BUDGET PARAMETERS
2024-2025 SCHOOL YEAR

Purpose:

To develop parameters that enable the district to provide a financially solvent budget that meets all short-term and long-term obligations and is aligned to the vision, mission, and goals alignment with the G-PISD balanced scorecard.

Opening Statement:

As the board of trustees prepares to adopt a budget and tax-rate for the upcoming 2024-2025 school year, the following factors will be under continuous analysis during the budget development process:

1. Enrollment & Demographic Trends
2. Current Fiscal Year Budget
3. Revenue Projections
4. Chapter 313 Limitation Agreements
5. Improving the Cost-Effectiveness of Operational Expenditures
6. Long-Range Compensation Plan

Key Budget Development Personnel:

- Dr. Michelle Cavazos - Superintendent of Schools
- Dr. Ismael Gonzalez III - Assistant Superintendent for Business-Finance & Operations

Board of Trustees Good Governance "Indicator 6" Representatives:

- Mrs. Carrie Gregory
- Mr. Mark Roach

ASSUMPTIONS AND CONSIDERATIONS

Enrollment & Demographic Trends

ASSUMPTION	CONSIDERATIONS	FINANCIAL IMPLICATIONS
Enrollment Growth **2023 Demographics Study**	• Projecting 2.8% increase for upcoming school year (138 more students)	• Increase in state funding ○ $850,080 = 138 students x $6,160 (Basic Allotment) ▪ This does not include Special Population weights • Additional staffing may be necessary ○ 22:1 Ratio ○ Approximately six (6) new teacher positions ▪ Average teacher pay: $75,000 ▪ Total cost: $450,000
Demographic Changes **PEIMS Snapshot Fall 2023**	• Economically Disadvantaged Population Increase • At-Risk Population Increase • Special Education Program Growth	• Potential need for additional accelerated instruction ○ Funding sources include Title I and State Compensatory Education
Out of District Transfers **5-Year Student Transfer Report.pdf**	• New ECC may cause increase of out-of-district transfers ○ Prior 5 years: Transfer IN students exceed transfer OUT students ▪ Approx. $147K net revenue	• No Homestead Tax Revenue Earned by G-PISD ○ Approximately $2,000 annually per household • Currently Tuition FREE
Continuous Improvement on Average Daily Attendance (ADA)	• Key state funding source • Maintain 94% or better district-wide	• Annual budget is based on enrollment ○ Basic Allotment: $6,160

Current Fiscal Year Budget

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS

Approximately 30% Cost Increase for Property Insurance	• Insurance premiums continue to rise
	  ○ 2023 premium: $1.4M
	• Adding additional facilities in upcoming fiscal year
		• No additional State Funding to Support Cost Increase
		  ○ 2024 projected premium: $2.0M
		  ○ Bids due March 2024

Maintenance & Operations Cost Increase Due to New Facilities	• Early Childhood Center
	• Agriscience Center
		2024-2025 projections:
		• Utilities
		  ○ $150K
		• Property Insurance
		  ○ $300K

98% Tax Collections for both M&O and I&S	• Ensure Bond Obligation Payments • Defease Eligible Bonds	• Ensure adopted budget receivables
No Change in State Funding	• Ongoing Uncertainty from Legislative Session	• Adoption of deficit budget

Child Nutrition – All Kids Eat FREE
 	
Food Service Financial Overview
 	
Food Service Department Webpage
	• Consider funding availability to continue to support FREE meals:
	  ○ General Fund Balance
	  ○ Workers Compensation Fund Balance
	• 2022-2023 SY Actual District Contribution:
	  ○ $$250K
	• 2023-2024 SY Budgeted District Contribution:
	  ○ $784K
		• Increase in Free and Reduced student population
		• Plan to continue for upcoming school year via Workers Compensation Fund Balance and Prior Year(s) Budget Efficiency
		• 2024-2025 SY Projected District Contribution:
		  ○ $1.2M

Revenue Projections

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Potential changes in State Funding	• Pending legislative guidance • School Finance Overview	• Currently operating with a budget deficit in general fund ○ Approximately $10M
5% Taxable Value Growth Annually	• Historical trend for G-PISD • Residential Development Ongoing • Business, Commercial, Industry Growth	• As local revenues increase, state revenue decreases (recapture)

Recapture (Chapter 49)	• As Chapter 313 limitation agreements reach year 11, full valuation will be subject for M&O tax revenue
	• HB3 Formula Transition Grant Expiring after 23-24
	    ○ FTG Overview
	• Property Wealthy School District as per TEA
		• Program Overview
		• Projected Recapture Payment for 24-25:
		    ○ $16M

HB 3 Tax-Rate Compression	• Projected property value growth, thus upcoming M&O tax-rate compression
	• 2023-2024 Tax Rate:
	    ○ M&O: $0.8126
	    ○ I&S: $0.3000
		• M&O: $.01 cent equals approximately $350,000
		• I&S: $01 cent equals approximately $1.6M
		• 2024-2025 Projected Tax Rate:
		    ○ M&O: $0.8026
		    ○ I&S: $0.3000

General Fund Balance	• Fund Balance Resolution 2023.pdf	• Projections include gradual reductions in general fund balance due to forecasted recapture and deficit budget anticipations
Federal Funding (ESSA) **ESSA Overview**	• Add ECC as Title I campus • 2023 Snapshot Data Exhibited all campuses over 40% economically disadvantaged	• Revenues based on annual estimates of income and poverty statistics via census bureau
Special Populations **State Allotments Overview** **TEA Guidelines** **2023-2024 SOF**	• Must meet required threshold spending per program	• Funding based on student demographics submitted to TEA through PEIMS

Chapter 313 Limitation Agreements

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Receive Projected Revenue Protection and Supplemental Payments **Ch. 313 Program Overview**	• As 10-year agreements close, payments will continue to reduce annually • 2023-2024 projected payments to district: $24M	• Future projections: ○ 24-25: $16M ○ 25-26: $17M ○ 26-27: $12M
Previous Approved Chapter 313 Limitation Agreements Pending	• CC Liquefaction (Stage 4B) • CC Liquefaction (Stage 4A) • CC Liquefaction (Stage 3C) • CGRP 04, LLC (Solar Farm)	• Anticipated Financial Analysis Link
Consider Property Valuation Tax Appeals from Industry	• Set-aside fund balance allocation to cover any losses	• Litigation and Tax Settlements Annual Set-Aside: ○ $3M
Industry Growth in G-PISD Boundaries	• No longer subject to Chapter 313 as of 12-31-22 • Subject to new HB5 Chapter 403 for all future inquires	• Monitor general fund budget to reduce re-occurring cost currently being covered by Chapter 313 revenue protection and supplemental payments

Long-Range Compensation Plan

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Basic Services Staffing Due to Growth	Staffing average cost: • Teacher = $75,000 • Administrator = $110,000 • Auxiliary = $45,000 • Paraprofessional = $55,000	• 93% of General Fund Budget, not considering Chapter 313 Supplemental Funding • Not to exceed $53M in general fund human capital expenses for upcoming SY • Staffing Guidelines Implementation

Pay Raises
 	
Compensation Handbook
	• 2021-2022
	• 2022-2023
	• 2023-2024
	• Substitute Pay
	  ○ Ensure market competitiveness
		2024-2025 SY
		• One-Time Retention Stipend (non-TRS eligible)
		  ○ Teachers: $2,500
		  ○ Para/Aux: $2,000
		  ○ Admin: $2,000
		    ▪ $1.8M
		• Hybrid approach
		  ○ Teachers
		    ▪ 1% Raise
		    ▪ $2,000
		  ○ Para/Aux
		    ▪ 1% Raise
		    ▪ $2,000
		  ○ Admin:
		    ▪ $2,000
		  ○ $1.6M

Employee Benefits	• Health Insurance District Contribution per Employee: ○ $325.00 Monthly • Voluntary Insurance Products Offered via TPA, First Financial Link • Employer Paid Benefits • Tenure Incentive	• Maintain current contributions

Stipends/Allowances	• Bilingual Teachers: $5,000
	• Special Ed. Teachers: $2,500
	• Master's Degree: $1,000
	• Other stipend allocations:
	  • UIL Sponsors
	  • Extra-Curricular
	  • Athletic Coach
		• Evaluate TASB survey study to ensure market competitiveness and effectiveness of supplemental work

Improving the Cost-Effectiveness of Operational Expenditures

ASSUMPTION	CONSIDERATIONS	BUDGET IMPLICATIONS
Campus Budgets **Campus Allocations.xlsx**	• Enrollment by campus (snapshot data) • Based on per pupil allotment • 2023-2024 total campus allocations ○ $789,517 Allocations: • Basic Allotment • Library • Staff Development • Health Services • Physical Education • State Compensatory • Gifted & Talented • Special Education • Dyslexia • Career & Technical • Bilingual	• Maintain approximate levels campus budget allocations ensuring cost-effectiveness across all areas • Add a new budget for the Early Childhood Center
Department Budgets	• Needs assessment drives budget allocation • Conduct resource allocation study identifying areas to reduce expenses	• Maintain department/operating expenditures • Reduce in areas that are feasible
Prioritize Federal Programs Funding – Title I	• Current Title I Budget ○ $670K • Current Title I Campuses ○ SFA ○ WCA ○ TMC	• Consideration of approving district-wide/all campuses eligibility for Title I ○ All campuses are eligible based on 2023 snapshot data
Continuous Evaluation of Safety & Security to Ensure Optimal Services	• Security Services ○ 3 – School resource officers ○ 4 – Armed security guards	• Projected state funding ○ $134K • BOND 2023 ○ $2M
Monitor and Manage Property Insurance Inflation	• Coastal proximity • 5-Year History • 2022-2023 Premium ○ $1.5M • 2023-2024 Premium ○ $2.0M projection	• Anticipated premium increase for 2024-2025 ○ 30% - 40% increase