



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, May 5, 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:** 2
 - a. Financial Outlook
 - b. Compensation Planning
 - c. Employee BenefitsItem Submitted: Lorena Garcia, Deputy Superintendent Business and Operations
Presenter: 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: May 6, 2026

SUBJECT: 2026-2027 Fourth Budget Workshop

REFERENCE: Goal 4 Financial Priorities, Strategy 7 - Financial Priorities

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

The Texas Education Code and Board Policy CE (LOCAL) require every local education agency to prepare a budget of anticipated expenditures and revenues on or before June 19th. The budget is to be approved by the District's Board of Trustees no later than June 30th or earlier.

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

Budgets are estimates of what the District originally anticipates spending in the fiscal year. Budgets serve at least three important functions.

- (1) Planning future operations.
- (2) Controlling expenditures in accordance with the appropriations approved by the Board of Trustees of the local education agency.
- (3) Communicating to Administrators of the District's organizational units the resources set aside for the operations of their respective units.

LEGAL REVIEW:

Not required.

BUDGETARY CONSIDERATIONS:


Preliminary 2026-2027 Budget

RECOMMENDED BOARD ACTION:

The 2026-2027 Fourth Budget Workshop is submitted to the Board for information purposes only and requires no Board action.


Attachment:

SUBMITTED BY: JOEL GARCIA

SUPERVISOR: 
Lorena Garcia (Apr 29, 2026 14:42:39 CDT)

For further information contact:
Name: Joel Garcia, CPM, CFO
Office: (956) 618-6016
Email: joel.garcia@mcallenisd.net

Approved for presentation to the Board of Education:


RENE GUTIERREZ (Apr 29, 2026 15:27:05 CDT)



2026-2027 Budget Workshop #4

May 5, 2026

Purpose and Board Guidance



Purpose

- Review budget outlook
- Review compensation and benefits
- Review actions underway
- Align on final priorities

Where We Are and How We Are Responding

Current Environment

- Enrollment has declined
- Costs continue to increase
- School finance has not kept pace with inflation

Our Approach

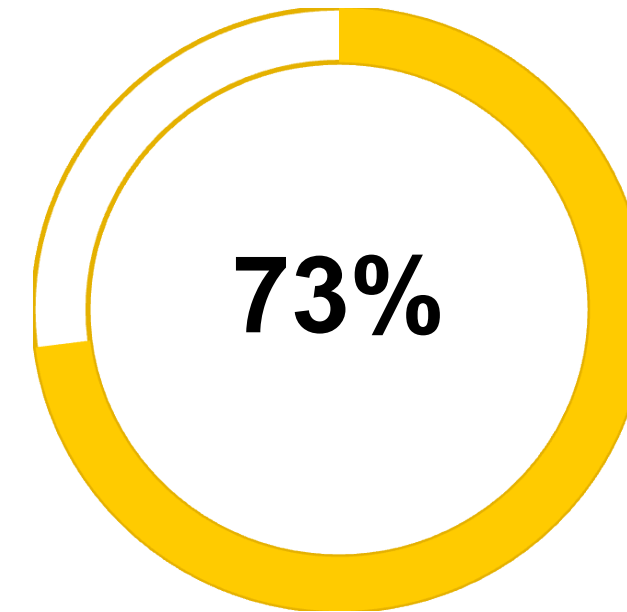
- Act early
- Reduce costs where possible
- Align resources to students
- Protect staff and services

What Drives Compensation Decisions?

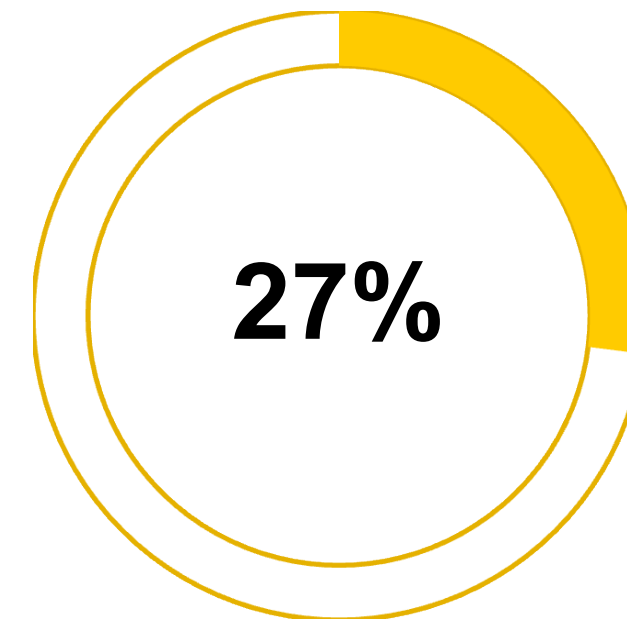
\$226M
Payroll Expenditures

Key Facts

- Payroll is the District's largest expenditure
- Compensation decisions create recurring obligations
- Even small percentage increases create multi-million dollar recurring costs
- Compensation decisions are the primary driver of long-term financial sustainability



Payroll



All Other Costs

Data Source: 2024-2025 Annual Comprehensive Financial Report

Enrollment and Staffing Trends



Enrollment

- 20,410 → 19,435
- -975 students (-4.8%)
- Projected: 19,203

Staffing

- 3,348 → 3,245 FTE
- -103 FTE (-3.1%)

Staffing has not kept pace with enrollment decline, creating cost pressure.

Data Source: Texas Student Data System

Preliminary Property Values



Value Update

- 2025 Certified Limited Taxable Value: \$9.122B
- 2026 Preliminary Limited Taxable Value: \$9.278B

Change

- Increase: \$155.6M
- Growth Rate: +1.7%

Key Considerations

- Provided by Hidalgo County Appraisal District on April 22, 2026 (Run ID 4746)
- Preliminary values subject to protest and final certification
- Certified Estimate of Taxable Values received Friday
- Reflects HB 9 exemption of the first \$125,000 of business personal property value
- Updated revenue projections will be presented at the next budget workshop
- Final certified values expected by July 25, 2026

Data Source: Hidalgo County Appraisal District

Revenue and Cost Reality



Planning Assumptions

- Enrollment: 19,203
- ADA: 17,522
- State Aid: \$150,139,314
 - Projected State Aid decrease: \$1.7M
- Preliminary Limited Taxable Value Growth: +1.7%

Key Considerations

- ADA is primary funding driver
- Property growth reduces state aid
- Conservative assumptions used
- Inflation impacts operations

State funding does not increase at the same pace as rising operational costs.

Data Source: TASBO Pupil Projection Tool, State Aid Template, and Hidalgo County Appraisal District

Proposed Benchmark Increases (26-27)



Planning Overview

- Proposed benchmark increases to support ongoing district operations; estimated total: **\$3.4M**
- Supports student services, campus operations, safety, transportation, and instruction
- Reflects recurring operating needs
- All increases represent recurring costs unless otherwise noted

Major Categories

- FMO / Operations: \$470K
 - Facilities needs, maintenance, operational support
- Advanced Academics: \$450K
 - Student academic programs and enrichment
- Transportation: \$400K
 - Fuel, repairs, parts, overtime, insurance
- Technology: \$1.4M
 - Staff and Student devices, Software renewals, cybersecurity, instructional systems
- Athletics / Fine Arts / Other: \$685k
 - Student programs, travel, equipment, events, safety, curriculum support

Current Budget Model (as of 5-1-2026)



Included in Model

- Existing staffing levels
- Department operational needs
- \$50 PEPM health increase: (~\$2M)
- Conservative revenue assumptions

Actions Already Taken

- Department budgets reduced ~10%
- Requested increases reduced ~50%
- Staffing reviewed with Human Resources
- Vacancy management and attrition
- Operational cost review underway

This represents the current budget model before compensation decisions.

Data Source: Skyward Finance System and Budget Benchmarks

Staffing Approach

Right-Sizing

- Align staffing with enrollment over time
- Use attrition and vacancy management
- Continue working with Human Resources

Commitment

- No planned reductions in force
- Focus on retaining employees
- Support pay and benefits

Staffing will continue to be aligned over time through attrition with a focus on retaining employees.

Additional Actions Underway



Additional Actions

- Continue staffing alignment
- Close vacancies where possible
- Review travel, Professional Development, supplies
- Reduce where appropriate
- Identify efficiencies

Maximizing Funding Sources

- Align staff to program funding
- Reduce General Fund pressure
- Ensure program compliance

Opportunities



Title I

- Capacity: ~\$1.4M
- Align allowable positions

Safety Allotment (Cycle 2)

- Potential: ~\$720K
- Dependent on implementation

ADA Improvement

- Monitor enrollment
- Improve attendance
- Evaluate OFSDP
- Support campuses

Compensation Scenario



Scenario

- Teachers: 2%
- Administrators: 1%
- Hourly: \$1 increase
- Hourly minimum: \$15
- Projected Deficit:
\$(6,329,524)

- \$1 increase for Hourly Staff: ~ \$2M+
- Includes \$50 PEPM health increase (~\$2M)

What This Means



Recurring vs One-Time

- Fund balance supports one-time needs
- Compensation and benefits are recurring costs
- Recurring costs require recurring revenue

Financial Reality

- Revenue is limited
- Requests continue to increase
- For 26-27 budget planning
 - Actions already taken
 - Additional strategies underway
- Operate within budgets
- Identify efficiencies
- Seek alternative funding

Debt Reduction Progress



Completed / Planned Actions

- Paid off 2011 Maintenance Tax Note – February 2026
 - Budget amendment will be brought forward in May to increase appropriations and properly record the payoff of the 2011 Maintenance Tax Note.
- Planned defeasance of remaining 2020A / 2020B debt – May 2026
- Final 2012 Maintenance Tax Note payment – August 2026

Result

- Greater future budget flexibility

Data Source: Debt Amortization Schedule

Fund Balance and Cash Position



Current Projection (6/30/26)

- Days Cash on Hand: 139 days
- Total Fund Balance: \$121.4M
- Unassigned Fund Balance: \$96.7M

Guidance

- TEA Guideline: 75 days / \$52.2M
- FIRST Rating Target: 90 days

Key Principle

Strong reserves provide stability, but recurring costs should rely on recurring revenues.

Data Source: 2025-2026 Budget Amendments

Future Year Strategy



- Manage vacancies /attrition
- Optimize master schedules /staffing
- Increase ADA to protect state revenue
- Refine enrollment projections
- Continue healthcare containment
- Protect fund balance
- Avoid using one-time funds for recurring compensation

McALLEN ISD
WE ARE **ALL** IN!



Thank You!

to our mentors, campus leaders,
and partners for supporting
the next generation of educators!

National
APPRENTICESHIP WEEK
APRIL 26 – MAY 2, 2026
McAllen ISD is celebrating
their **24** teacher
apprentices!

**OUR APPRENTICES ARE
BECOMING FUTURE
TEACHERS BY ...**

- Completing a Degree
- Training on the Job
- Implementing Strategies
in Classrooms Daily



McALLEN ISD

Special Education Stipends



McALLEN INDEPENDENT SCHOOL DISTRICT 2025 - 2026 SPECIAL EDUCATION PROGRAM			PROPOSED 2026-27	
Position	# of Positions	Yearly Stipend	# of Positions	Yearly Stipend
Special Education Teacher - Self contained	45	\$2,000	53	2,500
Special Education Teacher	108	\$1,500	122	2,000
Special Education Early Childhood	16	\$2,000		2,500
Visually Impaired (VI) Teacher	2	\$2,700		
Vocational Adjustment Coordinator	4	\$1,200		
Social Worker	1	\$1,200	2	1,500
Diagnostician	28	\$1,700		2,000
School Psychologist	8	\$1,700	9	2,000
Special Education Counselor	6	\$1,200	7	1,500
Occupational Therapist	4	\$1,200	3	1,500
Speech Pathologist	20	\$1,200		
Speech Assistant	9	\$1,200	10	
Behavior Support	3	\$1,500		
STRIDES Teachers-Self-contained	8	\$2,000	7	2,500
Teacher Board Certified Behavior Analyst (Certification requ	2	\$2,500		
Special Duty Positions	# of Positions	Yearly stipend	Position s	Yearly Stipend
Lead Department Chair STRIDES	1	\$2,500		
Lead Speech Pathologist	1	\$2,500		
Lead School Psychologist	1	\$2,500		
Lead Behavior Strategist	1	\$2,500		
Lead Counselor (Less than 10)	1	\$1,000		
Lead Occupational Therapist (Less than 10)	1	\$1,000	1	\$1,000
Lead Diagnostician	1	\$2,500		

		PROPOSED 2026-27		
Extra Duty	Mono Per Eval / Bilingual Per Eval	By Evaluation		
School Psychological Eval for Emotional Disturbance/Autism	\$325 / \$375	\$375 / \$425		
School Psy. & Diangostician - FIE for LD, OHI, etc (No Psychological, No Speech Eval)	\$350 / \$400	\$400 / \$450		
Speech Pathologist - Speech Evaluation	\$300 / \$350	\$350 / \$400		
<i>Fund 173 / 224 Department</i>				
Certification	# of Positions	Yearly stipend	Position s	Yearly Stipend
Speech Pathologist (with Masters)	19	\$5,000		
Speech Assistant Therapist	7	\$1,800	10	
<i>Fund 173/224 HR Entred</i>				
Special Assignment	# of Positions	Yearly stipend	# of Position s	Yearly Stipend
Adapted Physical Education	3	\$1,200		1,500
Adapted Physical Education (Special Olympics)	3	\$2,000		2,500

Proposed New Positions



- TIA (Teacher Incentive Allotment): AE-05 Coordinator
- Special Education (Milam): AE-03 Counselor
- Special Education Department: AE-05 Physical Therapist
- Special Education Department: CT-04 Clerk, Medicaid (207 days to 217 days)
- Career and Technology (CTE): CT-01 Clerk
- Career and Technology (CTE): Teacher - Barber
- Fine Arts – Mariachi: Teacher Middle School Director

Large Claims



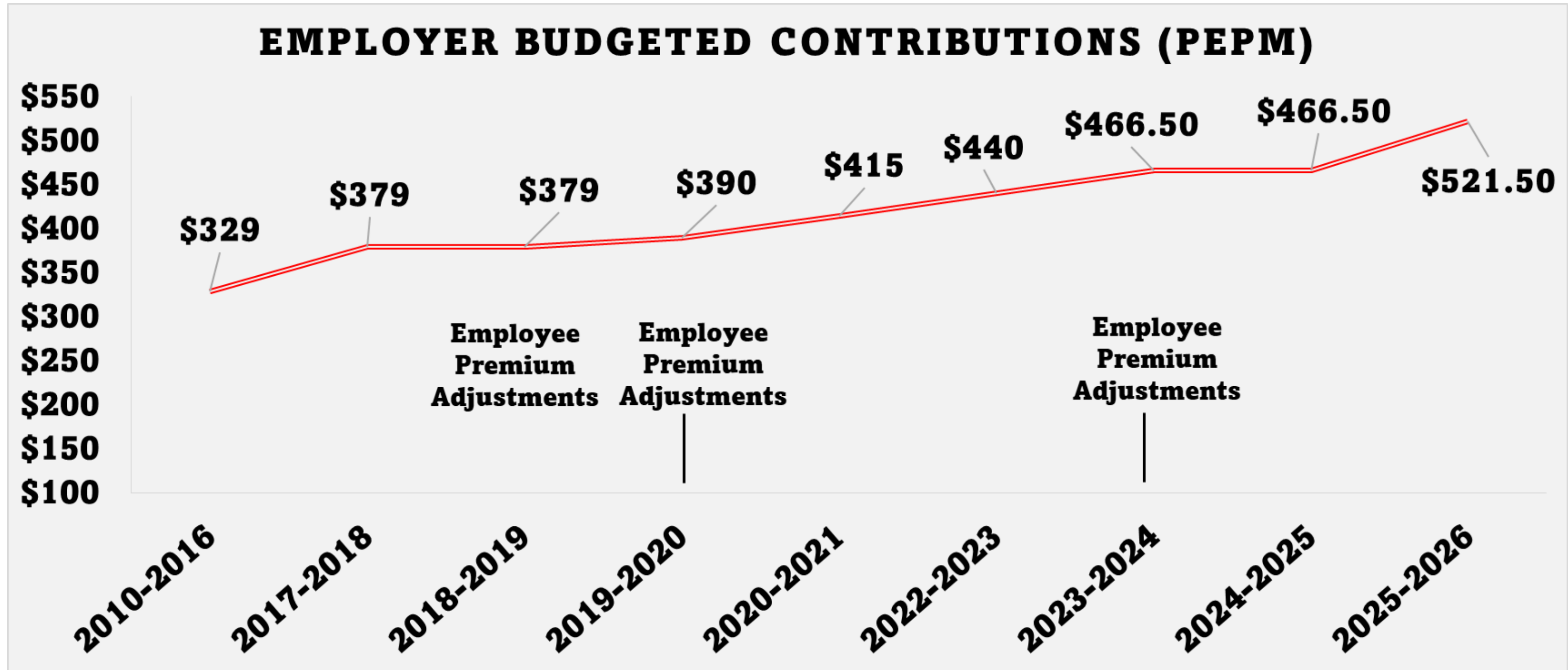
Summary				
Metric	2024	2025	Abs Change	% Change
Large claim count (> \$80K)	21	38	17	81.00%
Total large-claim dollars	\$2,813,435	\$4,845,386	\$2,031,951	72.20%
Average \$ per large claim	\$133,973	\$127,510	(\$6,463)	-4.80%
Severity distribution (counts and shares)				
Band	2024 Count	2024 Share	2025 Count	2025 Share
\$80–\$99K (implied)	8	38.10%	22	57.90%
\$100–\$199K	8	38.10%	9	23.70%
\$200–\$299K	4	19.00%	4	10.50%
\$300–\$399K	0	0.00%	1	2.60%
\$400–\$499K	0	0.00%	1	2.60%
\$500K+	1	4.80%	1	2.60%
Total (> \$80K)	21	100.00%	38	100.00%

Comparison of Plans



District Benefit	Sharyland ISD	San Benito CISD	Point Isabel ISD	Harlingen CISD	McAllen ISD	Los Fresnos ISD	Donna ISD	Mercedes ISD	Edinburg CISD	Brownsville ISD	South Texas ISD	Weslaco ISD	Mission CISD	PSJA ISD
Deductible	Base-PPO	Base-HMO	Base-HMO	Base-PPO	Base-PPO	Base-PPO	Base-HMO	Base-EPO	Base-HMO	Base-PPO	Base-HMO	Base-PPO	Base-PPO	Base-PPO
Individual	\$1,250	\$5,000	\$2,500	\$1,750	\$1,000	\$1,500	\$4,500	\$2,500	\$1,000	\$750	\$1,200	\$750	\$2,000	\$750
Family	\$2,500	\$10,000	\$5,000	\$3,500	\$3,000	\$4,500	\$11,250	\$5,000	\$3,000	\$1,250	\$2,400	\$2,250	\$6,000	\$1,500
Max Out of Pocket (individual)	\$5,000	\$7,500	\$6,000	\$5,000	\$5,000	\$6,000	\$7,900	\$6,850	\$5,000	\$4,000	\$6,900	\$3,500	\$8,750	\$2,700
Prescriptions														
Generic	\$5	\$0	\$5	\$25	\$7.50	\$0	\$10	\$20	\$10	\$10	\$15	\$10	\$5	\$10
Formulary I	\$30	\$50	\$40	\$45	\$25	\$30	\$30	\$70	\$45	\$30	\$40	\$30	\$35	\$30
Formulary II	\$40	\$100	\$60	\$75	\$45	\$30	\$30	\$110	\$65	\$60	\$65	\$50	\$55	\$30
Cost - Monthly														
Employee Only	\$12.00	\$0.00	\$60.50	\$0.00	\$65.00	\$95.00	\$29.00	\$0.00	\$50	\$17.25	\$0.00	\$32.92	\$43.92	\$0.00
Employee + 1 Child	N/A	N/A	N/A	\$407.39	\$244	\$389	\$253.55	N/A	N/A	N/A	N/A	\$265.94	N/A	N/A
Employee + Children	\$279.32	\$481.04	\$229.00	\$455.40	\$436	\$530	\$373.40	\$268.66	\$322	\$316.14	\$265.00	\$488.24	\$435.28	\$368.00
Employee + Spouse	\$360	\$587.93	\$372	\$556.59	\$543	\$665	\$386.78	\$473.58	\$438	\$438.11	\$550.00	\$588.42	\$539.95	\$571.00
Employee + Family	\$614.00	\$1,122.42	\$661.00	\$758.99	\$733.00	\$888.00	\$610.44	\$729.75	\$574.00	\$633.01	\$785.00	\$993.96	\$935.87	\$601.00
Employer Funding PEPM	\$435	\$476.00	\$479.83	\$502.18	\$521.50	\$535	\$550	\$575	\$614	\$630.00	\$660.00	\$732.90	\$733.32	\$750

Historical Data



1st Quarter Claim Comparison







MONTH	2025 BCBS	2026 UHC
JANUARY	\$2,650,950.60	\$328,165.47
FEBRUARY	\$1,173,861.87	\$1,479,222.45
MARCH	\$1,496,764.87	\$1,550,422.75
APRIL	\$2,459,717.27	\$682,859.24
TOTAL	\$7,781,294.61	\$4,040,669.91

*As of 4/15/26

Plan Options



HMO health maintenance organizations	PPO preferred provider organizations	EPO exclusive provider organizations
Lower premiums, higher out-of-pocket costs.	Higher premiums, lower out-of-pocket expenses.	Premiums are usually between an HMO and PPO.
Must stay in network.	Not required to stay in network.	Must stay in network.
Referral required to see a specialist.	No referral necessary.	No referral necessary.

HMO	PPO
 <p>Coordinated Care</p>	 <p>Flexibility</p>
 <p>Lower Cost</p>	 <p>No Referrals</p>

Plan Options



Questions	HMO	VS.	PPO	VS.	EPO
Do I need to designate a Primary Care Physician (PCP)?	<p>YES</p> <p>With most HMO plans, all your healthcare services will be coordinated between you and your designated Primary Care Physician (PCP).</p>		<p>NO</p> <p>A PPO plan does not require you to select a PCP. You can receive care from any doctor you choose, however, you will save money by choosing a doctor, specialist, or hospital within your network.</p>		<p>NO</p> <p>However, you must stay in network. EPO plans will not allow you to visit providers outside of their networks.</p>
Is a referral needed for a specialist?	<p>YES</p> <p>You will first schedule a visit with your PCP, who will provide you with a referral for an in-network specialist.</p>		<p>NO</p> <p>PPO plans do not require you to get a referral to see a specialist.</p>		<p>NO</p> <p>EPO plans not do require you to get a referral to see a specialist.</p>
If I have a doctor or specialist who is out of network, can I still see them?	<p>NO</p> <p>HMOs will not cover care from an out-of-network physician, hospital, or facility except in the case of a true medical emergency.</p>		<p>YES</p> <p>With a PPO, you have flexibility to visit providers, hospitals, and facilities outside of your network. Note: visiting an out-of-network provider includes higher out-of-pocket costs.</p>		<p>NO</p> <p>EPO plans do not allow visits outside of their network.</p>

Specialty Hospitals



- **Tiered hospital networks reduce costs** by steering employees to high-value providers (high quality, lower cost)
- **Savings potential:** 5%–15% through better benefit design and provider steering
- **Maintains choice:** Employees can still see non-preferred providers if they choose
- **Flexible design:** Employers select which hospitals, systems, and providers are in each tier
- **Multiple tiers:** Range from “best value” (lowest cost) to “broad choice” (higher cost)
- **Applies across care settings:** Hospitals, outpatient centers, virtual care, etc.
- **Result:** Lower overall plan spend on inpatient and outpatient care

Process



The Two-tier design is most effective for self-funded plans, utilizing the following structure:

- **Tier 1 (Preferred/Value Providers):** Hospitals with the highest quality and lowest costs. Employees face the lowest copays, deductibles, and coinsurance.
- **Tier 2 (Network Providers):** Standard network providers with average costs and quality. Higher out-of-pocket costs compared to Tier 1.

Strategic Health and Pharmacy Plan



No.	Priority	Target Area	Strategy	Pros (P) Cons (C)	Est Cost	Est Savings/ ROI	Timeline	*Remarks
1	1	Medical Plan	Employer Contribution Increase to \$571.50 PEPM (\$50 PEPM)	P- Increases funding C-None	\$1,817,400	None	7/1/2026	Aligns with the average of surrounding School Districts Average Contribution: \$585 PEPM
2	1	Medical	Employee Premium Adjustments	P- Increases Funding C-Employee Discontent	None	5%: \$269,773 10%: \$539,547 15%: \$809,321	1/1/2027	Aligns premiums to market levels.
3	1	Pharmacy Plan	Network Shift	P- Containment of Pharmacy Cost C-Employee Discontent	None	\$207,422	TBD	CVS costs are trending higher for this chain compared to other providers.
4	1	Medical Plan	Direct Provider Contracting, PCP, Imaging Centers, Urgent Care, Physical Therapy, Hospital Direct Contracting	P-Negotiated Fee Schedule with providers C-None	None	Approx. \$650,000	TBD	The district can enter into direct contracts with providers at a discounted rate for services
5	1	Medical Plan	Offer an HMO plan option and a PPO (2) Plans	P-Lower Premiums Lower Cost to Plan C-No Out-of-Network PCP Required Narrow Network	None	5% Claim Cost Approx. \$900,000	1/1/2027	Offer a lower cost plan to the employees

Next Steps



- **Refine final numbers**
- **Final Workshop: June 16**
- **Budget Adoption: June 23**