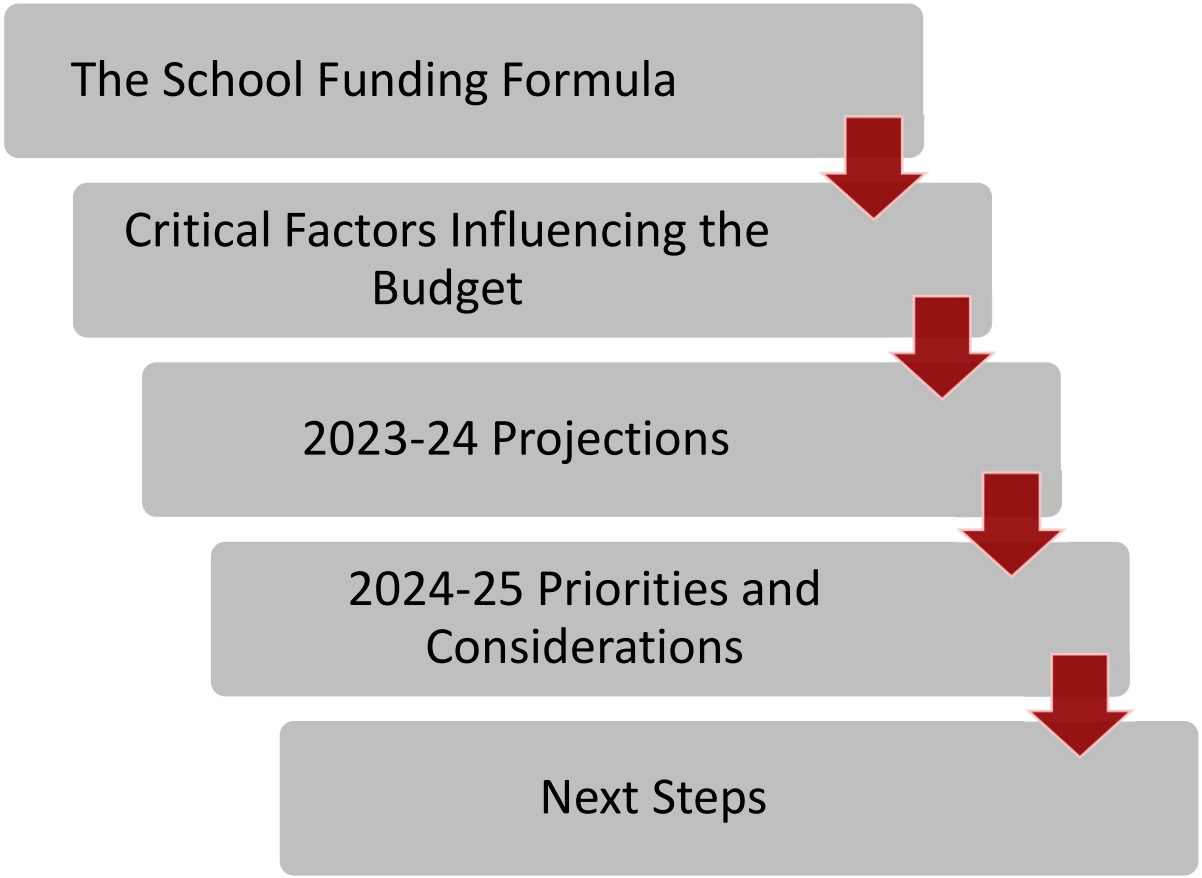
HUFFMAN
INDEPENDENT SCHOOL DISTRICT

2024-2025 BUDGET

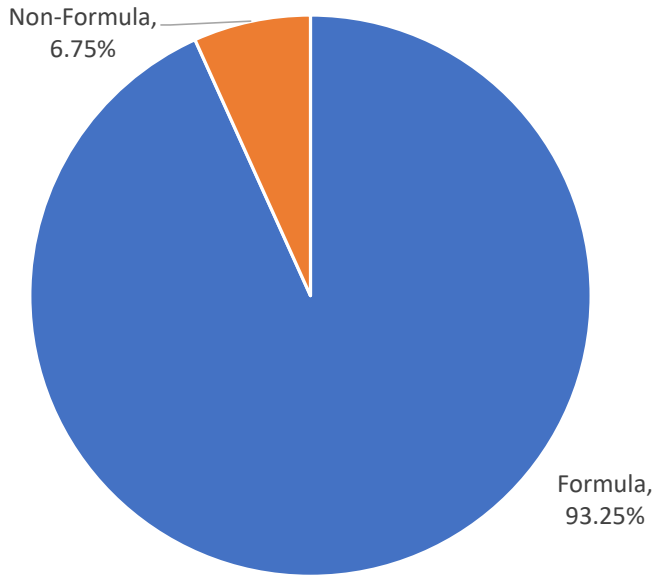
Workshop #1

FEBRUARY 29, 2024

Agenda


The School Funding Formula
Critical Factors Influencing the Budget
2023-24 Projections
2024-25 Priorities and Considerations
Next Steps

The School Funding Formula





Ways Districts Increase Revenue



Increase Enrollment



Increase Tax Rate



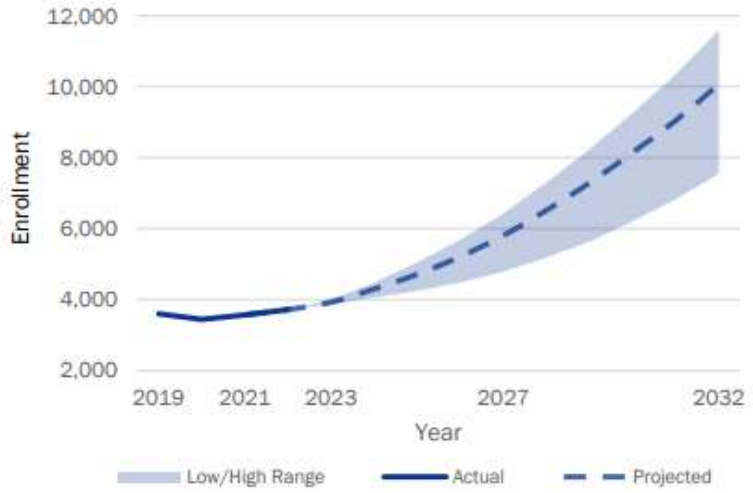
Increase State Funding

Critical Factors Influencing the General Fund Budget

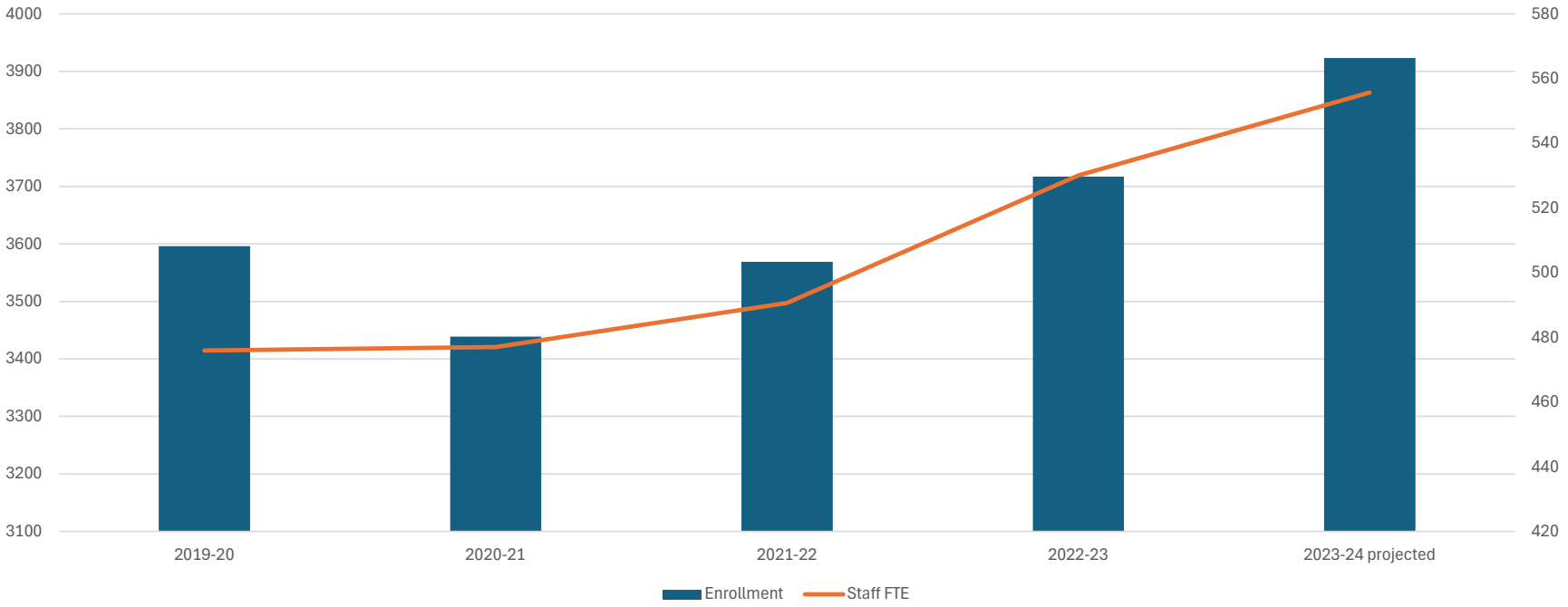
- Emerging Fast Growth District
  - Enrollment
- Economy
  - Inflation
  - Employment Competition
  - Rising Costs
- Loss of Stimulus Funds
- FEMA
- Texas Legislature

Emerging Fast Growth District

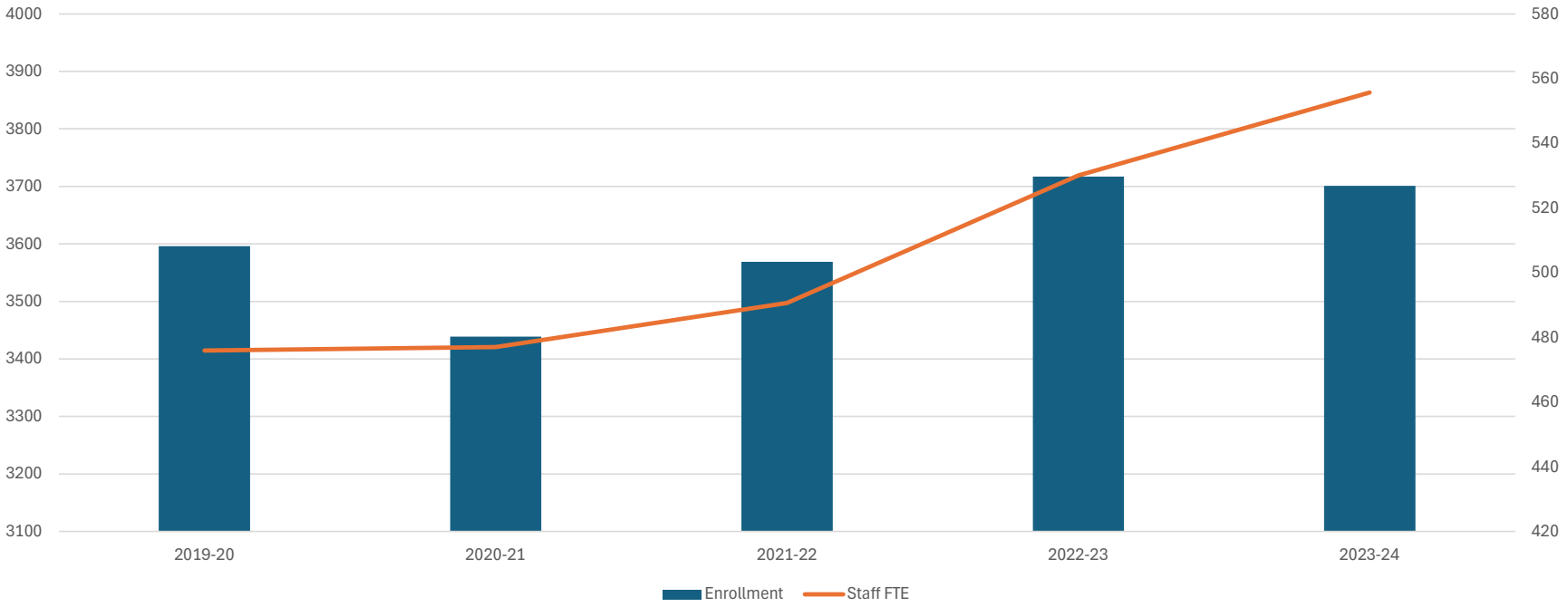




Enrollment & Staffing – Projected 23-24



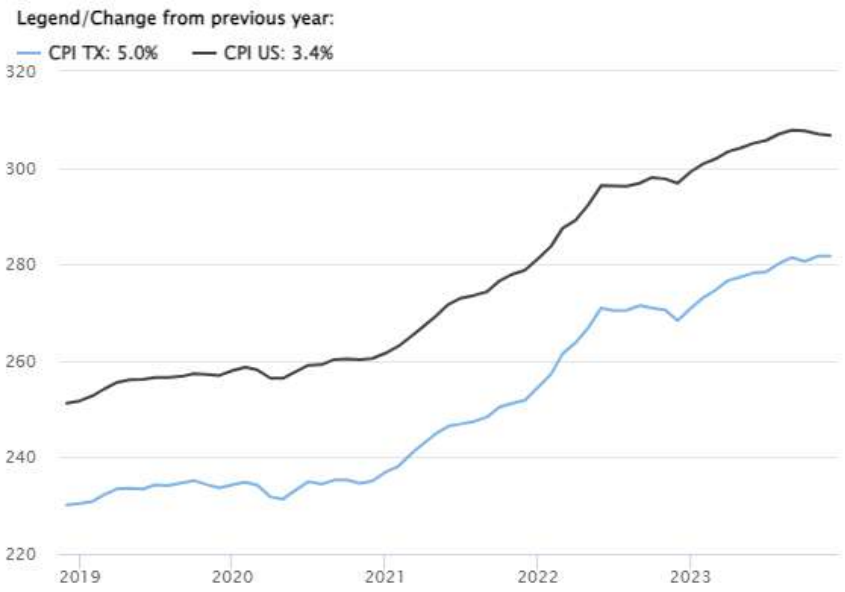
Enrollment & Staffing – Actual 23-24



Inflation

The last time the Texas school funding formula was increased was 2019.

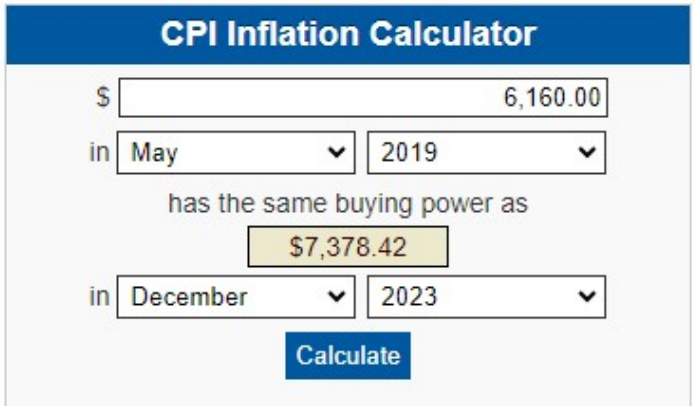
During that time, inflation increased by 20%.



* Excluding food and energy
Source: US Bureau of Labor Statistics and Comptroller of Public Accounts, based on data provided by Bureau of Labor Statistics

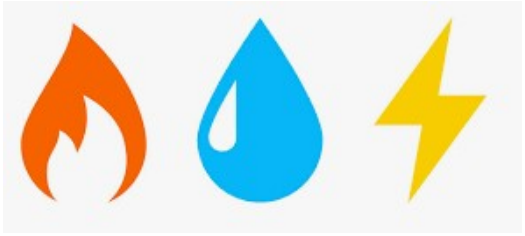
Inflation & State Funding

- Without formula increases, school funding per student is flat, even when property values, and therefore taxes, increase.
- Adjusting the Basic Allotment for estimated inflation through 2023 from 2019 would mean an increase of $1,218, or almost 20%
- This funding gap in Huffman ISD equates to an additional $5.9 million in annual operating revenue.
- The Legislature has been asked on several occasions to include an inflationary adjustment in the school funding formula but has refused to do so.



Source: US Bureau of Labor Statistics

Rising Costs



Utilities

Increase from 2021 to 2023			
Gas	$	94,113	89%
Water	$	18,198	71%
Electricity	$	284,644	42%



Insurance

Increase from 2021 to 2024			
Liability	$	10,922	127%
Vehicle	$	18,284	44%
Property	$	777,901	131%



Increase from 2021 to 2023		
2023	$	309,712
2021	$	135,797
	$	173,915
		128%

Moving Past Covid

2019-2020

- Covid – Spring 2020.
- School finished online.
- Financially, schools were held harmless for attendance.

2020-2021

- Online options were offered throughout the year.
- Extracurricular attendance was impacted.
- Many events were either cancelled or held virtually.
- Financially, schools were held harmless, and stimulus funds began to flow.

2021-2022

- Operationally, this year was our “return to normal.”
- Extracurricular attendance was increasing.
- Some events were cancelled or held virtually.
- Financially, schools were not completely held harmless.
- Stimulus funds grew.

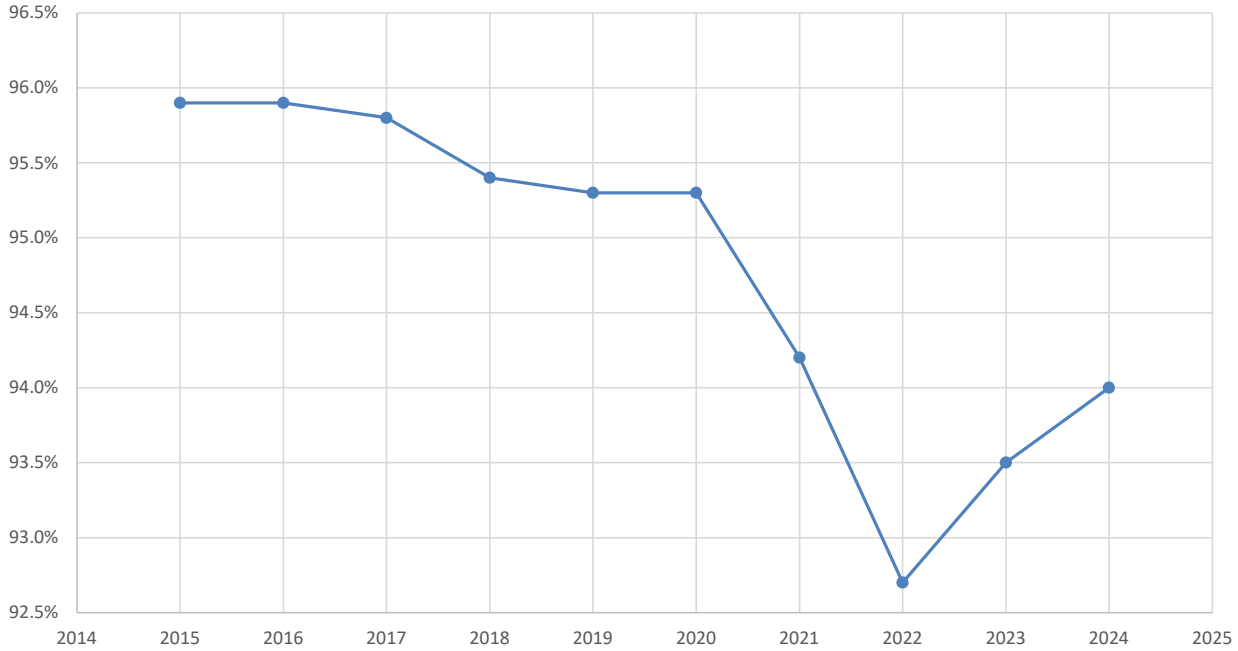
2022-2023

- Inflation skyrocketed.
- 52% of all ESSER I, II, III funds used in this one year.
- 37% of all ESSER I, II, III funds were used on wages for instructional personnel,

2023-2024

- HISD will exhaust all stimulus funds.

Attendance


96.5%
96.0%
95.5%
95.0%
94.5%
94.0%
93.5%
93.0%
92.5%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025

88th Legislature

State's three main priorities regarding schools:

- Cutting Property Taxes
- School safety
- School choice

88th Legislature – Cutting Property Taxes

- SB2 – increased the homestead exemption from $40k to $100k.
- SB12 – compresses taxes for those taxpayers with frozen levies (e.g., over 65, disabled) to provide same tax relief others have received since 2019.
- Further compression of the Maintenance & Operations tax rate resulted in significant reduction of property taxes.

  0.8546 → 0.6692

- As a result, Huffman ISD will collect less in property tax revenue.

88th Legislature – School Safety

- HB3 increases the school safety allotment from $9.72 to $10 / ADA plus $15,000 per campus
- New mandates included armed security guards on every campus, mental health training, additional safety standards, etc.
- Huffman ISD will receive approximately $94k in school safety funding which is inadequate to cover the requirements as the district anticipates $500k in salaries and benefits for 7 police officers in 2023-2024.

88th Legislature – School Choice

- Legislature is locked in a battle over school vouchers
- HB100 school funding bill was tied to educational savings accounts and did not pass
- $32b available in the state coffers – not including the Rainy-Day Fund
- NO increase to the basic allotment
- NO additional funding for teacher compensation
- NO additional funding for special education costs
- Huffman ISD authorized a 4% increase to teachers and staff in 2023-2024 despite lack of new funding

Comparison - Original Budgeted Revenue - Revised Budgeted Revenue - Projected Revenue

Year ending 6/30/2024

	Original Budget	Revised Budget	Projected	
Local Property Taxes - Current Year	16,849,963	12,282,202	11,416,489	
Local Property Taxes - Prior Years	330,000	330,000	458,585	
Local Property Taxes - Penalties & Interest	105,000	105,000	199,917	
Local Property Taxes - M&O	17,284,963	12,717,202	12,074,991	
Tuition	20,000	20,000	263,445	
Interest	55,000	55,000	112,603	
Insurance Recovery	-	-	6,552	
Misc Revenue	120,000	120,000	38,914	
Athletic Activities	85,000	85,000	75,938	
Vending Machines	-	-	750	
LOCAL REVENUE	17,564,963	12,997,202	12,573,192	(424,010)
State Aid - Foundation School Program (FSP)	16,659,394	19,533,097	20,097,555	
State Aid - Available School Fund (ASF)	1,360,355	1,410,767	1,412,190	
Texas Emissions Grant	-	211,938	211,938	
TRS On-Behalf	1,800,000	1,800,000	1,800,000	
STATE REVENUE	19,819,749	22,955,802	23,521,683	565,881
School Health and related Services (SHARS)	*600,000*	*600,000*	*600,000*	
Medicaid Administrative Claiming Program (MAC)	-	-	13,156	
E-Rate	120,000	262,166	262,166	
FEMA Reimbursement	*850,000*	*1,357,987*	*1,357,987*	
JROTC Program	65,000	65,000	64,534	
FEDERAL REVENUE	1,635,000	2,285,153	2,297,843	12,690
Total General Fund Revenue	39,019,712	38,238,157	38,392,718	154,561

FY 2023-2024 Expenses – FEMA

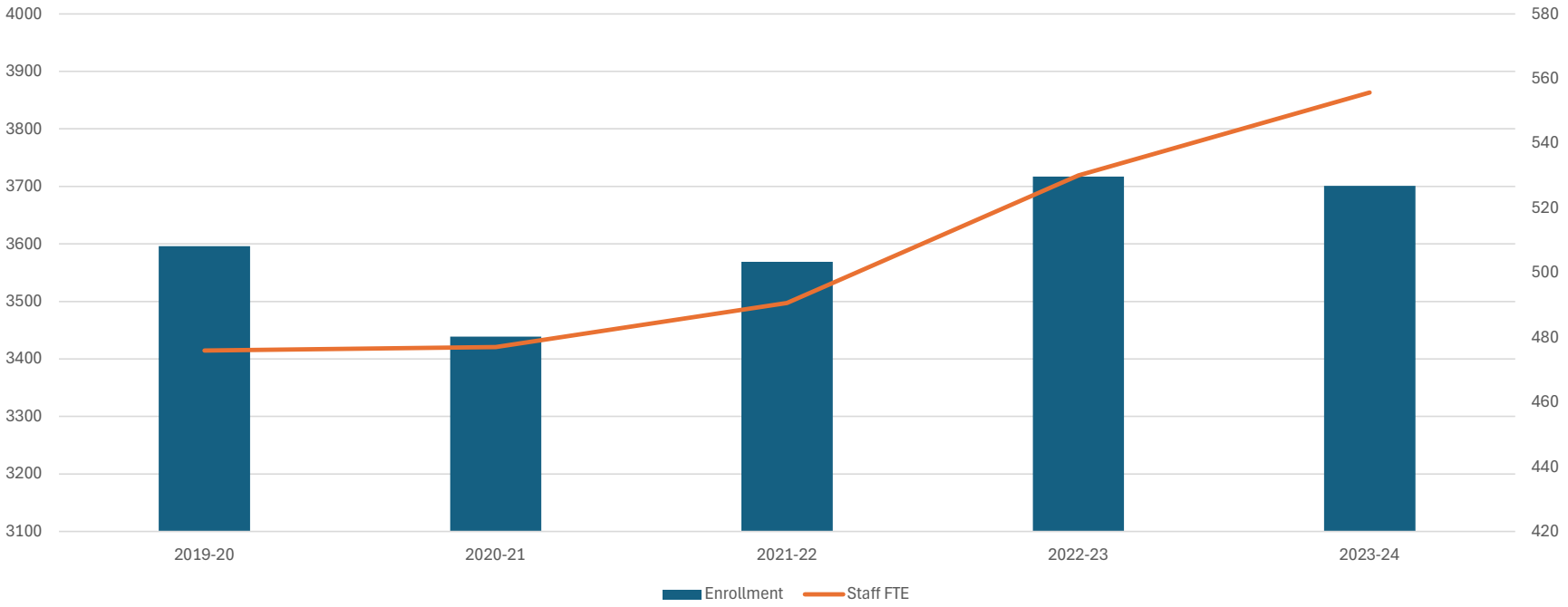
- 90 / 10 cost share
- Projects are paid as completed by the District and later reimbursed by FEMA at 90% of the approved project cost
- Baseball / Softball field nearing completion of payments
- Budget Amendment needed = $1,465,522
- Currently working with FEMA to maximize our 90% reimbursement collections in the current year

FY 2023-2024 Expenses – Payroll

- Stimulus funds running out this year
- Hired preparing for the growth
  - PASA Demographic study – anticipated 206 kids increase from prior year
  - Prior Years growth

Year	Enrollment	Δ prior year
2020-2021	3,439	
2021-2022	3,569	130
2022-2023	3,717	148
2023-2024	3,649	(68)

Enrollment & Staffing – Actual 23-24



FY 2023-2024 Expenses – Payroll

- Budget amendment = $3,964,187
- How was this calculated?
  - Forecasted
  - Payroll expenditures to date / 8 months x 12 months

2024-2025 Budget Priorities

- Protect Fund Balance
- Balanced Budget
- Competitive Compensation
- Evaluate program effectiveness; offer choice programs; efficient operating costs
- Reduce Expenditures without:
  - Impacting student learning
  - Reducing or eliminating student opportunities
  - Compromising safety and security
  - Negatively affecting staffing levels in preparation of growth

- The only way for the district to deal with the shortfall is by decreasing expenditures.
- The District is exploring every avenue to keep student safety and achievement as the priority while striving for financial efficiency.
- HISD will be looking into
  - cutting positions through attrition
  - adjusting budgets across the board
  - exploring cost savings in staff travel, overtime, software programs, and more

Next Steps

- Calculate cost on all reduction considerations
- Meet with demographer to update enrollment projection
- Establish a glide path with the use of financial tools such as a Tax Anticipation Note
- Receive preliminary property values from CAD
- Develop 2024-2025 Preliminary Budget
- Hold additional budget workshops with Board of Trustees
- Adopt 2024-2025 Proposed Budget
- Receive MCR from TEA
- Adopt 2024 Tax Rate



Questions