



Public Hearing

2027 Fiscal Year Budget

June 8, 2026

Spring Branch Independent School District

Budget Critical Factors

- Net State Funding – determined by the Texas Legislature
- Property values and tax collection as factors in state funding
- Enrollment and attendance as state funding is based on attendance
- Hold Harmless funding for increased property tax exemption and tax compression changes
- Inflation – does state funding keep up?
- Compensation – more than 85% of total expenditure
- Taxable property values and tax rates for the debt service fund



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89th Legislature in FY 2027

- Most of the increased funding was targeted, with required spending
- Education Savings Accounts take effect
- Special Education funding changes to intensity of service model from the current instructional arrangement model. The statewide benefit is \$250 million.



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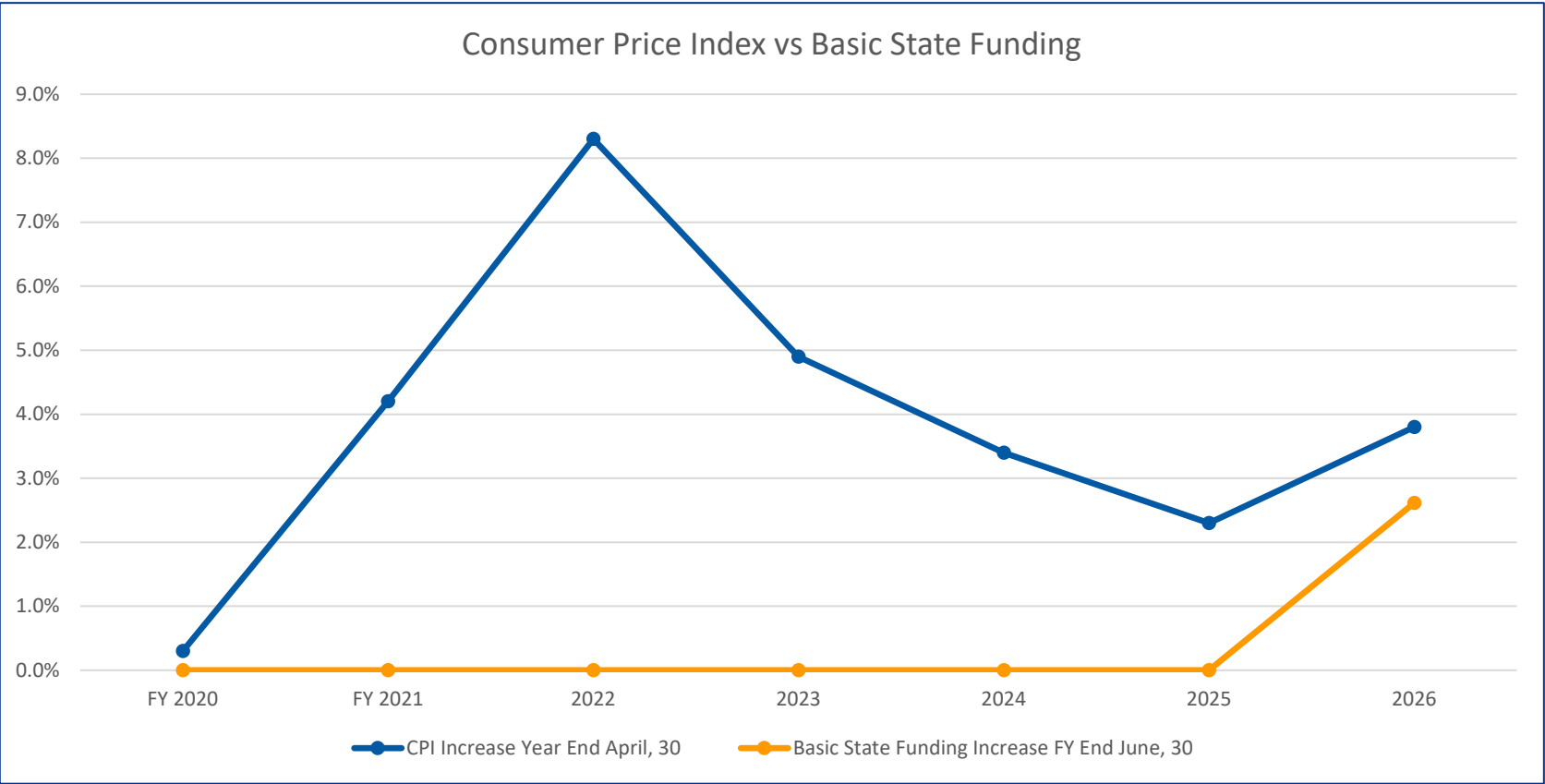
Inflation vs Basic Funding

- The Basic Allotment in the state funding formula increased \$55 in FY 2026 to \$6,215. The most recent prior increase was in FY 2020.
- A \$106 Allotment for Basic Costs was added in FY 2026.
- The FY 2020 to FY 2026 increase in funding to cover the cost of basic operations, excluding targeted increases with spending requirements, was 2.6%.
- 2020 to 2026 inflation, measured by CPI, was 26.9%.
- Inflation outpaced funding by 24.3% over six years.



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Inflation vs Basic State Funding



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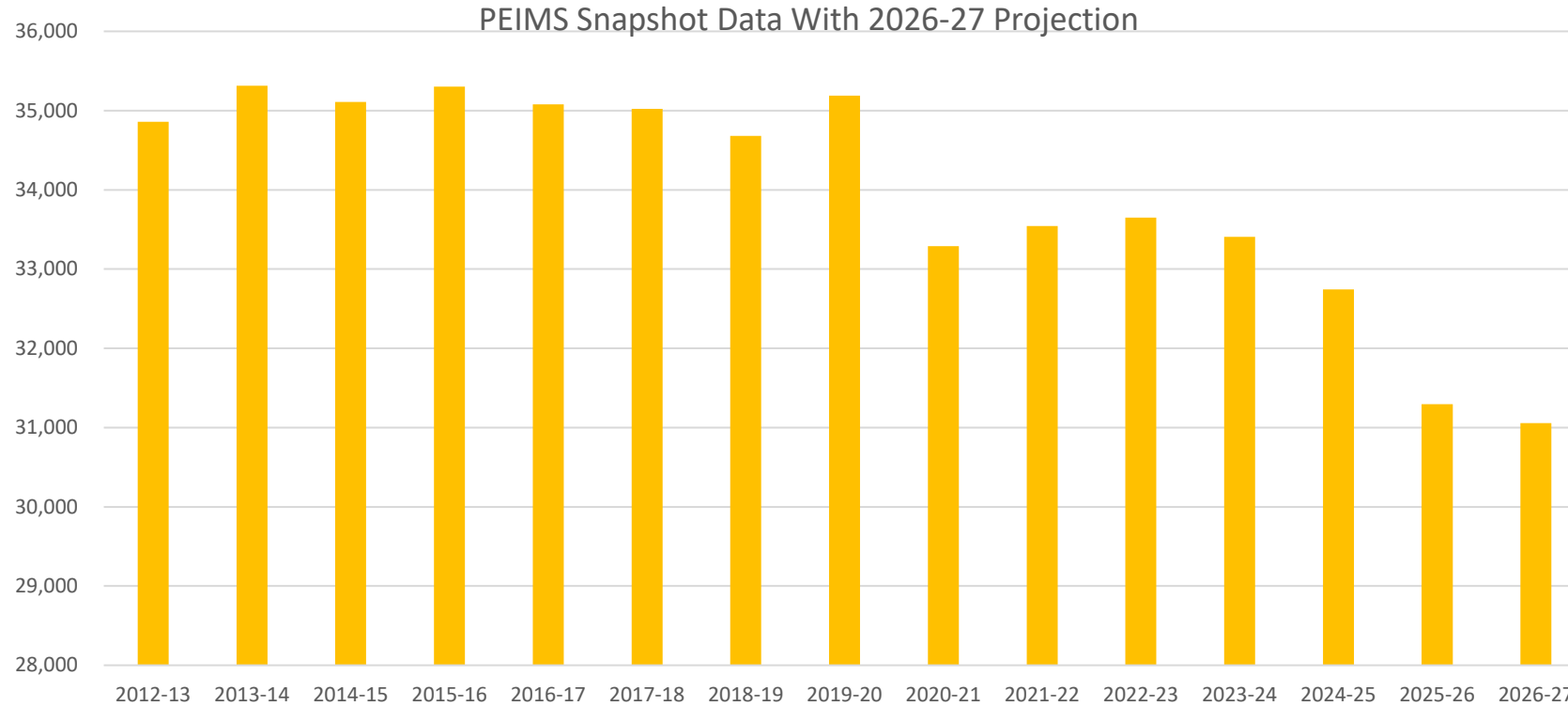
Employee Compensation

- The budget does not include a pay increase for FY 2027.
- Teachers meeting 3 and 5 years of experience will receive an increase due to the Teacher Retention Allotment.



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Enrollment History



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General Fund Budget

	<u>Adjusted FY26 Budget</u>	<u>Preliminary FY27 Budget</u>
Tax Revenue	\$ 280,622,111	\$ 284,523,162
State Funding	45,720,646	31,639,618
Other Revenue	40,415,645	40,085,146
Recapture	(1,356,657)	(1,421,499)
Total Revenues Less Recapture	<u>365,401,745</u>	<u>354,826,427</u>
Payroll Costs	327,869,949	327,851,961
Contract Services/Supplies/Other Operating	59,309,539	55,170,381
Debt Service	-	-
Capital Outlay	434,679	-
Total Expenditures	<u>387,614,167</u>	<u>383,022,342</u>
Other Sources(Uses)	<u>50,000</u>	<u>5,900,000</u>
Change in Fund Balance	<u>\$ (22,162,422)</u>	<u>\$ (22,295,915)</u>
Ending Fund Balance	\$ 80,994,874	\$ 58,698,959

General Fund Revenues

- Subject to change
- 2.4% increase in taxable property value to \$44.3 billion
 - HCAD certified estimate, accuracy +/- 5%
- M&O tax rate of \$0.7118 compared to \$0.7186 in FY 2026
- \$10.6 million decrease in total revenues less recapture
 - \$ 14.0 million decrease in state funding
 - \$ 3.9 million increase in tax revenue
 - \$ 0.5 million decrease from other sources



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General Fund Expenditure Priorities

- Sustain academic priorities while moderating deficit spending
- Fund compensatory accelerated instruction to support at risk students, a TEC 29.081(b) requirement



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General Fund Expenditures

\$4.6 million decrease in total expenditures

- \$2.5 million decrease in department budgets
- \$2.1 million decrease from all other sources



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General Fund - Fund Balance

- Board policy (CE) on budget establishes a goal of maintaining fund balance at 19% of expenditure
- If a board finds it necessary to approve a budget at less than 19% it shall be the goal of the board to restore 19% within 3 years



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General Fund - Fund Balance

- Fund balance provides needed liquidity in advance of collecting property taxes and capacity to meet emergency or unanticipated cash needs.
- The significant use of fund balance in FY2027, while allowing continuity, is not sustainable.
- In FY2028 the district must significantly reduce expenditure and, to the extent possible, increase locally generated revenue.



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Debt Service Fund Budget

	<u>Adjusted FY26 Budget</u>	<u>Preliminary FY27 Budget</u>
Tax Revenue	\$ 124,307,896	\$ 137,462,962
Other Revenue	12,291,618	10,568,696
Total Revenues	<u>136,599,514</u>	<u>148,031,658</u>
Debt Service	<u>135,376,601</u>	<u>143,618,391</u>
Total Expenditures	<u>135,376,601</u>	<u>143,618,391</u>
Transfers In	82,324,835	-
Transfers Out	81,904,391	-
Total Financing Sources(Uses)	<u>420,444</u>	<u>-</u>
Increase/(Decrease) in Fund Balance	<u>\$ 1,643,357</u>	<u>\$ 4,413,267</u>
Ending Fund Balance	\$ 37,984,959	\$ 42,398,226

Debt Service Fund

- Tax rate increases \$0.04 to \$0.3445
- \$11.4 million revenue increase due to rate increase and value growth
- Issuance of debt under the 2022 and 2025 bond authorizations along with debt refunding is planned for November 2026



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Taxable Property Values

2027	*	44,276,542,761	2.36%
2026		43,256,422,645	1.22%
2025		42,735,855,288	2.54%
2024		41,677,445,959	4.96%
2023		39,707,138,233	7.80%

* Certified Estimate from Harris Central Appraisal District



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Tax Rate History

<u>Fiscal Year</u>		<u>Maintenance and Operations</u>	<u>Interest and Sinking</u>	<u>Total</u>
2027	*	0.71180	0.34450	1.05630
2026		0.71860	0.30450	1.02310
2025		0.77190	0.30450	1.07640
2024		0.77440	0.30450	1.07890
2023		0.96430	0.30450	1.26880

* Preliminary



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Approval of FY2027 Budget

- Budget Approval at the June 22, 2026 Board Meeting
- Anticipated Maximum Tax Rate
 - Maintenance and Operations \$0.7118
 - Interest and Sinking \$0.3445
- Tax Rate Adoption at the September 28, 2026 Board Meeting



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Public Hearing

FY 2027 Preliminary Budget

Spring Branch ISD

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