



Agenda of Board Workshop

The Board of Trustees McAllen Independent School District

A Board Workshop of the Board of Trustees of the McAllen Independent School District will be held Tuesday, February 17, 2026, beginning at 5:30 PM Board Room/Administration Building of the McAllen Independent School District, 2000 North 23rd Street, McAllen, TX 78501.

Items listed on this agenda may be taken in an order other than as shown on this agenda. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

At this meeting there may be discussion and action by the Board on the item(s) and subject(s) listed as follows:

1. **CALL MEETING TO ORDER**
2. **PUBLIC COMMENT(S)**
3. **DISCUSSION OF 2026–2027 BUDGET:** **3**
 - 2024-2025 Prior Year Overview
 - 2025-2026 Current Year Update
 - 2026-2027 Budget Outlook and PlanningItem Submitted: Lorena Garcia, Deputy Superintendent for Business and Operations
Presenter: Dr. René Gutiérrez, Superintendent
4. **ADJOURNMENT**

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.

Pursuant to Texas Government Code 551.127, a member or employee of a governmental body is authorized to participate remotely in a meeting of the governmental body through a videoconference call, as long as a quorum of the governmental body is physically present at the location of the Board Meeting. Any video conference conducted pursuant to this section will comply with the technical requirements of this section.

Pursuant to Texas Government Code 551.129, the Board of Trustees may use a telephone conference call, video conference call, or communications over the internet to conduct a public consultation with its attorney in an open meeting of the governmental body, or, a private consultation with its attorney in closed meeting of the governmental body.

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: February 17, 2026

Attachment:

SUBMITTED BY: 

SUPERVISOR: *Lorena Garcia*
Lorena Garcia (Feb 12, 2026 08:02:44 CST)

Approved for presentation to the Board of Education:

Rene Gutierrez
RENE GUTIERREZ (Feb 12, 2026 08:10:57 CST)



**Budget Workshop #1
2026–2027 Budget Foundation
February 17, 2026**

Purpose of Today's Workshop



Today's session establishes a shared financial foundation for the 2026–2027 budget cycle.

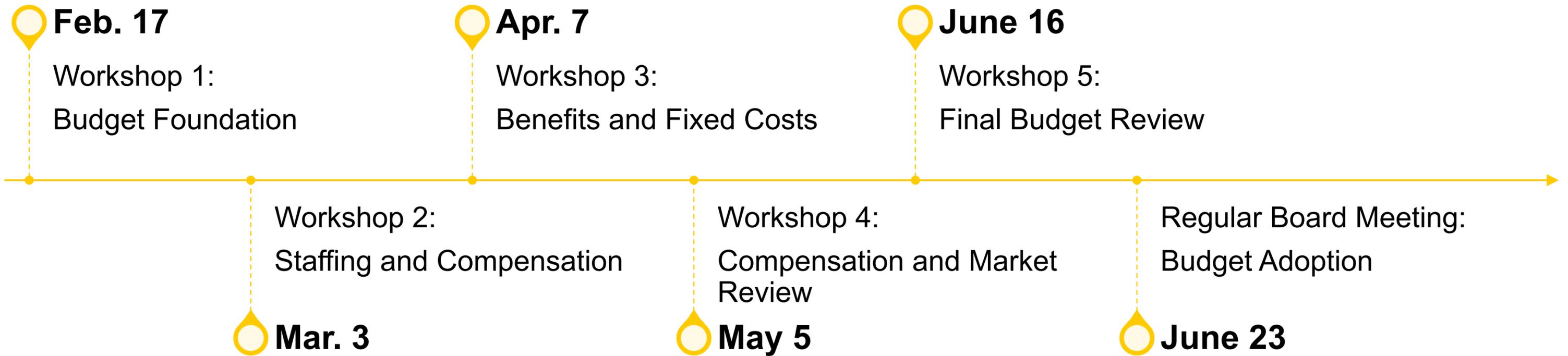
We'll review where the District has been through 2024–2025 audited results, examine current 2025–2026 projections, and introduce early planning assumptions for the upcoming year.

Beginning this discussion early allows time for Board questions, feedback, and refinement throughout the budget development process. This workshop sets context rather than finalizing decisions.

McAllen ISD's 2025–2026 Budget Book received the ASBO Meritorious Budget Award recognizing excellence in transparency and financial communication.



Budget Workshop Timeline



Guiding Principles



Budget Planning Will:

- Align resources to campus and student needs.
- Prioritize staffing stability and retention whenever possible.
- Offer competitive compensation packages to attract and retain talent.
- Maintain affordable, sustainable employee health insurance.
- Use fund balance strategically and responsibly.

Budget Planning Supports:

- Student learning and program stability.
- Staff recruitment and retention.
- Safe and reliable operations (facilities, transportation, technology).
- Financial transparency and community trust.
- Responsible stewardship of taxpayer resources.



Funds Included in the Board's Annual Budget Adoption

Each June, the Board formally adopts budgets for three major fund categories that comprise the official board-adopted budget for the coming fiscal year:

General Fund

Funds 1xx cover day-to-day operations, instruction, and core district activities.

Debt Service Fund

Fund 599 accounts for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

Capital Projects Funds

600 project funds designated for construction, renovations, and major capital improvements.

Other Governmental Funds that Support Instruction

Beyond board-adopted funds, the District manages additional governmental funds that play essential roles in supporting students and instruction.

Special revenue funds are governmental funds used to account for revenue sources that are legally restricted to specific purposes. These sources do not include expendable trusts and major capital projects.

While not part of the annual operating budget vote, these funds represent important instructional resources that contribute to the District's comprehensive educational mission and overall financial picture.

200-379 Funds

Special revenues:
Federal programs and federally funded shared services arrangements

380-429 Funds

Special revenue: State-funded programs

431-459 Funds

Special revenue: Shared services arrangements - Regional Day School for the Deaf

461-499 Funds

Special revenue: Local programs



Fiscal Year 2024-2025 (Last Year)



2024-2025 Year-End Financial Summary

\$152M

Ending General Fund Balance

Total fund balance position at fiscal year-end

\$106M

Unassigned Fund Balance

Representing 69.4% of the General Fund

152

Days of Operations

Unassigned fund balance covers approximately 152 days of operating expenditures

\$12.7M

Year-Over-Year Increase

Growth in unassigned fund balance from prior year



Fund Balance Strategy

One-Time Investments

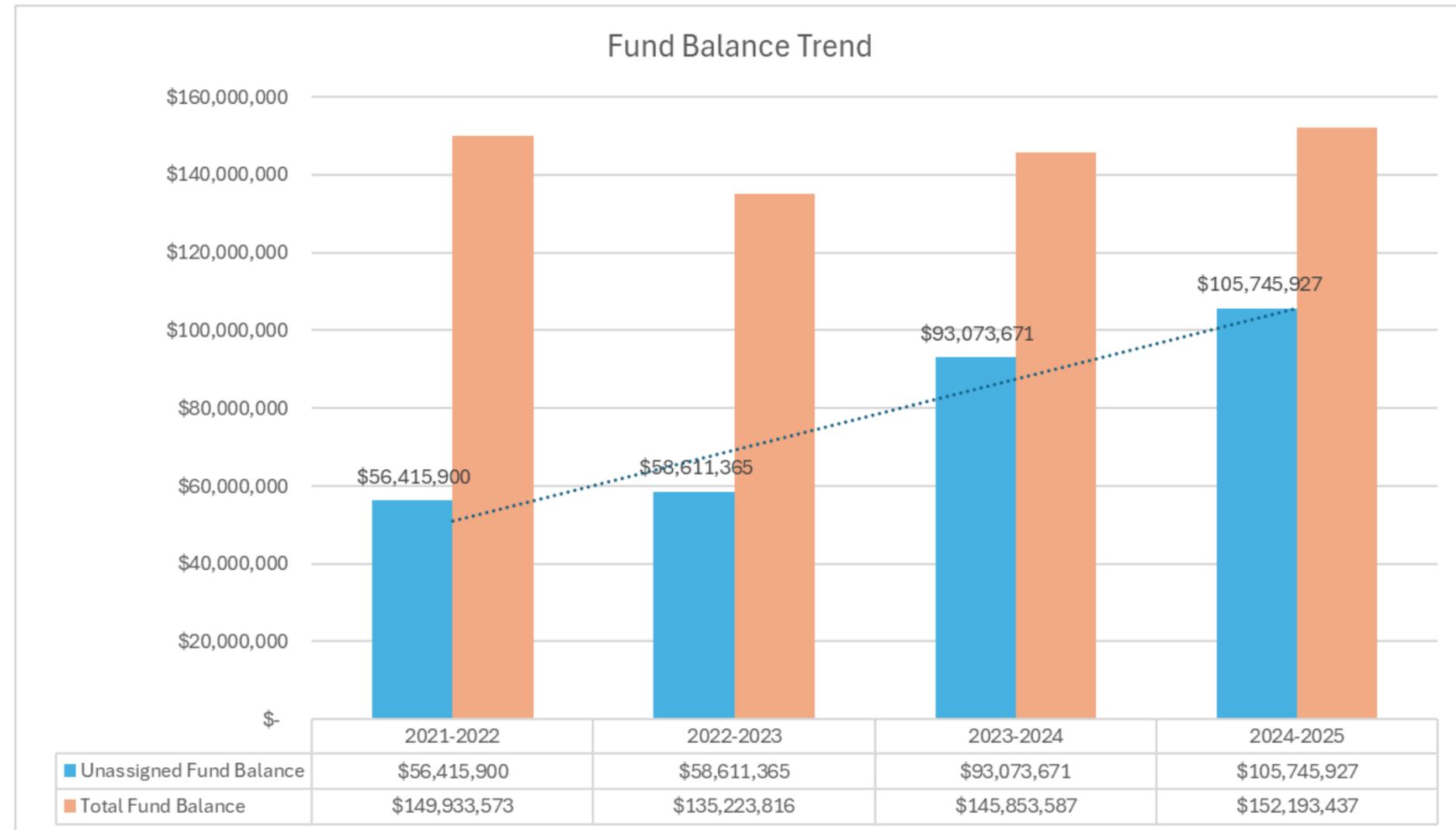
Facility improvements, equipment replacement cycles, safety upgrades, and other non-recurring projects.

Emergency Response

Unexpected cost increases, natural disasters, or other unforeseen circumstances requiring immediate action.

Financial Stability

Cash-flow support during revenue timing gaps and maintaining operations during uncertain periods.



Debt Payoff Update

Retirement of Series 2011 Maintenance Tax Notes (QSCB)

Scheduled for February 2026

- Principal: \$16,485,000
- Interest: \$384,100.50
- Total Payoff: \$16,869,100.50

Fund Balance Impact

The payoff will be made from restricted fund balance, reducing restricted balances after February 2026.

This strategic debt retirement strengthens the District's long-term financial position.

Next year's overall fund balance will reflect a decrease due to this planned payoff.

Data Source: 2024-2025 Annual Comprehensive Financial Report



Fiscal Year 2025-2026 (Current Year)

2025-2026 Budget at a Glance

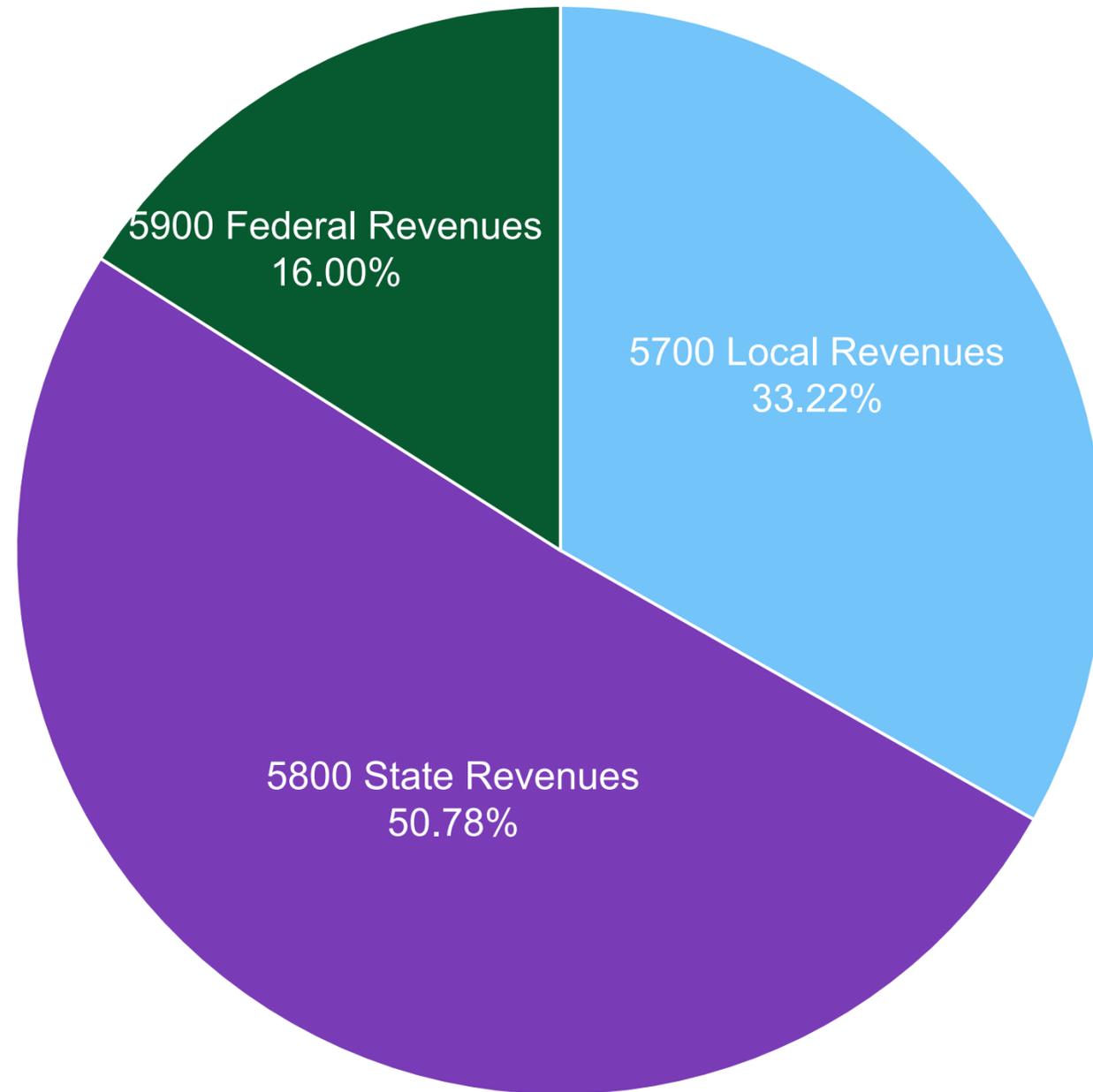


	General Fund	Debt Service Fund	Capital Projects Funds	Total All Funds
5700 LOCAL REVENUES	\$ 75,888,729	\$ 13,902,390	\$ -	\$ 89,791,119
5800 STATE REVENUES	162,342,929	-	-	162,342,929
5900 FEDERAL REVENUES	26,739,389	-	-	26,739,389
7900 OTHER RESOURCES	-	-	-	-
FUND BALANCE CONTRIBUTIONS:				
199 GENERAL FUND	594,328	-	-	594,328
599 DEBT SERVICE FUND	-	-	-	-
620 MTN-2020	-	-	1,594,007	1,594,007
Total Revenues and Fund Balance	\$ 265,565,375	\$ 13,902,390	\$ 1,594,007	\$ 281,061,772

	General Fund	Debt Service Fund	Capital Projects Funds	Total All Funds
11 INSTRUCTION	\$ 138,697,011	\$ -	\$ -	\$ 138,697,011
12 INSTRUCTIONAL RES & MEDIA SERV	3,388,065	-	-	3,388,065
13 CURR DEV & INSTRUCTIONAL DEV	4,025,308	-	-	4,025,308
21 INSTRUCTIONAL LEADERSHIP	2,882,352	-	-	2,882,352
23 SCHOOL LEADERSHIP	14,430,235	-	-	14,430,235
31 GUIDANCE COUNSELING AND EVAL	11,873,258	-	-	11,873,258
32 SOCIAL WORK SERVICES	1,937,220	-	-	1,937,220
33 HEALTH SERVICES	3,015,984	-	-	3,015,984
34 STUDENT TRANSPORTATION	4,636,380	-	-	4,636,380
35 FOOD SERVICES	24,301,030	-	-	24,301,030
36 EXTRACURRICULAR ACTIVITIES	10,419,966	-	-	10,419,966
41 GENERAL ADMINISTRATION	7,892,182	-	-	7,892,182
51 FACILITIES MAINT & OPERATIONS	21,305,420	-	-	21,305,420
52 SECURITY AND MONITORING SERV	5,411,206	-	1,081,208	6,492,414
53 DATA PROCESSING SERVICES	5,372,159	-	203,769	5,575,928
61 COMMUNITY SERVICES	92,015	-	-	92,015
71 DEBT SERVICE	4,485,637	13,902,390	-	18,388,027
81 FACILITIES ACQ & CONSTRUCTION	5,000	-	309,030	314,030
95 PYMTS TO JUVENILE JUSTICE	40,000	-	-	40,000
99 OTHER INTERGOVT CHARGES	1,354,947	-	-	1,354,947
8900 OTHER USES	-	-	-	-
Total Appropriations	\$ 265,565,375	\$ 13,902,390	\$ 1,594,007	\$ 281,061,772

Data Source: 2025-2026 Budget Book

How the District is Funded



The District's revenue comes from multiple sources, including:

- Local revenues: 33.22%
- State revenues: 50.78%
- Federal revenues: 21.55%

Data Source: 2024-2025 Annual Comprehensive Financial Report

State Revenue Update



- Budgeted State Revenue: \$148,393,214
- Projected State Revenue: \$146,933,385
- Projected Change in State Revenue: (\$1,459,829)

Why the Projection Changed

- Since the budget was adopted, certified property values increased and the district set its tax rate.
- Higher local property values mean more funding is generated locally and less is needed from the state.
- This reflects the inverse relationship in Texas school finance — as local tax collections increase, state aid decreases.

Overall M&O Impact

- Local M&O tax collections increased: +\$5,189,115
- **Net increase to M&O Fund (199):** +\$3,729,286
- Overall, increased local revenue more than offsets the reduction in state aid, resulting in a net positive impact to the M&O fund.

Data Sources: Region 13 State Aid Template and Moak Casey State Aid Template.

Tax Rate and Local Revenue



FY 2025–2026 Tax Rate: \$0.9322

McAllen ISD has reduced its overall tax rate by nearly \$0.22 since 2019—from \$1.1528 to the current \$0.9322. The District currently maintains the second-lowest tax rate among all school districts in Hidalgo County.

A lower tax rate supports affordability for taxpayers while the District continues sustaining core operations and essential services for students.

5700 Local Revenue *-excluding 5742, interest revenue*

\$84,501,119

Budgeted

\$88,147,399

Projected

Key Revenue Drivers

- Certified Property Values
- Board-Adopted Tax Rate

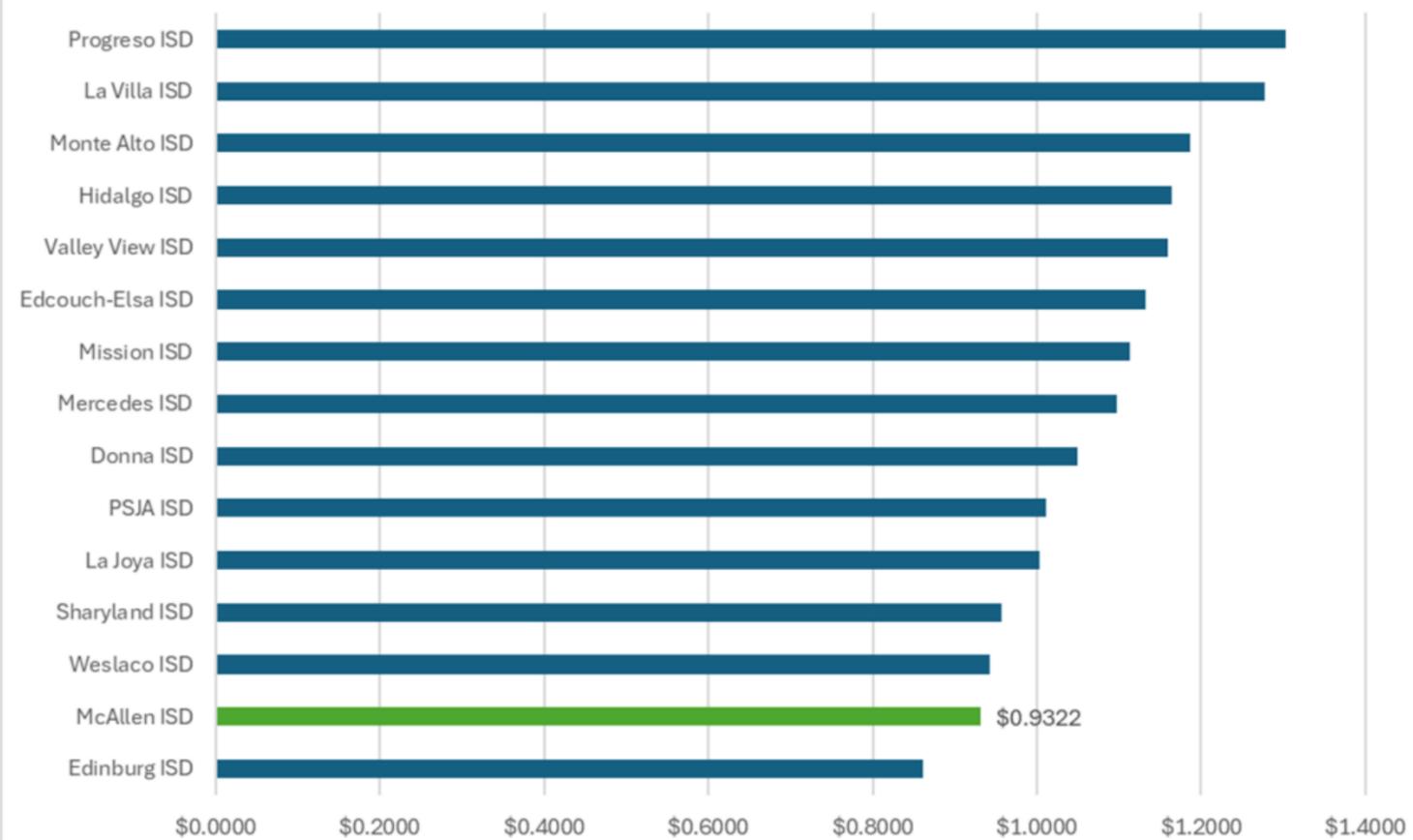
M&O revenue increased primarily due to higher property values, while I&S revenue decreased due to a \$0.0316 reduction in the I&S tax rate.

Data Sources: Hidalgo County Website and State Aid Templates

Tax Rate Comparison



2025-2026 Tax Rate Comparison Total Tax Rate



Tax Rate Trend



Data Source: Hidalgo County Website

Federal and Special Revenue Funds



Child Nutrition Program

- Budgeted 5900 Federal Revenue: \$26,739,389
- Projected 5900 Federal Revenue: \$26,786,195
 - Increase due to Fresh Fruit and Vegetable Program (FFVP)
- Federal funding updates (as applicable)

Special Funding

- Budgeted 5X00 Total Special Revenue Funds: \$31,706,153
- Projected 5X00 Total Special Revenue Funds: \$33,846,655
- Special revenue funds are restricted (cannot be repurposed) for specific programs and cannot be used for general operations.

Data Sources: 2025-2026 Budget Book

Investment Earnings

\$5,290,000

Budgeted Investment Revenue (FY 2026)

\$5,640,195

Projected Investment Revenue (FY 2026)

Key Takeaways

- Investment earnings remain a meaningful revenue source for the General Fund. However, earnings are expected to decline compared to FY 2025 as interest rates trend downward nationally.
- For 2026–2027 budget planning, the District is taking a conservative approach and not relying on investment revenue as a long-term solution for ongoing operational expenses.

Investment Strategy

The District prioritizes safety, liquidity, and compliance for all public funds while using a prudent investment ladder strategy to reduce risk as interest rates change.



Current Year Strategic Use of Fund Balance

Unassigned Fund Balance Total: \$9.0M

- **Student Facilities & Safety: \$3,517,000**
- **Staff Retention: \$1,583,135**
- Student Activities & Opportunities: \$1,256,220
- Student Technology: \$977,188
- Student Programs & Learning: \$942,563
- Operations Supporting Students: \$735,000

Assigned Fund Balance Total: \$3.3M

- Student Technology: \$2,270,776
- Student Learning & Equipment: \$392,748
- Facilities & Agriculture Programs: \$185,387
- Operations Supporting Students: \$94,930
- Student Programs & Activities: \$52,294
- Prior-Year Commitments Timing: \$300,000

- Audited Fund Balance (6/30/25): **\$152.2M**
- Projected Fund Balance (6/30/26): **\$121.4M**
- Projected Unassigned: **\$96.7M**
- Projected Days of Cash: **139**

- Total Strategic Use This Year: **\$12.3M**
- TEA Guideline: **75 days (\$52.2M)**

Self-Funded Health Insurance Update

Single Plan Model with GLP-1 Tier

Revenue	\$24,812,904
Rx Rebates	1,300,000
Stop-Loss Reimbursements	1,100,000
Total Revenue	\$27,212,904
Less: Projected Cost	31,411,974
Projected Shortfall	-\$4,199,070
Proposed Strategies	\$1,842,500
Projected Shortfall after strategies	-\$2,356,570

PRELIMINARY DATA

Important Context

Current projections show a higher deficit than initially anticipated. Several factors contribute to this situation:

- July–December 2025 operated under the prior health plan design
- New health plan administrator began January 1, 2026
- Early projections do not yet reflect the full impact of plan changes
- First half of the year included several high-cost claims

A more comprehensive update with detailed analysis and long-term outlook will be presented at Workshop 3 on April 7, 2026.

Data Sources: TPA and PBM financial, claims, and utilization reports



Enrollment and Attendance Overview

19,435

Student Enrollment

17,709

Average Daily Attendance

94.79%

Attendance Rate

Optional Flexible School Day Program (OFSDP)

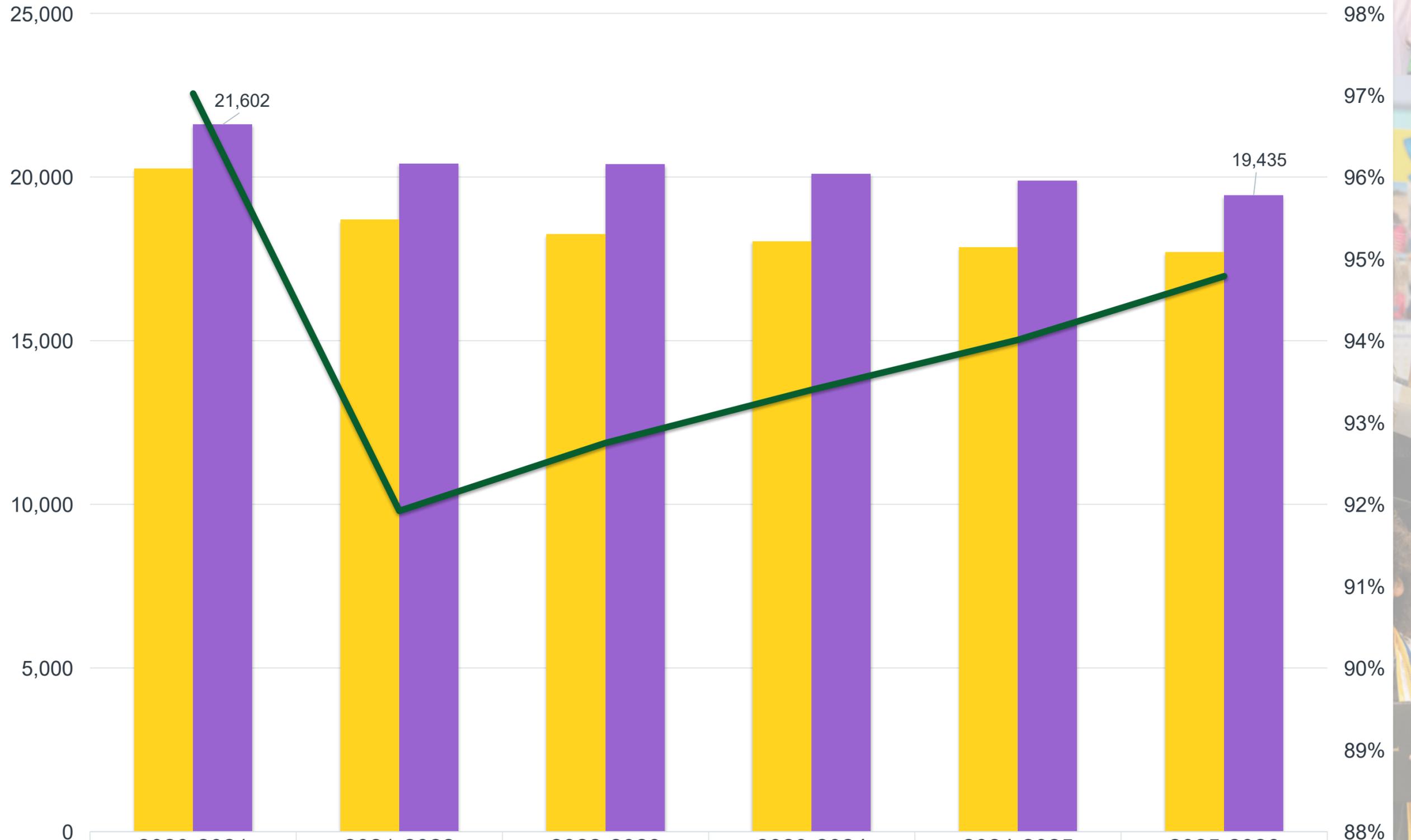
- Instructional Days: 180
- Average OFSDP ADA: 131 students
- Value per ADA: \$43
- Projected Full-Year Impact: \$1.02M

Additional Days School Year (ADSY)

- ADSY Days Held (YTD): 10
- Total Student Attendance (YTD): 1,270
- Calculated ADSY ADA (YTD): 36.30
- Projected Impact (YTD): \$280K

Formula: $(0.5 \times 1,270 \times 10) \div 175 = 36.29$ ADSY ADA

Enrollment and Attendance Trend



■ Average Daily Attendance (ADA)	20,252	18,697	18,255	18,039	17,855	17,709
■ Enrollment	21,602	20,410	20,399	20,095	19,890	19,435
— Attendance Rate	97.02%	91.92%	92.75%	93.40%	94.01%	94.79%

Why Attendance Matters



Attendance = Resources

Texas funds school districts primarily based on Average Daily Attendance (ADA). When a student is absent, the District records lower ADA, resulting in decreased state funding that directly impacts available resources.

1	2	3
Educational Impact Consistent attendance supports learning outcomes and instructional continuity.	Financial Impact Average daily attendance directly generates state revenue for district operations.	Resource Impact Attendance protects funding for instruction, teachers, programs, support services, and safety.

We deeply appreciate families partnering with us to support both student learning and attendance

Estimated Funding Impact of Absences



Understanding the Calculation

This example demonstrates how seemingly small attendance changes create significant financial impacts:

- **Current enrollment:** 19,435 students
- **Scenario:** If every student misses just 2 days
- **Total absences:** $19,435 \times 2 = 38,870$ absence days
- **Estimated impact:** $38,870 \times \$43.39 \approx \1.68 million
- **Equivalent to:** Approximately 26 teacher positions

Calculation Methodology

Core state aid (5811 + 5812):

$\$139.6\text{M} \div \text{Refined ADA of } 17,877 \text{ students} \div 180 \text{ instructional days} \approx \$43 \text{ per student per day}$



Fiscal Year 2026-2027 (Next Year)

Planning for 2026–2027



Initial Projections

- Enrollment: 19,035
- ADA: 17,278.36
- State Aid: \$142,472,316
- Decrease in State Revenue: -\$4.4M
- Property Value Growth: +3.20%

Property Value Timeline

- Preliminary Property Values: April
- Certified Property Values: July
- Maximum Compressed Tax Rate: August
- Tax Rate Adoption: September

Key Planning Considerations

- Student enrollment and attendance
- New state funding
- Property values
- Compensation scenarios
- Self-funded Health insurance
- Other fixed costs

Data Sources: Region 13 State Aid Template and Moak Casey State Aid Template.



Education Savings Account (ESA) Participation Scenarios:

Simple planning illustration of the potential funding impact if a small percentage of students participate in an ESA program.

1% ESA Participation
Funding Impact: \$1.4M

3% ESA Participation
Funding Impact: \$4.2M

5% ESA Participation
Funding Impact: \$ 7M

How the estimates were calculated

Based on 2024–2025 near-final ADA and current formula funding

Funding per student
 $\$139,619,521 \div 17,877 \text{ ADA} = \mathbf{\$7,800}$

Students in each scenario
1% = 180 | 3% = 540 | 5% = 890

Funding impact
Students \times \$7,800 = **\$1.4M | \$4.2M | \$7.0M**

Major Cost Drivers Across All Governmental Funds

1	2
By Object Code Payroll (6100) \$226M 73% of Total Governmental Funds	By Function Instruction \$179M 58% of Total Governmental Funds

Instructional Functions Include:

- 11 – Instruction
- 12 – Instructional Resources
- 13 – Curriculum Development
- 21 – Instructional Leadership
- 23 – School Leadership

These figures reflect spending across all governmental funds and demonstrate the District's commitment to investing in personnel and instruction—the core mission of public education.

Data Source: 2024-2025 Annual Comprehensive Financial Report

Staffing Overview



Pay Group	2024-2025	2025-2026	Difference
Teachers	1,537	1,476	(61)
Admin Education	372	434	62
Admin Management	64	64	-
Technology	31	30	(1)
Clerical/Technical	242	236	(6)
Instructional Support	409	427	18
Police	69	69	-
Auxiliary	535	540	5
Staff Total	3,259	3,276	17

- Overall staffing remains stable, with a net change of +17 positions year over year.
- The decrease in Teachers (-61) and increase in Administrative Education (+62) are largely offsetting and primarily reflect pay-group reclassification tied to House Bill 2 and the Teacher Retention Allotment, rather than growth in administrative staffing.
- The increase in Instructional Support (+18) is aligned with Special Education service needs.
- We will provide a more detailed review of staffing and compensation at Workshop 2 on March 3.

Data Sources: 2025 and 2026 TASB Pay Maintenance Reports

Compensation Considerations – No decisions tonight

Pay Group	Employee Count	No Raise – Adjustments Only	1% with Adjustments	2% with Adjustments	2.5% with Adjustments	3% with Adjustments
Teachers	1,476	\$ 2,410	\$ 1,052,604	\$ 2,006,307	\$ 2,451,841	\$ 2,971,211
Admin Education	434	316,991	654,009	983,426	1,143,937	1,311,791
Admin Management	64	24,512	72,158	121,990	148,607	175,213
Technology	30	8,709	25,633	45,684	55,266	64,828
Clerical/Technical	236	61,024	125,333	193,197	219,289	271,996
Instructional Support	427	193,884	216,530	527,516	300,861	353,829
Police	69	71,076	79,084	89,814	97,115	107,609
Auxiliary	540	242,524	338,988	441,329	492,725	550,644
Estimate - Cost		921,130	2,564,339	4,409,263	4,909,641	5,807,121
Estimate - Fringes (13%)		119,747	333,364	573,204	638,253	754,926
Total Estimated Cost	3,276	\$ 1,040,877	\$ 2,897,703	\$ 4,982,467	\$ 5,547,894	\$ 6,562,047

Key Takeaways and What Comes Next



- Strong ending fund balance
 - Stable current year
 - Enrollment decline pressure
 - Health insurance volatility
 - Compensation decisions ahead
- Today's discussion begins the process and sets the foundation for future workshops
 - Staffing and compensation discussion begins March 3 and May 5.
 - Health Insurance discussion begins April 7.
 - Questions raised tonight will be tracked and addressed in future workshops or written follow-up
 - Administration will return with updates as assumptions change to ensure the Board remains informed throughout the process



Thank you!