

July 9, 2025

The Board of Trustees of Willis I.S.D. met in a Public Meeting Concerning a 2025 – 2026 Budget Workshop #3 on July 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 4:35 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: Cliff Williams, Scott Carson, Charles Perry, Kyle Hoegemeyer, Paulette Traylor, Nikita Lagway, and Chad Jones

PUBLIC MEETING 2025 – 2026 BUDGET WORKSHOP

This summary outlines the key points presented by Willis ISD's Chief Financial Officer, Garrett Matej, regarding the building blocks for the upcoming 2025-2026 budget.

Projected Attendance and Tax Rate

- **Attendance:** The budget is based on a conservative projection of **8,750 students** in Average Daily Attendance (ADA), an increase of 280 students. The district plans to implement student attendance incentives to close the gap between enrollment and ADA, as attendance directly impacts state funding.
- **Tax Rate:** The projected tax rate is **\$0.6190** for Maintenance and Operations (M&O) and **\$0.3680** for Interest and Sinking (I&S), for a total of just under one dollar. The final rate will be confirmed after property values are certified in late July.

Property Values and Legislative Changes

Matej detailed recent legislative changes that will impact property values and tax revenue.

- **Property Values:** While Montgomery County initially reported a **17% increase** in taxable values, new homestead exemptions will reduce this to approximately **12%**.
- **Homestead Exemption:** The homestead exemption for homeowners is increasing from **\$100,000 to \$140,000**.
- **Senior and Disabled Exemption:** The exemption for those over 65 or with a disability is increasing from **\$10,000 to \$60,000**.
- **Business Exemption:** The exemption for business personal property will increase from **\$25,000 to \$125,000** for the 2026 tax year.

These changes still need to be officially codified in the Texas constitution through a November vote.

2025-2026 Budget Overview

The preliminary budget for 2025-2026 is projected to be **\$96.8 million**, a nearly **\$7 million increase** from the current year's budget.

- **Revenue Sources:** Local tax revenue is expected to grow, but this will be offset by the new exemptions and tax rate compression. Interest income is also projected to decrease

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from **\$2.75 million to \$2.5 million**. However, a significant increase in state aid, primarily from the new school finance bill (HB2), is the main reason for the overall revenue increase.

- **Balanced Budget:** Despite the difficulty in forecasting revenue due to new legislation, Matej expressed confidence that the district will present a balanced budget.

Compensation and Payroll

Payroll accounts for **84.1%** of the total budget, or **\$81.3 million**.

- **Salaries:** **\$51.5 million** is allocated to exempt employees (teachers, administrators), and **\$13.1 million** is for hourly, non-exempt employees.
- **Benefits:** The district's contribution to health insurance is almost **\$4.9 million**.

Teacher and Staff Raises (HB2)

Matej explained that the district had to create separate pay scales due to the state's narrow definition of a "teacher" for new raises mandated by HB2.

- **State-Mandated Raises:** Teachers with **3-4 years** of experience will receive a **\$2,500 raise**, and those with **5 or more years** of experience will receive a **\$5,000 raise** as part of their base salary.
- **District-Funded Raises:** The district will provide raises for teachers with **0-2 years** of experience, as these are not covered by state funding.
- **Instructional Professionals:** A separate pay scale was created for other positions not included in the state's definition of a teacher. These "instructional professionals" will receive a **3% step increase**.

Board Member Question on Compensation

A board member asked if the in-house physical therapist would be on the separate pay scale. Matej responded that while he would need to confirm the specific classification, it was highly likely, and he confirmed that this would apply to other similar positions.

General Fund and Federal Grants

A **\$2.6 million** increase in the general fund is largely covered by the state (**\$1.9 million**). However, the district faces a new challenge as the U.S. Department of Education has delayed grant awards for **Title II, III, and IV, Part A**, impacting **\$580,000** in planned funds. The district is planning for a worst-case scenario but is confident it can cover the one and a half positions funded by Title III using general fund reserves.

Health Insurance

The self-funded health insurance plan has been in a deficit for four years. To address rising claims, the district is proposing premium increases for the next year.

- Premiums will increase by **\$30 a month** for most plans.

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- Premiums for **employee + spouse** and **employee + family** will have larger increases (**\$121** and **\$60**, respectively) to align them with market rates, as they are currently well below those of other districts.
- The district plans to use reserves to cover a projected **\$700,000** deficit this year. A committee will be formed in the fall to find a long-term solution to make the plan solvent while keeping it self-funded to maintain control.

Legislative and Financial Updates

- **HB 89** affects debt state aid payments, which was the reason for selling **\$87 million** in bonds this summer.
- **SB 1173** raises the procurement threshold from **\$50,000 to \$100,000**.
- The district successfully sold **\$87.7 million** in bonds to fund the transportation center, high school parking lot, and ninth-grade center addition.
- The district is also considering refinancing **\$40-\$60 million** in bonds this fall, which would save on interest costs and increase future financial capacity.

Board Member Comments

A board member praised the team for creating a balanced budget without a deficit and for avoiding double bus runs this year, calling it "an outstanding job." The speaker acknowledged the hard work and expressed confidence in the district's strong financial position despite handling significant growth.

ADJOURNMENT OF PUBLIC MEETING

Motion by Cliff Williams and seconded by Paulett Traylor to adjourn the Public Meeting. Motion carried unanimously.

The Public Meeting adjourned at 5:20 PM.