

June 9, 2025

The Board of Trustees of Willis I.S.D. met in a Public Meeting Concerning a 2025 – 2026 Budget Workshop and the Public Comments regarding same on June 9, 2025 at the Sharon Hill Jennette Administration Building in the Willis ISD Boardroom, 612 N. Campbell Street, Willis, Texas.

CALL MEETING TO ORDER

President Kyle Hoegemeyer called the Texas Academic Performance Report Public Meeting to order at 4:30 PM and announced that a quorum was present and that notice of the meeting had been posted for the time and manner required by law. President Hoegemeyer asked Secretary Jones to call the row.

Members present: All Board members are present, Cliff Williams, Scott Carson, Charles Perry, Kyle Hoegemeyer, Paulett Traylor, Nikita Lagway, and Chad Jones

PUBLIC MEETING 2025 – 2026 BUDGET WORKSHOP

The Chief Financial Officer presented **Budget Workshop Number Two**, highlighting a preliminary and informal discussion about the district's financial outlook, particularly concerning revenue projections under the new HB2 law.

The budget assumptions project an enrollment growth of **280 students** for the next year, aiming for over **8,470 students**, which is deemed realistic yet conservative. The preliminary property values from Montgomery County show a **14% increase** in taxable value, although this is anticipated to drop to around **11-12%** after reviews.

Current year revenues are just over **\$89.4 million**, with expenditures slightly under **\$90 million**, including a bus purchase. For the 2025-2026 fiscal year, the base budget is **\$95.3 million**, which incorporates increased expenditures for the new Calfee MS, including utilities and insurance. The additional personnel costs for Calfee are estimated at **\$2.6 million**, with stipends adding another **\$100,000**, totaling approximately **\$2.7 million**. New personnel additions across the district, primarily for instruction and enrollment growth, are projected to cost just under **\$1.3 million**.

A significant portion of the discussion revolved around **compensation**. HB2 mandates a **\$2,500 increase** for teachers with 3-4 years of experience and **\$5,000 for those with 5+ years**, costing the district **\$1.7 million** for base salary increases alone. The presenter outlined two options: maintaining the current step increase model, which would cost an additional **\$337,000**, or adjusting the steps to only reflect the HB2-mandated increases. For teachers with 0-2 years of experience, who are not covered by HB2, the district is considering a **\$1,000 increase**, costing approximately **\$150,000**.

A board member inquired about what other districts are doing for teachers with 0-2 years of experience. The presenter responded that most he's spoken with aren't doing anything currently but expects that to change, stating his goal is to provide something for these teachers.

Raises for other staff categories, if set at 3%, would add: **\$24,000** for teacher support staff (librarians, counselors, instructional coaches), **\$400,000** for non-exempt hourly personnel, and **\$972,000** for administrative personnel.

The total projected expenditures are **\$96 million** with only the teacher raises, or just under **\$97 million** if a 3% raise is included for all other groups. When factoring in the 0-2 year teacher increases or maintaining the step, the total could be higher.

Regarding revenue, HB2 provides a basic allotment increase of **\$55 per ADA**, totaling about **\$480,000** for the district. A new **\$45 allotment per ADA** for support staff salaries, intended for positions like librarians and counselors, is just under **\$400,000**. There's also a new **\$106 allotment per enrolled student** to help with fixed costs like utilities and transportation, projecting over **\$1 million** in funding. The safety allotment increases to **\$20 per ADA plus \$33,540 per campus**, an increase of nearly **\$300,000**, bringing the total safety allotment to **\$543,000** (though the district's safety budget is **\$1.9 million**).

A board member asked if the safety allotment only included payroll, to which the presenter clarified it covers various safety-related costs, primarily the contract with Montgomery County for SROs, and doesn't have strict spending guidelines.

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New funding for initial special education evaluations (\$1,000 per evaluation) is still being clarified. Overall, increased funding from the state is estimated at **\$4.2 million**. Factoring in enrollment growth and new allotments, total projected revenues are just over **\$96 million**.

A board member asked if the instructional facility allotment was "\$1,000 per student," to which the presenter confirmed it starts at that but can fluctuate based on district applications.

Based on current projections, the budget shows a slight deficit of **\$886,000** if all proposed raises are implemented. The presenter expressed confidence that this deficit is manageable, citing the district's healthy fund balance of **\$47.6 million** (representing 206 days of operating expenditures, well above the TEA's recommended 75 days). Other options to address a deficit include reducing expenditures (though most of the budget is payroll, making this challenging) or increasing revenues, primarily through enrollment growth. The opening of new campuses like Calfee MS, Elementary 7, and the 9th-grade addition will lead to increased personnel and operating costs, contributing to the deficit. Health insurance options, including potentially rejoining the TRS plan, are being explored for cost reduction.

The presenter also discussed the potential for a **Voter-Approved Tax Ratification Election (VATRE)** to increase the tax rate beyond the state-mandated maximum, noting Montgomery and Magnolia's recent experiences with VATREs. A board member commented that if a VATRE is the best option, it should be pursued sooner rather than later to balance the budget. They emphasized the need to consider all options, including the property value audit and gauging enrollment growth. The presenter added that an efficiency audit is a prerequisite for a VATRE. The board member then reiterated their concern about accumulating debt without addressing underlying issues, acknowledging the current teacher raises but stressing the need for careful consideration. The presenter agreed, noting that it will be challenging to offer additional compensation next year if the deficit remains.

The presenter also highlighted concerns about decreasing interest and investment earnings from the healthy fund balance, which currently contribute **\$2.7-\$3 million** annually, as falling interest rates would essentially act as a funding cut. A board member inquired about selling district land, to which the presenter responded that while possible (like past easement sales), it would likely be a last resort given future growth needs and limited available land in Montgomery County. Another board member asked about the number of elementary-level reading and math coaches, and instructional coaches, for which the presenter said he would provide the figures.

Finally, the discussion shifted to **bond issuance**. Voters approved **\$102.7 million** in May 2024, with **\$15 million** issued last October. The plan was to issue **\$45 million** this summer and **\$42 million** next summer. However, proposed legislation could offer a financial benefit if the full **\$87.7 million** remaining is issued now. This is due to a potential increase in the homestead exemption from **\$100,000 to \$140,000**, which would reduce local tax revenue. If the district issues the debt before September 1st, the state would "hold them harmless" by providing funding for the lost revenue. The presenter sees a significant benefit in issuing the full amount now and an agenda item for approval would be presented later that night, with the flexibility to issue less if circumstances change.

The final topic was the **TASB property insurance renewal**. Anticipating an increase due to the addition of Calfee MS, the renewal came in at just under **\$1 million**, a **\$200,000 increase** from last year's **\$786,000**. Despite efforts to obtain bids from other providers, none were willing to compete with TASBY, which specializes in school districts. The presenter explored ways to reduce rates, finding that increasing deductibles (e.g., from \$100,000 to \$250,000 for non-weather-related claims, or 2% to 3% for property claims) could save about **\$60,000**, but questioned if the increased risk was worth it given past claim history.

The next steps involve a July update with more clarity on revenue, focusing on health insurance options (including the Blue Cross Blue Shield renewal and long-term cost-cutting strategies) as the district's capacity to supplement the health insurance fund has diminished.

ADJOURNMENT OF PUBLIC MEETING

Motion by Scott Carson and seconded by Cliff Williams to adjourn the Public Meeting. Motion carried unanimously.

The Public Meeting adjourned at 5:18 PM.