June 10, 2026

The Board of Trustees of Willis ISD met in a Budget Workshop #2 on June 10, 2026 at the Sharon Hill Jennette Administration Building in the Willis ISD Boardroom, 612 N. Campbell Street, Willis, Texas 77378, and the business to be conducted is listed below.

CALL MEETING TO ORDER
Vice-President Paulett Traylor called the Board Workshop #2 to order at 5:00 PM, announcing that a quorum was present and that notice of the meeting had been posted for the time and manner required by law.
Board Secretary, Chad Jones called the roll.
Members Present: Cliff Williams, Scott Carson, Paulett Traylor, Nikita Lagway, & Chad Jones
Members Absent: Charles Perry and Kyle Hoegemeyer
Note: President Kyle Hoegemeyer arrived at 5:07 PM, following the call of the roll.

1. Overview & Key Assumptions

- **Context:** Preliminary budget projections for the 2026–2027 school year. Numbers will shift slightly before final adoption in August.
- **Attendance (ADA):** Built on a baseline ADA of 8,950 (an increase of 211 students over 2025–2026).
- **Voucher Impact:** 93 students within Willis ISD boundaries were awarded state vouchers for 24–25. The district is monitoring this, noting many may have already been in private schools.
- **Property Values:** Currently up 9% as of June 1. The budget conservatively models a 7% growth rate to account for upcoming protest hearings. Certified values are due July 25.
- **Tax Rate:** Preliminary values point toward a slight compression of the current $1.0349 M&O tax rate.

2. 2026–2027 Compensation Package

- **Total Investment:** $2.58 Million total budgetary impact.
- **Teachers:** Shifting to a strategic market-alignment model. Provides a minimum 3% raise for all returning teachers, with heavy emphasis on Steps 0–5 (e.g., up to a 6.8% increase) and veteran staff to remain county-competitive.
- **August Retention Check:** Combined with the previously approved $1,500 retention payment, a mid-career teacher will see a total compensation increase of over 5% from last year.
- **Administrative & Support Staff:** 3% increase to base salary. Minimum/maximum pay grade floors will be raised by 1.5% to aid future hiring.
- **Stipends:** Targeted increases for lagging areas (Special Education, OTs, PTs, and Journalism). Instructional Coach Stipends will increase by $1,000 (from $4,000 to $5,000).

3. Baseline Non-Payroll Expenditures

The baseline operating budget is just under $13 Million **(**factoring in the opening of Castleschouldts Elementary). Key cost drivers include:

- **Property Insurance:** Up 5.7% to just over $1 Million due to TASB property re-appraisals (excludes final Castleschouldts additions, which will add $7k–$8k).
- **Security:** Projected at $2.4 Million for the Montgomery County SRO contract, including the new officer for Castleschouldts.
- **Fuel:** Budgeted at $875,000 (up from $675,000) due to sustained high gas prices, added routes, and a mid-year move to the new, more distant transportation center in January.
- **Technology:** Facing 10%–30% vendor hardware price hikes; the district is purchasing packages this summer to lock in lower rates.

4. Budget Outlook & Fiscal Risk

- **The Bottom Line:** Projected Revenue is $104 Million vs. initial expenditures of $105.4 Million.
- **Balancing Strategy:** The district will embed a 1.8% to 2% Vacancy Allowance (approx. $1.5 Million) directly into the budget to present a fully balanced budget in August.
- **Risk Assessment:** While this limits operational flexibility if unexpected expenses or mid-year breakages occur, the risk is mitigated by a very healthy fund balance and robust, ongoing student enrollment growth.

5. Self-Funded Health Insurance Crisis

- **The Challenge:** High-dollar claims and rising pharmacy costs for the plan's ~900 enrolled employees have outpaced local premium hikes and a recent $600,000 district injection. Expected liabilities for next year sit at $9.7 Million, while projected revenues cap out at $9 Million. The district has met or surpassed its max expected liability for the past three consecutive years.
- **The Renewal:** The initial Blue Cross Blue Shield renewal proposal is up over $1.5 Million from last year.
- **The TRS-Active Care Dilemma:** Transitioning to TRS-Active Care is legally impossible for the upcoming 26–27 cycle. Management warns that the self-funded plan is completely unsustainable for 27–28. However, shifting to TRS represents an astronomical premium hike for employees—especially those covering families or children—acting as a major financial hit.
- **Next Steps & Timelines:** Walker & Associates will present the finalized BCBS renewal next month. To preserve the option to move to TRS for 27–28, a formal letter of intent must be submitted to the state by December 31, 2026. Management clarified that even under a TRS framework, the district could choose to independently fund and preserve its highly regarded "Next Level" urgent care/weekend health benefit.

6. Debt Service & Child Nutrition Funds

- **Debt Service:** Management will bring two major orders to the Board in July: an Order of Defeasance to pay off approximately $1.2 Million in debt early, and a Refunding Order for the fall to re-rate callable bonds at a lower interest rate. The debt service budget is projected to be fully balanced.
- **Child Nutrition:** Projected to balance at $7.6 Million. The budget accounts for a 3% base salary increase for staff and new personnel for Castleschouldts Elementary, which was successfully offset by dissolving unused part-time positions.

7. Board Q&A Summary

- **On County Competitiveness:** Management clarified that while a few districts are aggressive with raises, Willis ISD's $1,500 retention payment is completely unmatched in the area (where others give $500–$1,000), making the district highly competitive.
- **On Stipends:** Adjustments were strictly limited to lagging areas (Special Ed, Coaches, and Journalism) to prioritize base salary increases across the board.
- **On Vacancy Rates:** Historical vacancy rates range from 1.3% to over 2%. Embedding a 1.8% allowance is a realistic, data-supported risk.
- **On Insurance Bidding & Timelines:** The Board strongly requested putting the health insurance plan out for bid immediately following July's renewal presentation. Trustees emphasized that the district must exhaust every possible market option before forcing employees onto an expensive TRS system, and noted that the timeline must be strictly managed to allow for proper decision-making.
- **On TPA Guidance & Networks:** Management noted that while Walker & Associates can bid to any carrier, alternative options like Cigna have significantly smaller local healthcare networks than BCBS, and alternative traditional bids are unlikely to produce major savings without severely stripping down coverage benefits.
- **On Regional Trends:** In response to trustee inquiries, management confirmed that nearby Conroe ISD officially made the structural decision to abandon their self-funded model and switch entirely to TRS-Active Care for the 2026–2027 cycle.

PUBLIC COMMENTS: None

ADJOURNMENT OF REGULAR MEETING
Motion by Scott Carson and seconded by Cliff Williams to adjourn. Motion carried unanimously, 6-0.

The meeting adjourned at 5:39 PM