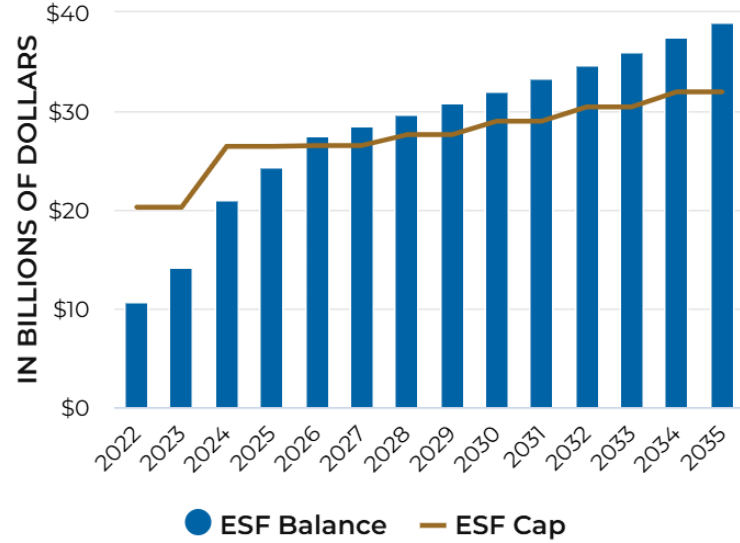
---



Rainy Day Fund  
projected to end  
with **\$28.5 Billion**  
and **exceed** the  
cap for the first  
time in history.

# STATE OF TEXAS RAINY DAY FUND

ESF ENDING BALANCE AND CAP, FISCAL 2022-2035





The Rockwall ISD  
Board of Trustees  
approved the Five  
Legislative Priorities  
on December 9<sup>th</sup>

# LEGISLATIVE PRIORITIES

## FULLY FUND PUBLIC SCHOOLS

Increase the Basic Allotment by \$1,495 to adjust for inflation realized since 2019.



## FULLY FUND SAFETY & SECURITY

Increase the School Safety Allotment to fully fund the cost to comply with House Bill 3.



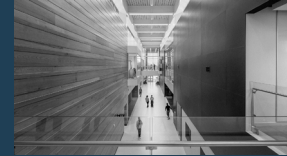
## FULLY FUND SPECIAL EDUCATION

Adjust state funding formulas to fully fund required instructional arrangements & services for students.



## INFLATION INDEX FACTOR

Create a Basic Allotment inflation index adjustment factor to account for changes in inflation.



## ASSESSMENT REFORM

Reduce high-stakes testing in favor of norm-reference testing standards for accountability.







**\$7,655 per student**

# Rockwall ISD's #1 Legislative Priority Fully Fund Public Schools

If the Basic Allotment was increased by this amount, it would be a minimum pay increase for ALL Teachers totaling approximately

**\$5,500**

Provides Local Communities with  
**Local Control**  
to Address Local Needs





# HOUSE BILL 2

## Funding for Public Education

---

- \$8.5 billion public school funding package
- **Sent to Governor on June 2, 2025**



## HOW MUCH?

- \$8.5 billion school funding bill

## OUTCOME?

- Final version of House Bill 2 is significantly different than what the House passed originally
- The House's original version provided much more local control
- The Senate completely supplanted its own school funding plans into House Bill 2

## STRUCTURE?

- No doubt, \$8.5 billion is a lot of money
- The issue with House Bill 2 is how it is structured, more so than the amount of money allocated in the bill

FINAL  
HOUSE BILL 2

## **TEACHER PAY – \$4.2 Billion for teacher & support staff raises**

- Prioritizes smaller districts over larger districts.

	0 to 2 years	3 to 4 years	5+ years
Small district (< than 5,000)	\$0	\$4,000	\$8,000
Larger district (> than 5,000)	\$0	\$2,500	\$5,000

## **BASIC ALLOTMENT – \$55 per student increase**

- Redirects \$800 million from golden penny yield to pay for this “increase”.

## **New ABC ALLOTMENT – \$106 per student**

- Created to provide assistance with operating costs (utilities, insurance, transportation, etc.)

## **SCHOOL SAFETY – \$430 million for school safety**

- Roughly doubles the school safety allotment.

## **SPECIAL EDUCATION – \$250 million for new funding model**

- Takes effect only in second year of the biennium.

# **FINAL HOUSE BILL 2**





## Senate

Finalized a \$55 increase to the Basic Allotment



## House

Provided a \$395 increase to Basic Allotment

**House Bill 2**  
DID NOT actually increase funding as it simply redirected funds schools districts were already set to receive.



## RISD Priority #1

Adjustment needed to account for inflation & provide same buying power as in 2019



\$55

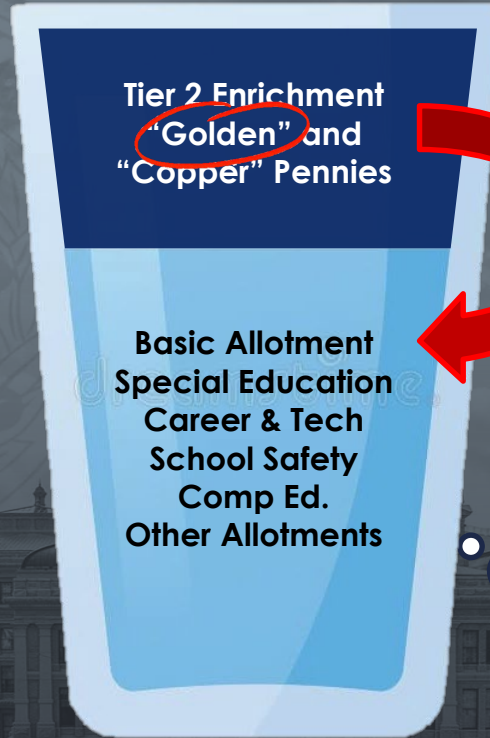
\$395

\$1,495

# BASIC ALLOTMENT INCREASED?

**House Bill 2**  
DID NOT adjust the Basic Allotment to account for inflation since 2019. Only about 3.8% of what was needed – leaving 96.2% underfunded

# BASIC ALLOTMENT INCREASED?



## House Bill 2

LOWERED the yield  
on the "Golden"  
pennies to be able  
to increase the  
Basic Allotment

## House Bill 2

Not only is this NOT an  
increase in funding, but it  
actually subjects MORE  
local tax collections to  
RECAPTURE



## TEACHER PAY INCREASES

- Prioritizes smaller districts over larger districts.



	0 to 2 years	3 to 4 years	5+ years
Small district (< than 5,000)	\$0	\$4,000	\$8,000
Larger district (> than 5,000)	\$0	\$2,500	\$5,000

- Approximately **16%** of Rockwall ISD teachers will receive **\$0**
- Approximately **10%** of Rockwall ISD teachers will receive **\$2,500**
- Approximately **74%** of Rockwall ISD teachers will receive **\$5,000**
- Paid by creating a new “Teacher Retention” Allotment
- **Only** Classroom Teachers - Excludes Counselors, Nurses, Librarians, and all other staff

# TEACHER PAY INCREASES

**House Bill 2**  
**DID** create an  
additional unfunded  
mandate due to  
benefit costs  
increasing approx.  
**\$650k/year.**

Tax Rate = \$1.04  
\$/Student = \$10,293

Tax Rate = \$1.15  
\$/Student = \$9,999

Tax Rate = \$1.26  
\$/Student = \$10,807

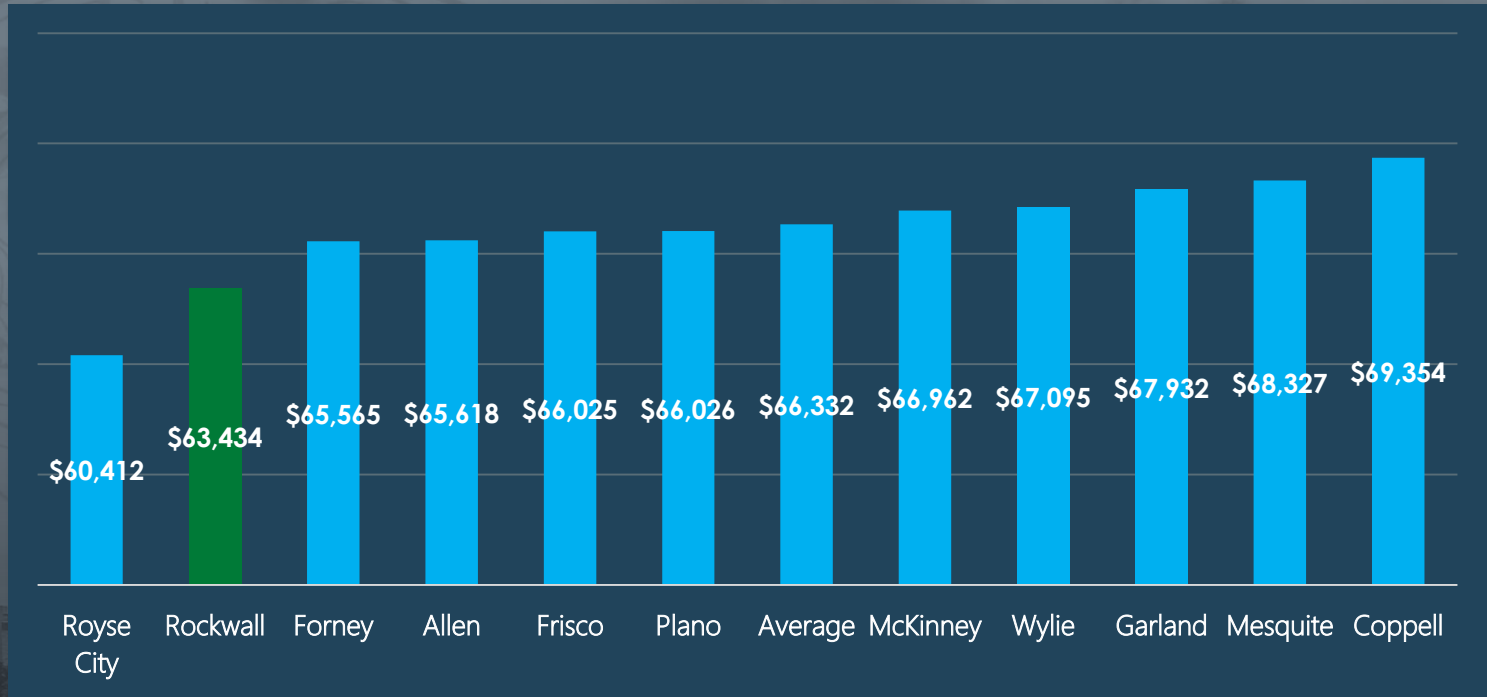
House Bill 2 **DID NOT**  
prioritize HD 33 school  
districts. It provided  
HD 33 Teachers **LESS**  
money than smaller  
districts.

Rockwall ISD is still  
the **ONLY** HD 33  
district without a  
VATRE, has the  
**LOWEST** \$/Student  
& Tax Rate

Tax Rate = \$1.02  
\$/Student = \$9,062

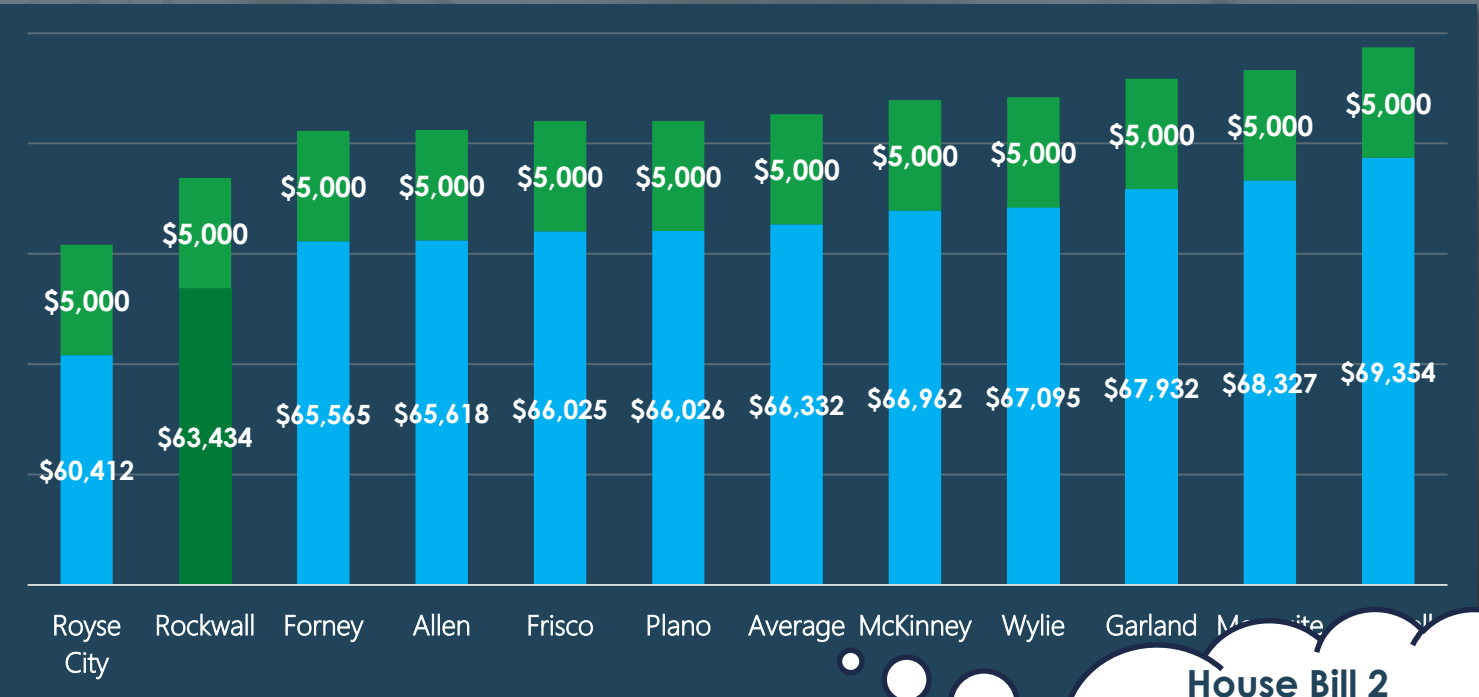
# WHO DOES HB 2 PRIORITIZE?





# ROCKWALL ISD COMPETITORS

# ROCKWALL ISD COMPETITORS



**House Bill 2**  
DID NOT help  
Rockwall ISD become  
more competitive – In  
fact, it may have helped  
smaller districts become  
more competitive with  
Rockwall ISD.



## House Bill 2

DID NOT address cost increases due to inflation. The ABC allotment will not cover the increases for insurance alone.



## House Bill 2

DID create a new ABC allotment in the amount of \$106 per student, intended to cover cost increases due to inflation.



+173%

Insurance



+58%

Special Edu



+25%

Utilities



+\$36%

Custodial



+110%

Safety

# DOES IT ADDRESS INFLATION?



+72%

Fuel



+48%

Food

## House Bill 2

DID increase funding to the School Safety Allotment, roughly doubling what the district currently receives.

\$0.5M

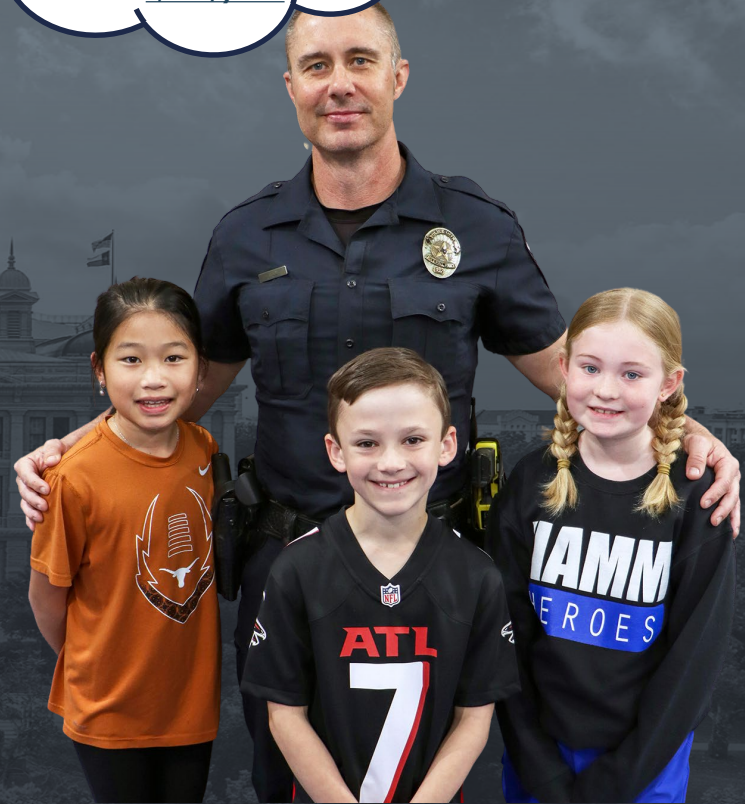
\$1.1M

\$3.4M

## House Bill 2

DID NOT fully fund Safety & Security requirements Rockwall ISD must comply with, still underfunded by over \$2M/year.

# DOES IT ADDRESS SCHOOL SAFETY?





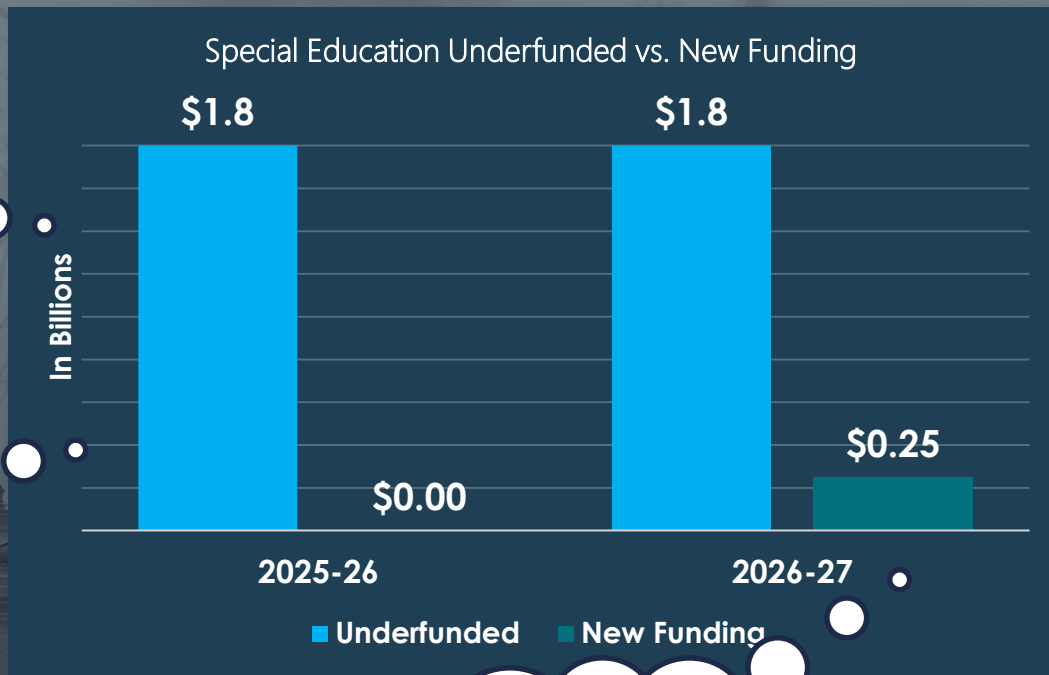
### House Bill 2

DID make adjustments to how Special Education is funded across the state.

### House Bill 2

DID NOT provide any new funds for Special Education in Year 1 of the biennium.

# DOES IT ADDRESS SPECIAL EDUCATION?



### House Bill 2

DID NOT fully fund Special Education and is still underfunded by \$1.5B per year.

## **TEACHER PAY – \$4.2 Billion for teacher & support staff raises**

- Prioritized teachers in smaller districts over Rockwall ISD teachers.
- Excluded some Rockwall ISD teachers and many other positions completely.
- Increased unfunded mandates on school districts.
- Did not make Rockwall ISD more competitive.

## **BASIC ALLOTMENT – \$55 per student increase**

- Didn't adjust funding to account for inflation.
- Isn't really an increase as it is using money school districts were already receiving.
- Increased the amount of local tax collections subject to recapture.

## **New ABC ALLOTMENT – \$106 per student**

- Is not enough to cover property insurance increases since 2019, let alone other expenses.

## **SCHOOL SAFETY – \$430 million for school safety**

- Still leaves safety & security costs underfunded by over \$2.0M per year.

## **SPECIAL EDUCATION – \$250 million for new funding model**

- Takes effect only in second year of the biennium.
- Still leaves special education costs underfunded by over \$1.5B per year across the state.

# **FINAL HOUSE BILL 2**



## ESTIMATED NEW REVENUE

- \$1,005,000 – from the basic allotment increase
- \$5,060,000 – from the teacher retention allotment
- \$820,000 – from the support staff allotment
- \$1,940,000 – from the assistance with basic costs allotment
- \$608,000 – for school safety funding
- \$150,000 – for early education funding
- **\$9,583,000 – TOTAL NEW FUNDING**

## ESTIMATED NEW MANDATED EXPENSES

- \$5,060,000 – for teacher pay increases
- \$820,000 – for support staff pay increases
- \$650,000 – for increases to payroll benefit costs
- \$1,005,000 – for reduction in golden penny yield
- \$240,000 – for free early education for teachers
- **\$7,775,000 – TOTAL NEW MANDATED EXPENSES**

## ESTIMATED NET LOCAL CONTROL

- **\$1,808,000 – NET IMPACT OF HOUSE BILL 2**

# IMPACT HOUSE BILL 2 ROCKWALL ISD

### ESTIMATES

These estimates are subject to change following TEA and other governing bodies' interpretation of this new legislation.



# SB 4

## Increases the Homestead Exemption

---

- From \$100,000 to \$140,000
- Hold-harmless provisions were amended, protecting Rockwall ISD taxpayers
- **Sent to Governor on June 1, 2025**



# HB 4

## Accountability Reform

---

- Provided reforms to the public school accountability system & state testing program (STAAR)
- **Ran out of time – Died in conference committee**



A large group of graduates in black caps and gowns with orange stoles are celebrating. They are throwing a large amount of white and orange streamers into the air, creating a dense, festive canopy over the crowd. The graduates are smiling and looking upwards, some with their hands raised.

# FY 2025-26 BUDGET PROJECTIONS

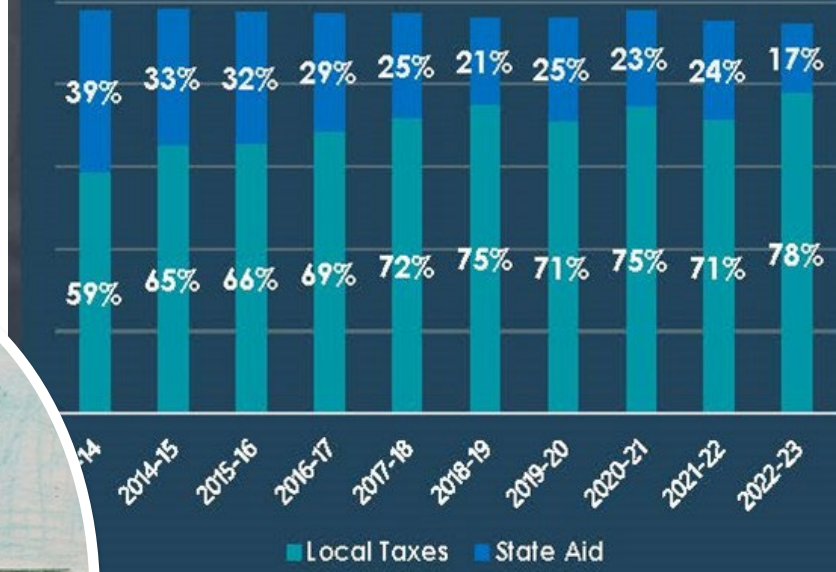




# Budget Assumptions

---

- ✓ **Budget projections still based upon current law**
- ✓ It will take some time for all of the changes in House Bill 2 to be reviewed, analyzed and guidance provided by TEA and the Legislature



**SIGNIFICANT  
CHALLENGES**





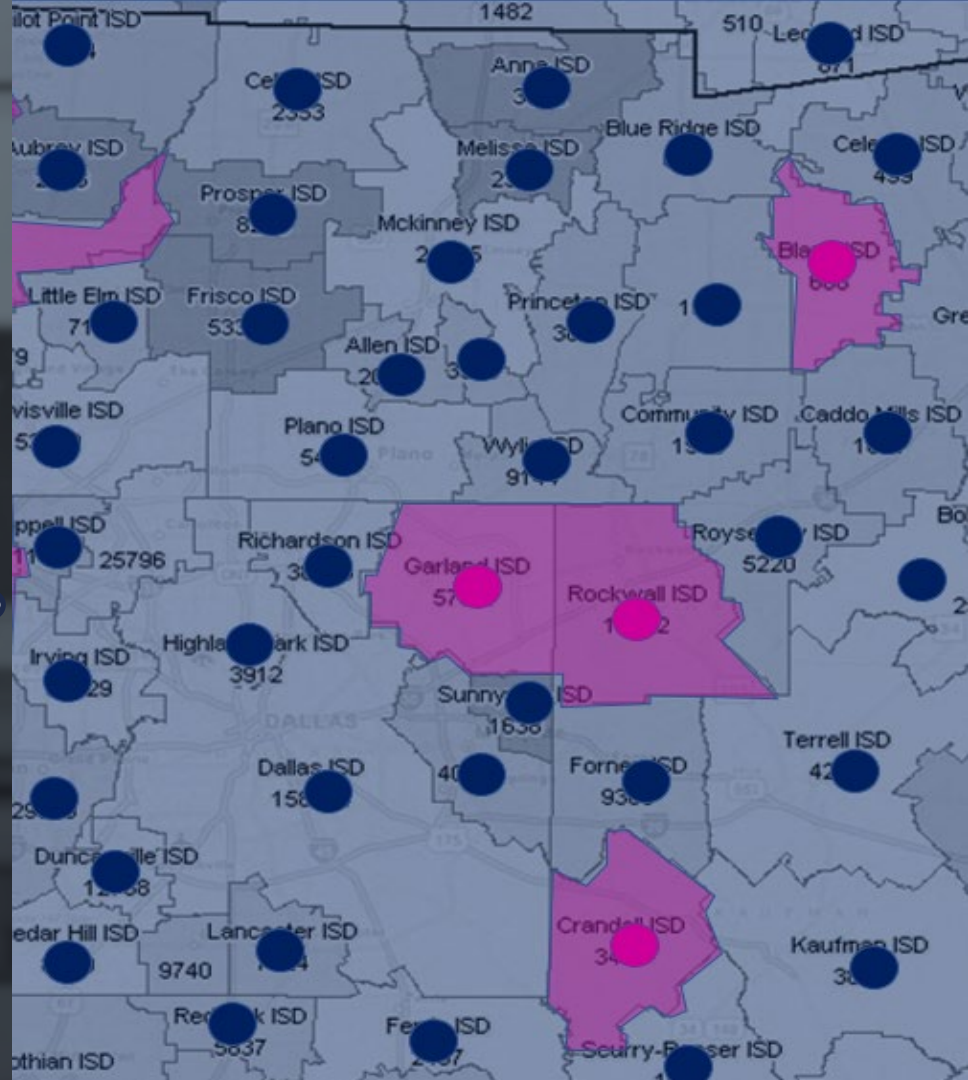


# RETAINING & RECRUITING TEACHERS



Most of Rockwall ISD's  
Competitors Already  
Pay Teachers  
Significantly More Due  
to Communities  
Passing a VATRE

# ROCKWALL ISD COMPETITORS







# BUDGET REDUCTIONS



# Revenue Generation & Resource Adjustments

## **Fees & Rentals**

Explore increasing fees charged for after-school care, gate receipts, & facility rentals

## **Meal Prices**

Explore increasing meal prices to be comparable with peer districts & market average

## **Grant Funds**

Explore one-time adjustments of utilization of grant funds to shift operational costs

## **Fund Balance**

Utilize the district's fund reserves to address short-term financial needs

# Cost Reductions

## **Operating Costs**

Hiring freeze & increasing class sizes, renegotiating district contracts, consolidate usage of facilities in summer

## **Capital Projects Delay**

Delay planned capital projects and repurpose available funds to cover operating cost increases

## **Custodial Schedules**

Explore adjusting custodial cleaning scope & schedules to reduce overall operating costs

## **Transportation**

Explore reducing transportation shuttles to reduce overall costs

# BUDGET REDUCTIONS

# FY 2025-26 BUDGET

Operating under current school finance law, opening Rakow Middle School, implementing proposed revenue enhancements & budget reductions, and including a 3% raise for district staff, it is estimated that the FY2025-26 budget deficit will be approximately \$6.3M next year.

(as of 06.09.2025)		3.0% SCENARIO w/REDUCTIONS
<b>Projected Revenue (Current Law)</b>		<b>\$188,635,509</b>
Phase 1: Fee(s) and Meal Price Increases		\$1,800,000
<b>Adjusted Projected Revenues</b>		<b>\$190,435,509</b>
<b>Projected Expenditures</b>		<b>\$190,083,409</b>
Staffing Increases – Middle School #4		\$2,449,370
Special Education – Staffing & Equipment		\$2,745,655
Compensation		\$3,950,000
Phase 1: Fee(s) and Meal Price Increases		(\$2,398,000)
<b>Adjusted Projected Expenditures</b>		<b>\$196,830,434</b>
<b>Projected FY 2025-26 Budget Deficit</b>		<b>(\$6,394,925)</b>

**House Bill 2**  
Recall that the  
estimated net impact  
of House Bill 2 is  
approximately **\$1.8M**

(as of 06.09.2025)	FY 2025-26	FY 2026-27	FY 2027-28
<b>Projected Revenue (Current Law)</b>	<b>\$190,435,509</b>	<b>\$193,053,559</b>	<b>\$195,630,016</b>
<b>Projected Expenditures</b>	<b>\$196,830,434</b>	<b>\$196,830,434</b>	<b>\$201,205,434</b>
Future Compensation Plans	---	\$2,500,000	\$2,500,000
Future Staffing Needs – Student Growth	---	\$600,000	\$600,000
One-time Reductions from FY 2025-26	---	\$500,000	---
Future Operational Costs – Inflation	---	\$775,000	\$800,000
Future Campus Openings – ES #17	---	---	---
<b>Adjusted Projected Expenditures</b>	<b>\$196,830,434</b>	<b>\$201,205,434</b>	<b>\$205,105,434</b>
<b>Projected Budget Surplus (Deficit)</b>	<b>(\$6,394,925)</b>	<b>(\$8,151,875)</b>	<b>(\$9,475,418)</b>

# LONG-RANGE FORECASTS



**2024**

**November**  
District Leadership Develop Preliminary Budget Projections, Reduction Strategies

**February 3**  
Board to Receive Legislative Overview, Budget Challenges, Reduction Strategies

**March 3**  
Board to Receive Legislative Update, MVR #2 "Fully Funding ISDs"

**March/April**  
District Leadership Finalizes Campus & Department Budgets, Reduction Strategies

**June 2**  
Sine Die Legislative Session Ends

**July 31**  
Final Certified Tax Values Received from the Central Appraisal Districts

**August 18**  
Board to Approve Resolution Adopting the 2025-2026 Tax Rate

**2025**

**January 25**  
Board to Receive First "Myth v. Reality" Series Presentation re: RISD Efficiency

**Feb/March**  
Budget Meetings with Campus & Department Leadership, District Reduction Strategies

**May 5**  
Board Special Session Legislative Update, Approval of Comp Plan (Teacher Contracts Due May 9)

**April 14**  
Board to Receive Legislative Update, Budget Update, Board to Comp Plan Reduction Strategies

**June 16**  
Board to Hold Public Hearing & Adopt 2025-2026 Fiscal Year Budget

**August 4**  
Board to Receive Budget Projections Update Based Upon Final Certified Values

# 2025

## August 18

Board to Approve  
Resolution Adopting  
the 2025-2026 Tax  
Rate

## Finance Committee to Receive Budget Update

## August 4

Board to Receive  
Budget Projections  
Update Based Upon  
Final Certified Values

## Finance Committee to Receive Budget Update

## Finance Committee to Receive Budget Update

THANK YOU

