



# Budget Workshop

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July 14, 2026

# Preliminary General Fund

Based on Certified Estimated Values as presented

Description	Preliminary Budget
Local Revenues	\$13,079,004
State Revenues	23,453,785
Federal Revenues	75,000
Total Revenues	\$36,607,789
Expenditures	\$39,337,337
Surplus (Deficit)	(\$2,729,548)

- Based on Refined ADA 2853.000 (ended 2025-2026 at 2911.838)
- Payroll based on frozen current salary schedules, except for the mandatory HB2 Step 3 and Step 5 increases

# General Fund Expenditures



Object	Proposed Budget	Percent
Payroll Costs	\$31,427,457	79.85%
Contracted Services	4,158,057	10.57%
Supplies & Materials	2,288,338	5.82%
Other Operating	1,270,752	3.23%
Debt Service	122,683	0.31%
Capital Outlay	70,050	0.18%
Total	\$39,337,337	100.00%

The challenge of maintaining excellence in Texas public schools is very real.

While the 89th Texas Legislature provided some additional funding, much of it is targeted for specific purposes and does not fully address the increasing cost of operating schools. Although the state's school finance system is complex, the bottom line is simple: district revenues are not keeping pace with rising expenses.

As a result, many Texas public school districts are facing difficult financial decisions, including adopting deficit budgets, in order to continue providing the high-quality educational opportunities and services their students deserve.



# What can we do to cut the deficit?



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## Personnel -

- Additional staffing reductions through attrition
- Freeze non-essential hiring

## Programs & Services -

- Reduce or eliminate selected programs
- Evaluate extracurricular expenditures

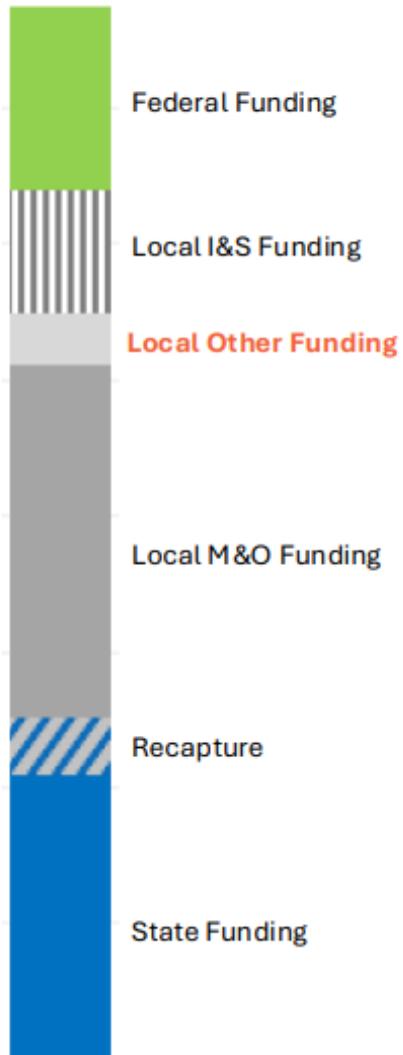
## Operations -

- Continue deferring non-critical projects
- Reduce technology replacement cycle
- Review transportation routes and efficiencies

## Revenue Options -

- Consider a Voter Approval Tax Rate Election (VATRE)
- Review fee structures

# Other Local Funds Outside of M&O Formulas



School systems have certain authority to generate revenue outside of the Foundational School Program funding formulas. Some examples:

- Earnings from deposits & investments
- Charging for transportation (including on a sliding scale by income)
- Charging for student activities (including on a sliding scale by income)
- Charging for food (outside of NSLP)
- Fee for service (including ESA)
- Enterprise services (facility rentals, curriculum services, management services, etc.)

# Historical Tax Rate



**When property values increase, state funding decreases.** The state created a formula where they get to collect any additional revenues on the M&O side.

As a result, HISD does not receive additional operating funding simply because property values increase. Additionally, state funding is based on student attendance—not total enrollment—meaning districts are funded only for the students who are present each day.

# Understanding the Tax Rate

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- Maintenance & Operations (M&O) portion of the tax rate cover everyday costs like salaries, supplies, fuel, insurance and utilities.
- Interest & Sinking (I&S) portion of the tax rate can only be used to pay off bonds.

	2025-2026	2026-2027
M&O Rate	0.6822	0.6754
I&S Rate	0.1400	0.1306
Total Tax Rate	0.8222	0.8060

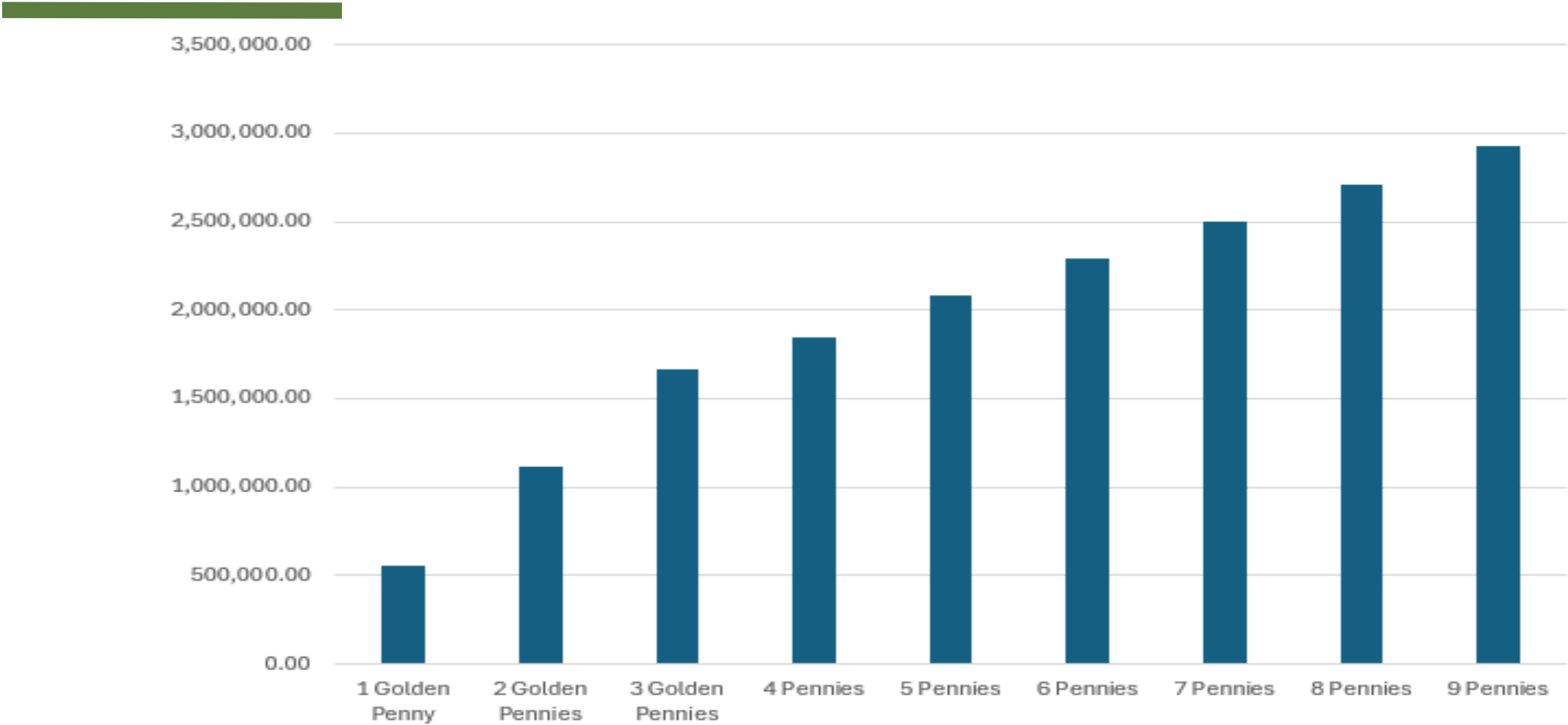


# Potential Revenue from VATRE

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Voter Approval Tax Rate Election – allows a school district to utilize additional pennies on its tax rate to generate additional revenue for the maintenance and operations budget (day-to-day operations)

# Impact of Additional M&O Pennies



**Tier One**



**Subject to Recapture**  
Tax rate generates the Basic Allotment based on the proportion to MCR

**Tier Two**



**Not Subject to Recapture**  
Guaranteed yield of \$129.52 / WADA in FY26

**Tier Two**

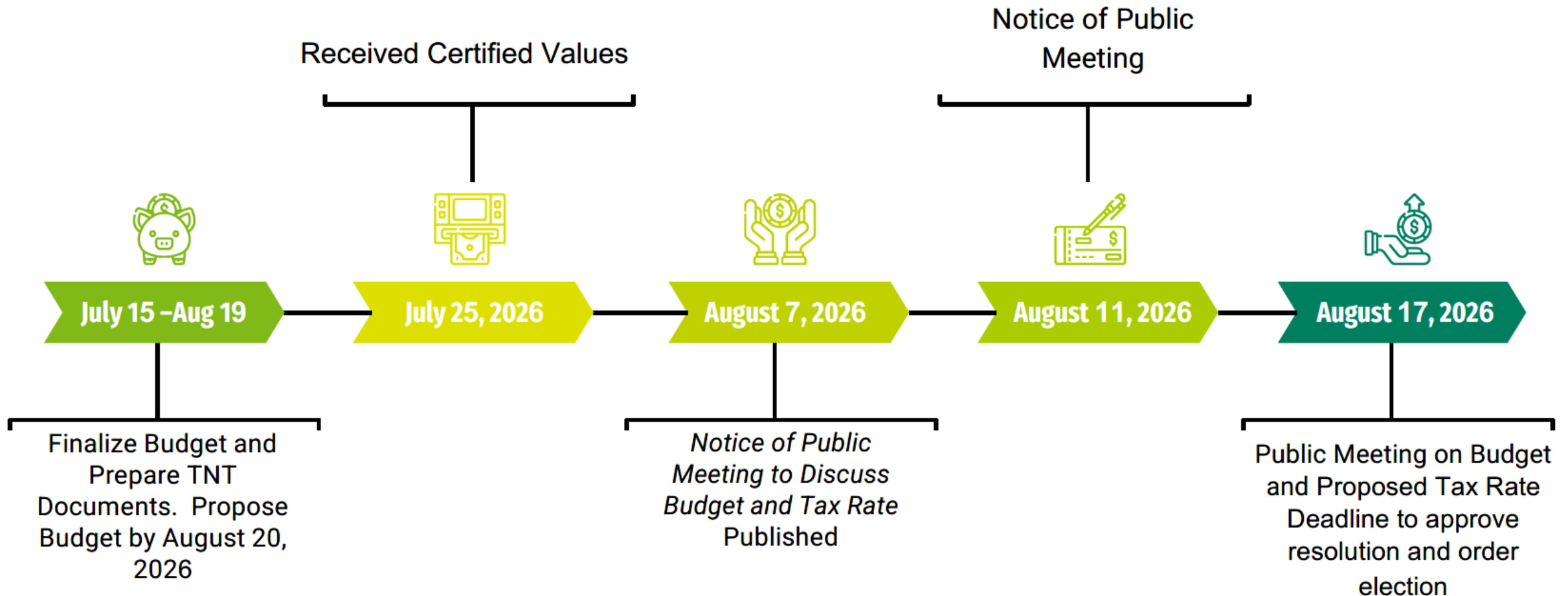


**Subject to Recapture**  
Guaranteed yield of \$49.72 per WADA in FY26

District	Enrollment	M&O Rate	I&S Rate	Total Rate	Golden Pennies	Copper Pennies
<b>Henderson ISD</b>	<b>3,129</b>	<b>0.6822</b>	<b>0.1400</b>	<b>0.8222</b>	<b>0.0500</b>	<b>0.0000</b>
Atlanta ISD	1,915	0.7622	0.0531	0.8153	0.0800	0.0583
Troup ISD	1,049	0.7422	0.0902	0.8324	0.0800	0.0583
<b>Carthage ISD</b>	<b>2,555</b>	<b>0.6692</b>	<b>0.2300</b>	<b>0.8992</b>	<b>0.0500</b>	<b>0.0000</b>
Gilmer ISD	2,918	0.7552	0.1748	0.9300	0.0800	0.0583
Mineola ISD	1,788	0.7552	0.1753	0.9305	0.0800	0.0583
Liberty-Eylau ISD	1,784	0.7552	0.1776	0.9328	0.0800	0.0583
Lindale ISD	4,610	0.7569	0.181	0.9379	0.0800	0.0600
Van ISD	2,262	0.7552	0.1938	0.9490	0.0800	0.0583
Bridge City ISD	3,064	0.6688	0.2802	0.9490	0.0750	0.0000
Whitehouse ISD	4,814	0.7869	0.1780	0.9649	0.0800	0.0900
Gladewater ISD	1,575	0.7552	0.2533	1.0085	0.0800	0.0583
Palestine ISD	3,123	0.7708	0.2673	1.0381	0.0800	0.0583
Center ISD	2,235	0.7575	0.2875	1.0450	0.0800	0.0583
<b>Jacksonville ISD</b>	<b>4,569</b>	<b>0.6669</b>	<b>0.3950</b>	<b>1.0619</b>	<b>0.0500</b>	<b>0.0000</b>
Pleasant Grove ISD	2,313	0.7020	0.3650	1.0670	0.0800	0.0051
Chapel Hill ISD	3,177	0.6929	0.3800	1.0729	0.0800	0.0259
<b>Kilgore ISD</b>	<b>3,575</b>	<b>0.6669</b>	<b>0.4377</b>	<b>1.1046</b>	<b>0.0500</b>	<b>0.0000</b>
Bullard ISD	2,819	0.7469	0.5000	1.2469	0.0800	0.0500
Spring Hill ISD	1,941	0.7548	0.4999	1.2547	0.0800	0.0579

Going from 5 Tier II to all 8 golden pennies in Tier II varies by ISD, but on average would increase M&O funding by 5.03%.

# 2026-2027 Budget Timeline





**Questions?**

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