



General Operating Budget Update

April 13, 2026

INTENT OF
SCHOOL
FUNDING SYSTEM

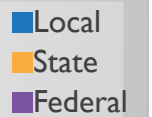
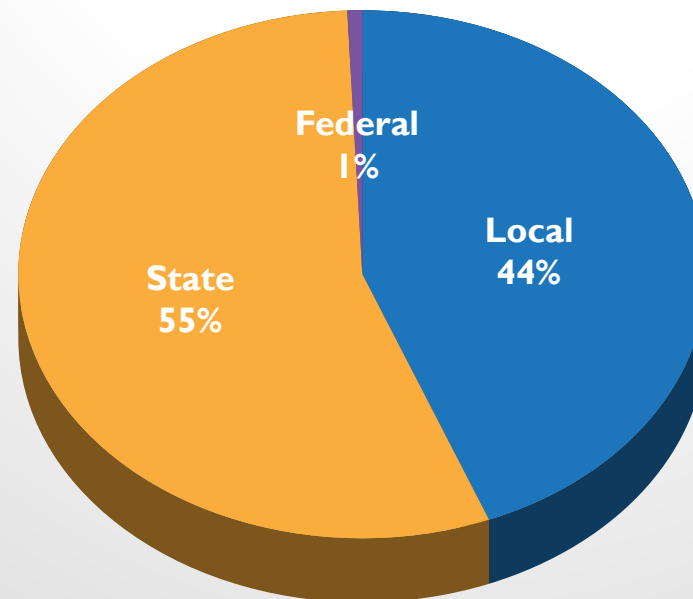
Equity

Adequacy

Efficiency

WHERE DOES THE MONEY COME FROM?

Revenue Sources



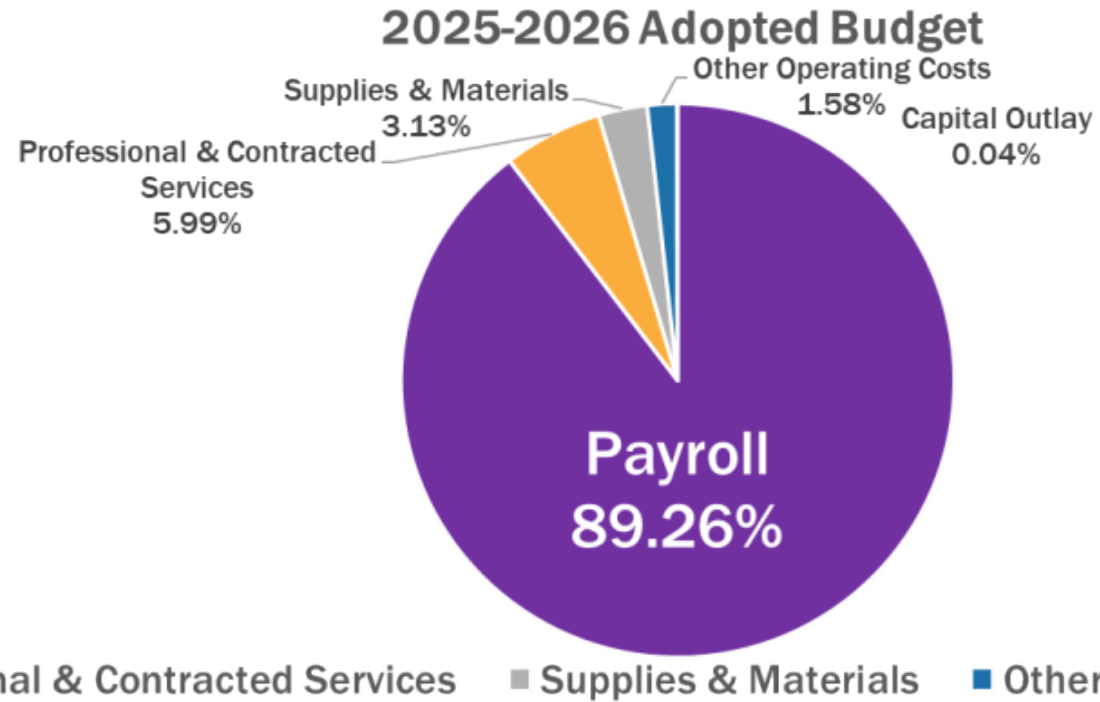
Funding of School Districts

Property Taxes

- Values determined by Harris Central Appraisal District (HCAD)
- Tax rate comprised of:
 - Maintenance and Operations (M&O)
 - Interest and Sinking (I&S)
- M&O rate capped
 - Voter-Approval Tax Rate Election
- Local optional homestead exemption
 - 20%

State Aid

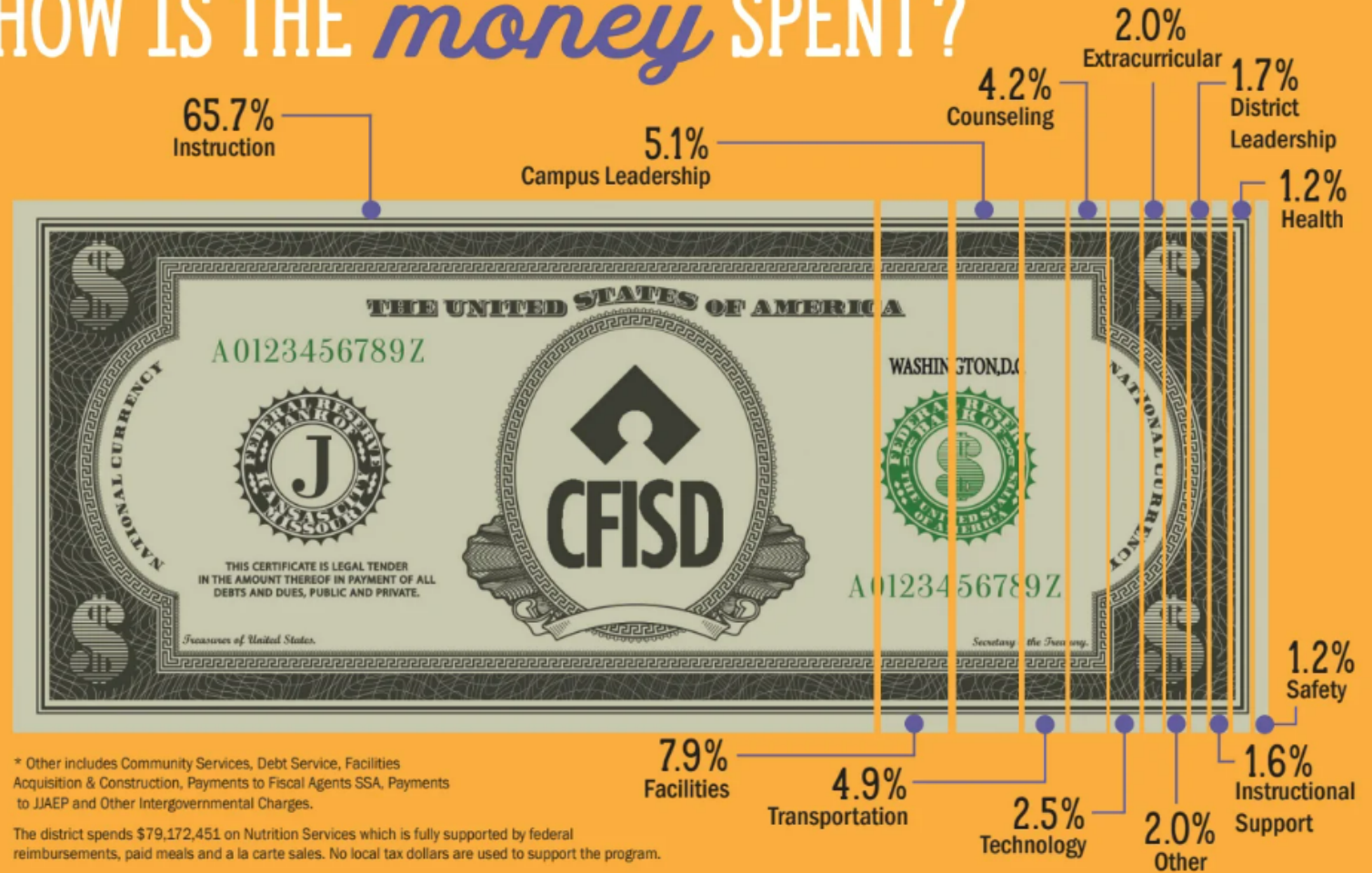
- Legislative state funding formula
 - Values determined by Comptroller
- Influenced by:
 - Enrollment
 - Average Daily Attendance (ADA)
 - Special populations
 - Enrichment pennies
 - Property wealth
- Not adjusted for inflation
 - Basic allotment = \$6,215



GENERAL FUND EXPENDITURES

HOW THE MONEY IS SPENT

HOW IS THE *money* SPENT?



Adopted General Fund 2025-2026

DESCRIPTION	ADOPTED BUDGET
Local Revenues	\$519,896,304
State Revenues	653,050,487
Federal Revenues	7,500,000
Other Sources	500,000
Total Revenues	\$1,180,946,791
Expenditures	\$1,226,419,644
Surplus (Deficit)	(\$45,472,853)

Estimated General Fund 2025-2026

DESCRIPTION	ESTIMATED AMOUNT
Estimated Surplus (Deficit)	(\$45,472,853)
Decrease SHARS Federal Funds	(3,900,000)
Enrollment and Property Value Decrease	(15,100,000)
Instructional Software, Chiller Repair, Fine Arts Equipment	(4,800,000)
PVS Audits Freeze and Regular	26,400,000
Interest Income	4,300,000
Transfer-In Enterprise Fund	4,000,000
Miscellaneous Budget Adjustments	876,506
Estimated Surplus (Deficit)	(\$33,696,347)
June 30, 2026	

Potential Factors Impacting Deficit:

- ✓ Unfilled positions
- ✓ Interest income
- ✓ Frozen (over 65) M&O hold-harmless
- ✓ Average daily attendance/enrollment
- ✓ Unspent funds other than payroll
- ✓ SHARS reduction in federal revenues
- ✓ FEMA reimbursements
- ✓ Increases in expenditures (fuel)

Factors Impacting the Deficit

- State funding increases not keeping up with inflation
- State mandates without sufficient funding
- 20% local optional homestead exemption
- Decreases in enrollment and average daily attendance
- Decline in SHARS revenue

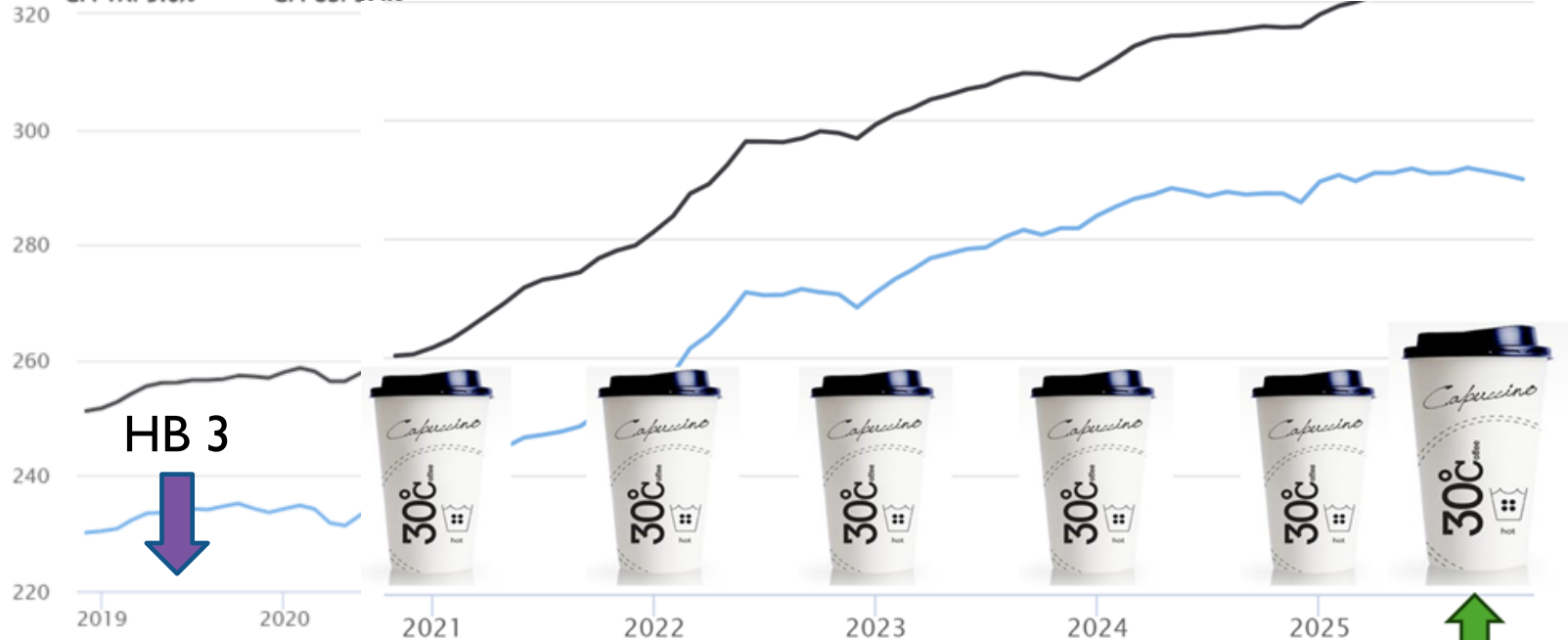
IMPACT OF INFLATION

Increased cost due to general inflation is borne by the district (unless formulas are changed)

Measures of Inflation

Legend/Change from previous year:

— CPI TX: 5.0% — CPI US: 3.4%



Texas inflation up 24% from September 2019 through August 2025

*Excluding food and energy

Source: US Bureau of Labor Statistics and Comptroller of Public Accounts, based on data provided by Bureau of Labor Statistics

\$350,000 Home (State)

- Reduction of \$140,000 in taxable value
- Decrease of \$1,494 in property taxes*

\$350,000 Home (Optional)

- Reduction of **additional** \$70,000 in taxable value
- Decrease of **additional** \$747 in property taxes*

Impact of Optional Homestead Exemption

- Reduction of \$9.3B in taxable value
- Decrease of \$72M in M&O revenue*

Impact of Homestead Exemption

*Based on 2025 tax rate

Student Enrollment

BUDGET YEAR	ACTUAL ENROLLMENT	ENROLLMENT CHANGE	PERCENT CHANGE
2021-2022	117,217	1,416	1.22%
2022-2023	118,010	793	0.68%
2023-2024	118,470	460	0.39%
2024-2025	117,927	(543)	(0.46%)
2025-2026	114,697*	(3,230)	(2.74%)
2026-2027	112,316**	(2,381)	(2.08%)

* Enrollment as of October 2025 Snapshot

** Budget estimate

Budget Year	Average Daily Attendance
2018-2019	95.38%
2019-2020	95.44%*
2020-2021	94.75%*
2021-2022	92.59%
2022-2023	92.93%
2023-2024	92.94%
2024-2025	93.23%
2025-2026	93.91%**

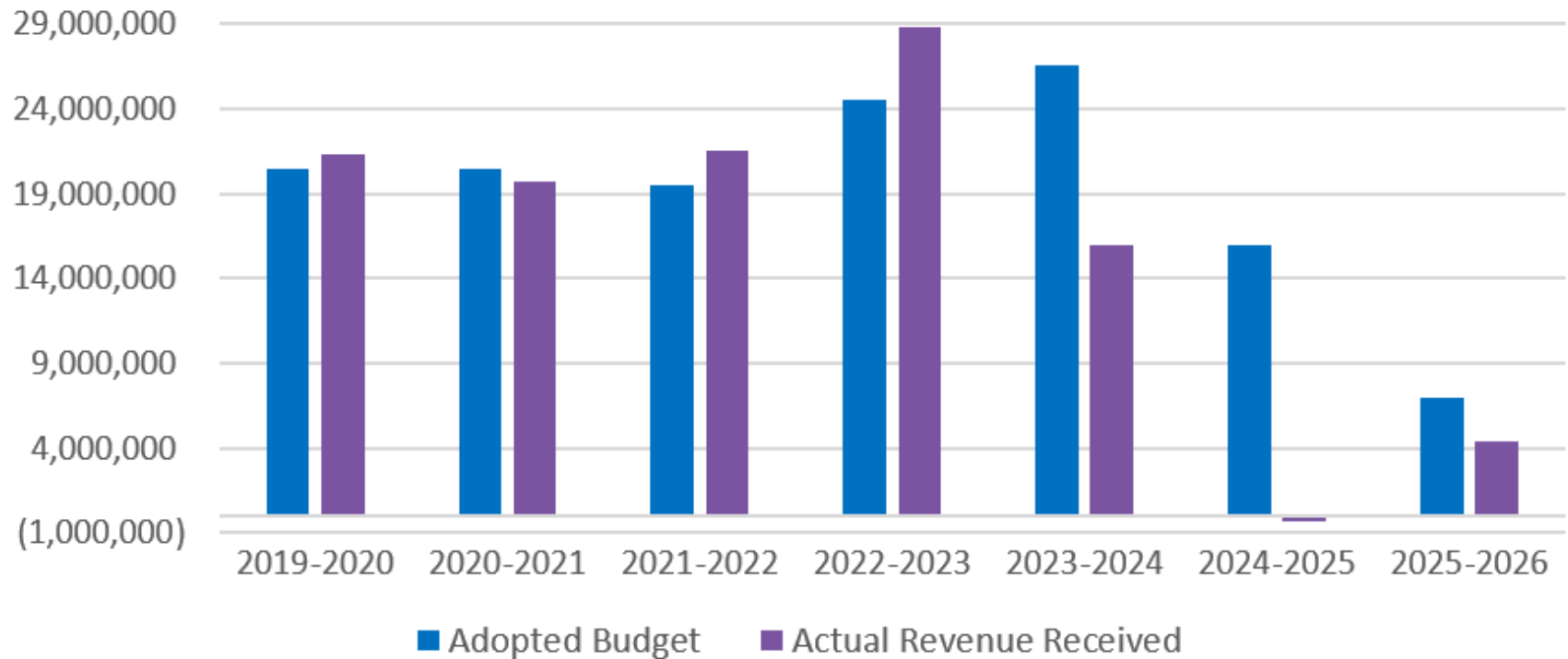
* ADA/Attendance Hold Harmless

** As of 4th six weeks

Average Daily Attendance

SHARS Federal Revenue

SHARS Federal Revenue



2026-2027 Budget - Revenues

- **Decrease** in enrollment of 3.8% (**\$27.5M**)
- **Decrease** in SHARS funding (**\$1M**)
- **Increase** in revenue from property value audits (**\$6M**)
- **Increase** in other local revenue (**\$2.6**)

2026-2027 Budget - Expenditures

- **Increase** for implementation of Virtual Pathways (\$4.6M)
- **Decrease** in teacher allocations due to decline in enrollment (\$8.7M)
- **Increase** in fuel due to inflation (\$1.1M)
- **Increase** for textbooks not covered by IMTA (\$2M)
- **Increase** for chiller preventative maintenance (\$2M)

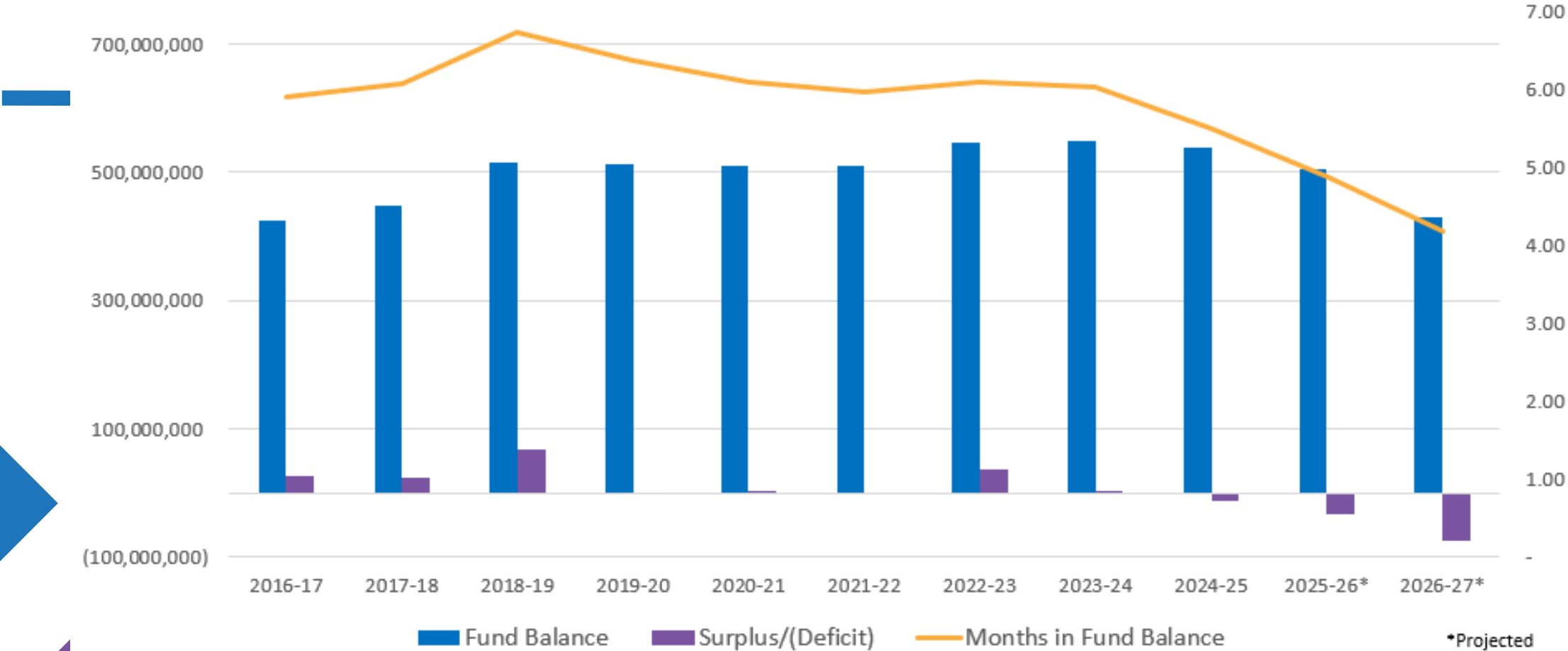
2026-2027 Budget - Expenditures

- **Decrease** department budgets (\$4M)
- **Increase** for uniform rotations, election costs, UIL expenses, technology software, and other miscellaneous expenditures (\$3.7M)
- Currently does **not** include employee raises

Preliminary General Fund 2026-2027

DESCRIPTION	PRELIMINARY BUDGET
Revenues	\$1,161,031,440
Expenditures	\$1,234,948,582
Surplus (Deficit)	(\$73,917,142)

Fund Balance Analysis



Fund Balance

The total accumulation of operating surpluses and deficits

Importance of adequate fund balance

- Manage cash flow low points
 - Majority of tax collections in December and January
 - Reimbursement from federal funds
 - Fund disasters until reimbursed by insurance/federal funding
- Mitigate current and future risks such as revenue shortfalls and unanticipated expenditures
 - Declines in enrollment/ADA

How much fund balance is needed

- Minimum of 4 months for June 30 year end

How is fund balance replenished

- Operating surplus

Estimated months in fund balance at 6/30/2026

- 4.89 months

Description	2025-2026 Adopted Budget	2026-2027 Estimated Budget
Ending Fund Balance	\$490,865,984	\$418,993,131
Less: Nonspendable & Committed Fund Balances	\$10,000,000	\$10,000,000
Fund Balance (Available to Spend & Used for FIRST Rating)	\$480,865,984	\$408,993,131
Operating Expenditures	\$1,196,739,644*	\$1,223,739,644*
Monthly Operating Expenditures	\$99,728,304	\$101,978,304
Deficit	\$(45,472,853)	\$(71,872,853)
Months in Fund Balance	4.82	4.01
% of Fund Balance	40%	33%
Excess/(Shortfall) of 4 Months in Fund Balance	\$81,952,769	\$1,079,916

Fund Balance Estimates Presented in June 2025

*Net of TRA

Description	2025-2026 Estimated Actuals	2026-2027 Proposed Budget	2027-2028 Estimated Budget
Ending Fund Balance	\$515,885,808	\$441,968,666	\$349,491,465
Less: Nonspendable & Committed Fund Balances	\$11,386,232	\$11,386,232	\$11,386,232
Fund Balance (Available to Spend & Used for FIRST Rating)	\$504,499,576	\$430,582,434	\$338,105,233
Operating Expenditures	\$1,239,157,500	\$1,234,948,582	\$1,233,980,923
Monthly Operating Expenditures	\$103,263,125	\$102,912,382	\$102,831,744
Deficit	\$(33,696,347)	\$(73,917,142)	\$(92,477,201)
Months in Fund Balance	4.89	4.18	3.29
% of Fund Balance	41%	35%	27%
Excess/(Shortfall) of 4 Months in Fund Balance	\$91,447,076	\$18,932,906	\$(73,221,742)

Current Fund Balance Estimates

DESCRIPTION	DATE
Department Budget Packets	January
2026-27 Enrollment Projections	February
Update Enrollment Projections	March
Staffing Allocations to Campuses	March
Determine Paid Pre-K Availability	April
Budget Update	April
Preliminary Budget	May
Special-Called Budget Workshop	May 21, 2026
Budget Public Hearing/Adoption	June



2026-2027 Budget Timeline

Questions?
