

# **2023-2024 Preliminary Budget June 6, 2023**

# Transparency and Financial Reporting Awards

2023 RECIPIENT



Government Finance Officers Association

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# Legislative Update

## **HB 3 by Burrows - School Safety**

**\$10 per student in Average Daily Attendance - ADA (Currently \$9.72)**

**Additional \$15,000 per campus**

**One armed security officer at each campus**

## **Special Session #1**

## **House Bill 1 by Meyer**

**Additional \$0.162 of tax compression**

**Contingent on constitutional amendment passing in the November 2023 election**

***(Passed by the House, Senate is adjourned until 6 pm June 6, 2023)***

## **Senate Bill 1 by Bettencourt**

**Increase Homestead Exemption from \$40K to \$100K**

**Additional \$0.10 of tax compression**

***(Passed by the Senate however House would not consider. House is adjourned for Special Session #1)***

# 2023-2024 Budget Objectives

- **Meet the needs for the 2023-2024 school year.**  
(Opening Hines Elementary, Moorhead Jr. High, & Veterans Memorial Intermediate)
- **Provide a competitive compensation plan.**  
(Pending Legislative action)
- **Provide a safe learning environment for our students and staff.**
- **Provide targeted support for students and staff by absorbing ESSER positions into the General Fund budget.**

# Budget Challenges

- **Legislature has moved into special session**
- **Unprecedented growth**
- **No funding mechanism in current formula to:**
  - **Provide a raise for employees**
  - **Address inflation**
- **ESSER funding cliff – 225 positions- \$16M**
- **No funding for employee retention stipend within the General Fund**

# Fund Balance Analysis

2022-2023 Budget	\$ 619,827,991
Target Percentage	x 20%
	<hr/>
	\$ 123,965,598
Projected Unassigned Fund Balance @ 8/31/23	\$ 130,208,402
Target	123,965,598
	<hr/>
Available	\$ 6,242,804

Goal is to maintain an unassigned fund balance in the range of 20 to 25 percent of the budget

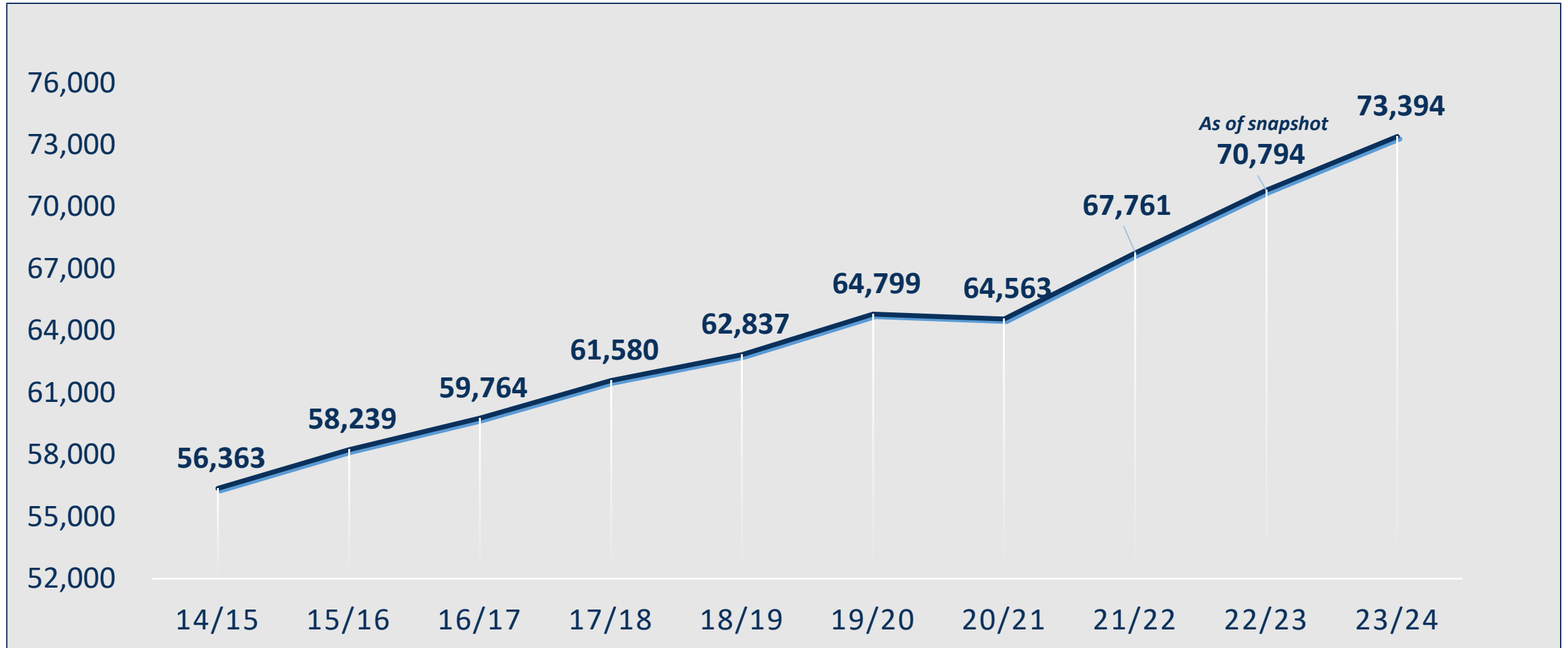
# Attendance Data

*Expenditure budgets are based on enrollment whereas state funding is provided based on average daily attendance (ADA)*



Year Ended 31-Aug	Enrollment			Average Daily Attendance		
	Actual	Total Yearly	ADA	Total Yearly	Percent	Percent of
	Enrollment	Change	Amount	Change	(Decrease)	Enrollment
2014	55,009	1075	51830	1365	2.7%	94.22%
2015	56,363	1,354	53,165	1,335	2.6%	94.33%
2016	58,239	1,876	55,147	1,982	3.7%	94.69%
2017	59,764	1,525	56,653	1,506	2.7%	94.79%
2018	61,580	1,816	58,001	1,348	2.4%	94.19%
2019	62,837	1,257	59,356	1,355	2.3%	94.46%
2020	64,799	1,962	60,983	1,627	2.7%	94.11%
2021	64,563	-236	61,007	24	0.0%	94.49%
2022	67,761	3,198	62,630	1,623	2.7%	92.43%
2023	70,794	3,033	65,513	2,883	4.6%	92.54%
2024 Proj	73,394	2,600	67,889	2,736	3.6%	92.50%
Ten Year Average		1,769		1,584	2.7%	93.89%

# Enrollment Trend

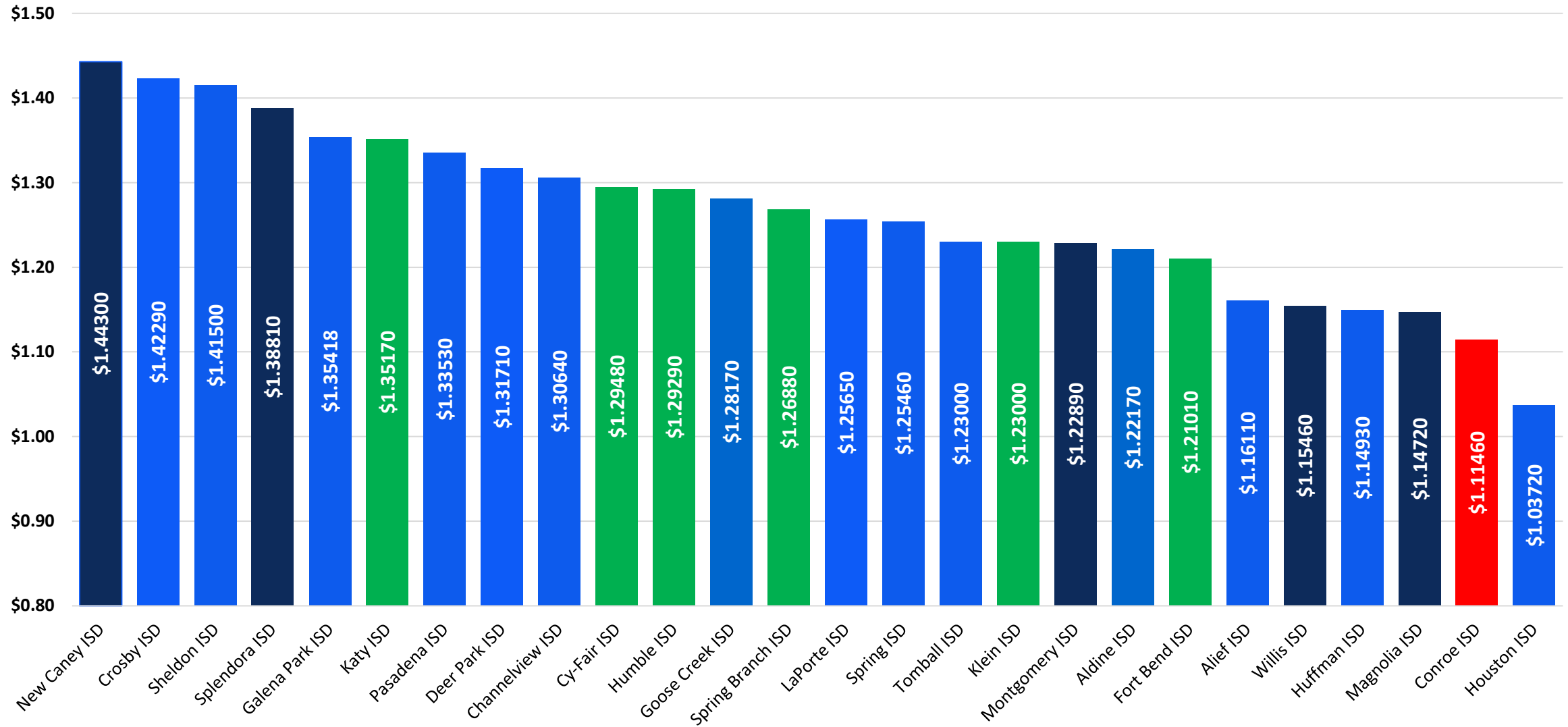




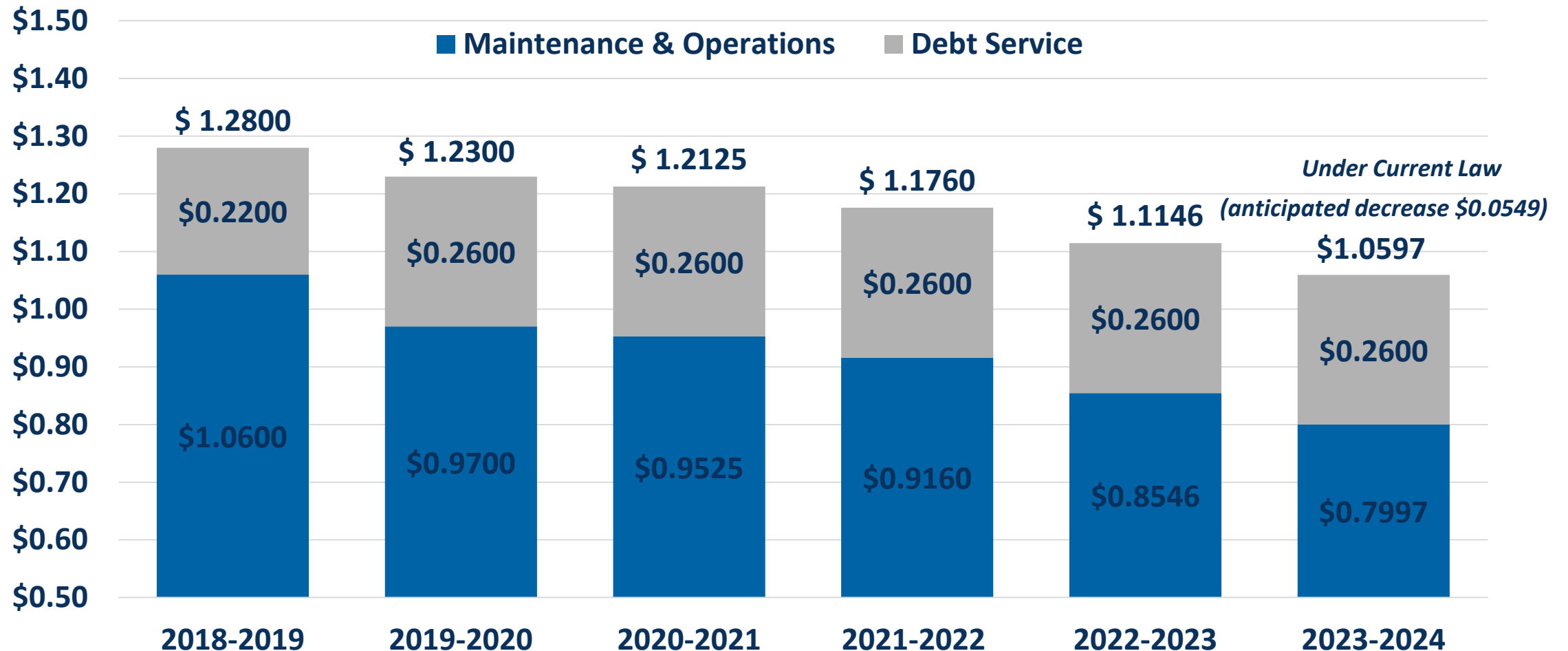
# Certified Property Values

Tax Year	Certified Value	Change in Certified Value	
		\$	%
2023 est	\$ 57,348,238,287	\$ 5,213,476,208	10.00%
2022	\$ 52,134,762,079	\$ 9,019,328,455	20.92%
2021	\$ 43,115,433,624	\$ 2,994,783,377	7.46%
2020	\$ 40,120,650,247	\$ 2,025,755,895	5.32%
2019	\$ 38,094,894,352	\$ 2,357,351,036	6.60%
2018	\$ 35,737,543,316	\$ 1,937,650,491	5.73%
2017	\$ 33,799,892,825	\$ 1,376,594,502	4.25%
2016	\$ 32,423,298,323	\$ 2,582,889,266	8.66%
2015	\$ 29,840,409,057	\$ 2,911,859,001	10.81%
2014	\$ 26,928,550,056	\$ 3,019,678,901	12.63%
2013	\$ 23,908,871,155	\$ 1,831,798,239	8.30%

# 2022-2023 Houston Area Tax Rates

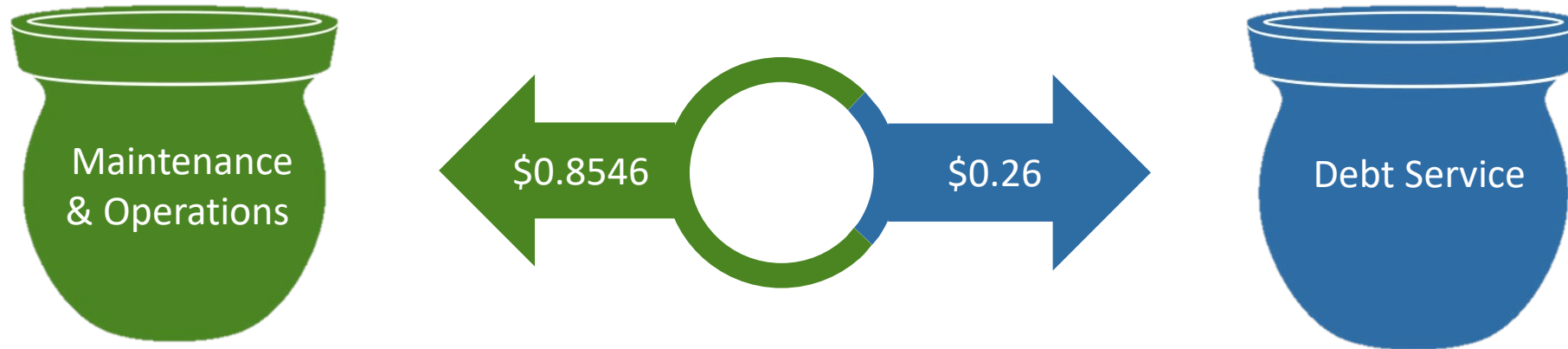


# Tax Rate History



# Tax Rate Components @ \$1.1146

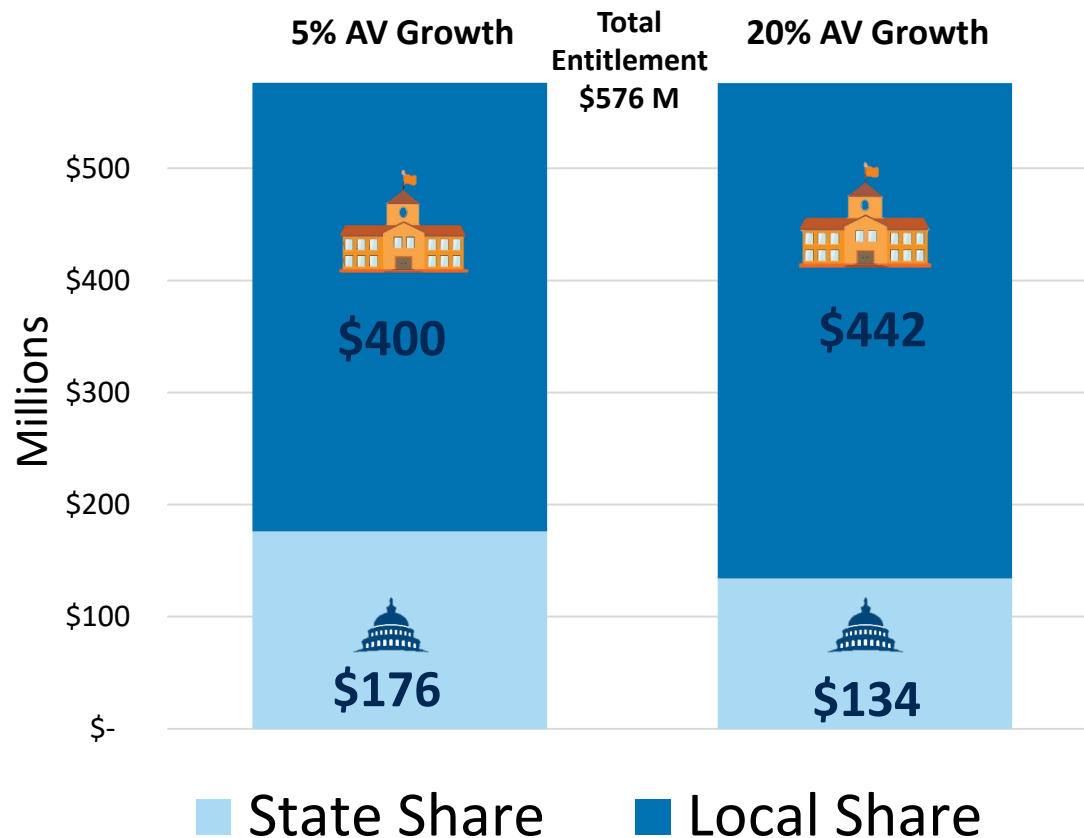
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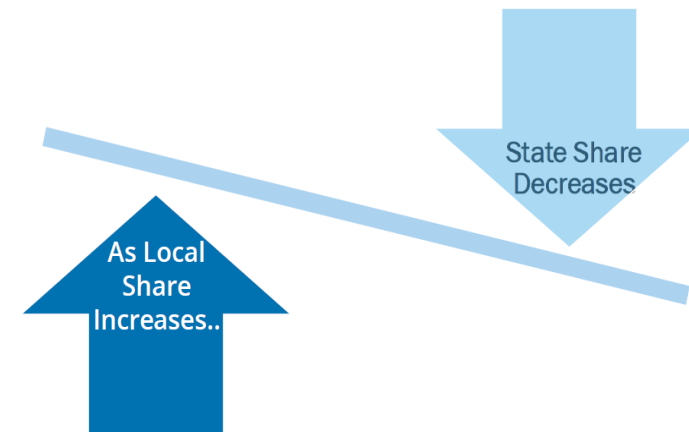
The maintenance & operations portion of the tax rate is used to fund the day-to-day operations of the district. (Salaries, benefits, supplies, utilities, fuel etc.)

The debt service or I&S portion of the tax rate provides funding for principal and interest payments on debt the district issues to finance the building of new facilities and other capital expenditures.

# State vs. Local Share



A balancing act:  
State Share vs. Local Share



# Truth in Taxation Terminology

## No-New-Revenue Tax Rate \$0.9667

- This calculation represents the effect of value growth on tax levy in isolation (local revenue only)
- Does not recognize the interaction between state and local share of the funding formula
- The state and local share cost split that applies to school district funding makes school districts different from other taxing entities for which No-New-Revenue-Rates are calculated, such as cities and counties
- Adopting this rate would trigger significant financial penalty for the district

## Voter-Approval Tax Rate \$1.1146

- Tax rate the district can adopt before requiring voter approval at an election (VATRE)
- Maximum Compressed Rate + Golden/Copper Pennies + Debt Service Rate

# No-New-Revenue-Rate-Funding Impact

Based on tax year 2022 Truth in Taxation Calculations

	Tax Year 2022 Voter Approval Tax Rate \$ 1.1146	Tax Year 2022 No New Revenue Rate \$ 0.9667	Loss in revenue
Local	\$ 445,543,677	\$ 368,436,364	\$ (77,107,313)
State	132,584,314	53,135,307	(79,449,007)
	\$ 578,127,991	\$ 421,571,671	\$(156,556,320)
Loss of all Tier II revenue (2022 Yield)			\$ (16,000,000)
Basic Allotment Proration (From \$6,160 to \$5,410)			(63,000,000)
Local Tax Revenue Loss			(77,000,000)
			<b>\$ (156,000,000)*</b>


\* Equivalent to 2,200 teaching positions




**CONROE**  
INDEPENDENT  
SCHOOL DISTRICT

# Golden/Copper Pennies

Additional pennies above the MCR (Maximum Compressed Rate – calculated by the state) that a school district can assess that provide additional local tax revenue along with a higher level of guaranteed state aid.

<b>Golden Penny</b> 	
Allowable	8
Currently Accessed	5
Available (VATRE* Required)	3
Generate ~ \$11.2 M/penny in combined state & local revenue.	
Local	\$5.5 M
State	\$5.7 M

<b>Copper Penny</b> 	
Allowable	9
Currently Accessed	0
Available (VATRE* Required)	9
Generate ~ \$4.3M/penny in combined state & local revenue.	
Local \$ 5.5M	
State \$(1.2)M*	
*Recapture is realized through decreased state funding.	

\*VATRE – Voter Approved Tax Rate Election



# 2023-2024 Funding Estimate

Local Revenue Limited 2.5% AV growth	\$ 13.10	M
State Funding Decrease - HB3	(13.10)	
State Funding Increase (3,000 students & GPY)	43.33	
Interest Income	4.30	
TRS on Behalf	1.75	
<b>Total Estimated Funding Increase</b>	<b>\$ 49.38</b>	<b>M</b>

*Based on current law*

# 2023-2024 Personnel Additions

CAMPUS POSITIONS	Elementary	Intermediate	K-6	Junior High	High School	Total FTE	Total Cost
Teachers	145.00	37.50	23.00	32.50	66.50	304.50	\$ 21,315,000
Other Professionals	9.00	5.00	2.00	1.00	7.00	24.00	1,895,000
Para-Professionals	35.00	19.00	3.00	3.00	19.80	79.80	2,005,000
Administrators	13.00	3.00	1.00	7.00	11.00	35.00	3,435,000
<b>Total</b>	202.00	64.50	29.00	43.50	104.30	443.30	\$ 28,650,000

DISTRICT SUPPORT	Operations	Administration	Total FTE	Total Cost
<b>Special Ed Support</b>				
Dyslexia Teachers	-	8.00	8.00	\$ 560,000
Behavior Specialist	-	1.00	1.00	70,000
Special Ed Coordinator	-	2.00	2.00	190,000
Teacher-District Level	-	2.00	2.00	140,000
Speech Language Pathologist	-	4.00	4.00	280,000
ARD Facilitators	-	5.00	5.00	350,000
LSSP's	-	5.00	5.00	400,000
Specialist (Speech,LSSP,Diag)	-	3.00	3.00	270,000
District Professional Staff	3.00	28.00	31.00	2,595,000
Para-Professional Staff	-	12.00	12.00	497,500
Auxiliary	40.00	-	40.00	1,673,000
<b>Total</b>	43.00	70.00	113.00	\$ 7,025,500

**Total FTE Change** 556.30  
**Total Payroll Additions** \$ 35,675,500

**Staffing Ratio Change 1-4 (22:1)**  
**ESSER Positions**  
**Special Ed Support**  
**Additional Campus Support**  
**Opening Two New Campuses**

# Projected Expenditure Budget Increase 2023-2024

Salary Increase	\$	- M
Additional Personnel for Growth 23-24		35.68
Reading Academy, Summer School, Teacher Pipeline		2.10
Inflation Adjustment		3.50
Portable Buildings		3.00
Increased Software Costs		1.00
Other Expenses (Utilities, Fuel, Insurance, Supplies)		2.35
TRS on Behalf		1.75
Total Estimated Expenditure Increase	\$	49.38 M

# Retention Stipend

Amount	Estimated Cost
\$ 500	\$ 4,500,000
\$1,000	\$ 8,750,000
\$1,500	\$ 13,250,000

# 2023-2024 Preliminary Budget

*Based on current law*



<b>Beginning Revenue Budget-Amended</b>		<b>\$ 623.30</b>	<b>M</b>
<b>Estimated Revenue Change</b>			
Local Revenue Limited 2.5% AV growth	\$ 13.10		
State Funding Decrease Robin Hood -HB3	(13.10)		
State Funding Increase	43.33		
Interest Income	4.30		
TRS on Behalf	1.75		
Total Estimated Revenue Increase		<u>49.38</u>	
Estimated Total Revenue		<u>\$ 672.68</u>	<b>M</b>
<b>Beginning Expenditure Budget-Amended</b>		<b>\$ 623.30</b>	<b>M</b>
<b>Estimated Expenditure Increase</b>			
Salary Increase	\$ -		
Additional Personnel for Growth 23-24	35.68		
Reading Academy, Summer School, Teacher Pipeline	2.10		
Inflation Adjustment	3.50		
Portable Buildings	3.00		
Increased Software Costs	1.00		
Other Expenses (Utilities, Fuel, Insurance, Supplies)	2.35		
TRS on Behalf	1.75		
Total Estimated Expenditure Increase		<u>49.38</u>	
Estimated Total Expenditures		<u>\$ 672.68</u>	<b>M</b>
Balanced Budget		<u>\$ -</u>	<b>M</b>



# What's Next

- **Finalize Revenue**
  - State Funding-Monitor the Special Legislative Sessions**
  - Tax Rate, Local Assessed Value**
- **Finalize Expenditures**
  - TASB Compensation Recommendations**
  - Campus and Departmental Expenditure needs**
- **Board Meeting, Public Hearings and Budget Approval**
  - July 12, 2023 DLPDMC**
  - July 18, 2023 Board Meeting**
  - August 1, 2023 Public Hearing**
  - August 15, 2023 Public Hearing and Board Meeting**