

McKinney ISD

Budget Update

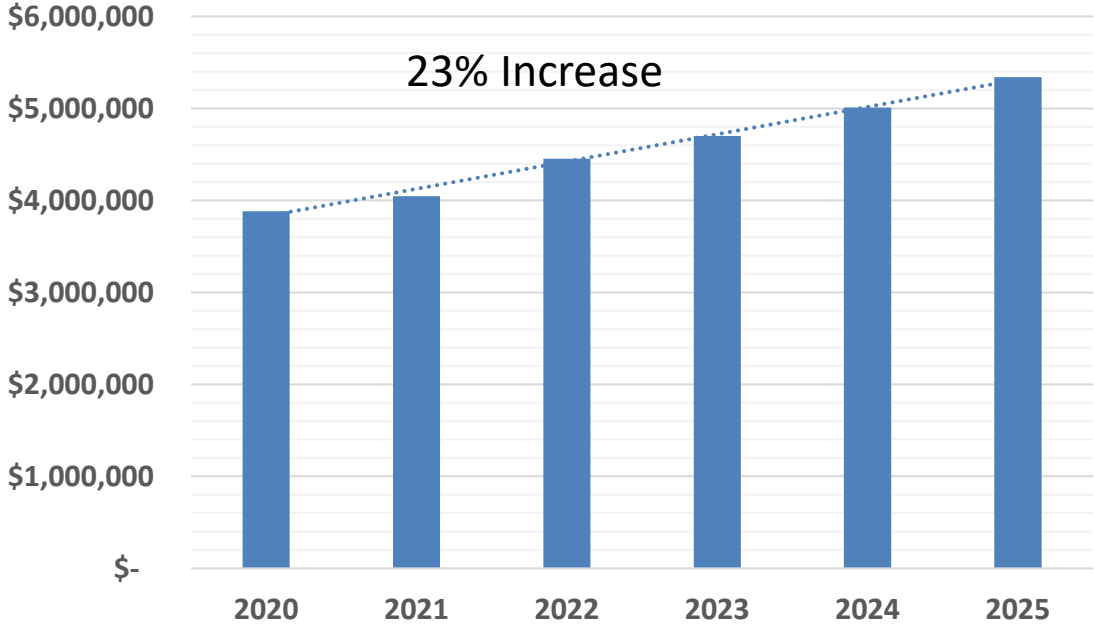
5-13-2024

General Notes on Education Finance

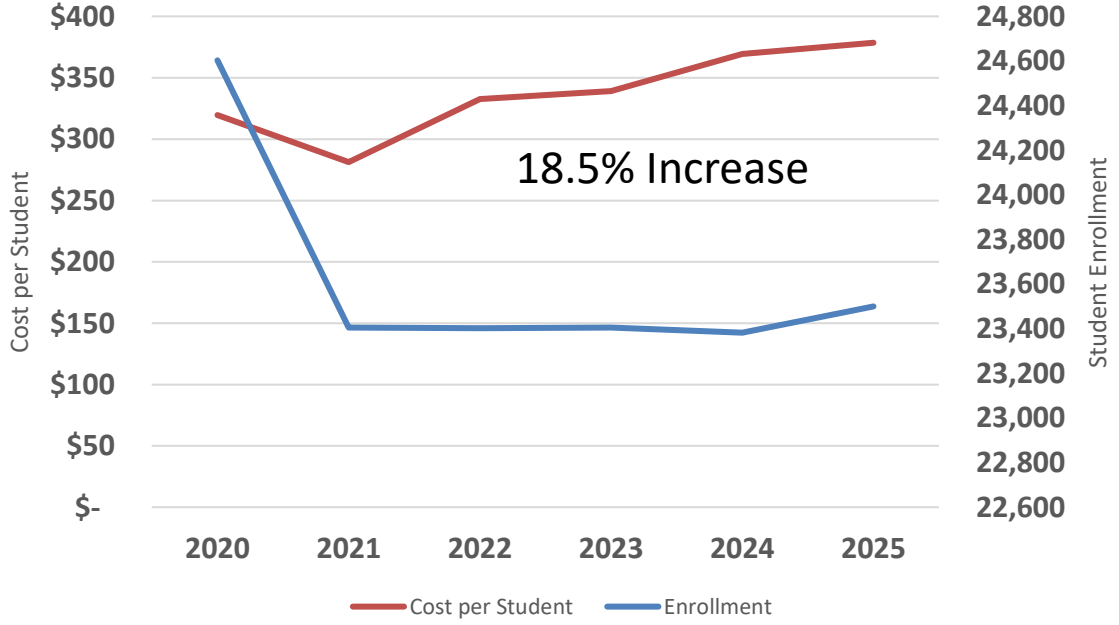
- Outdated state funding formula (same basic allotment per student since 2019).
- Record inflation, increasing the cost of everything from fuel, to insurance, utilities, and supplies. Inflation has increased by approximately 20%.
- Underfunded mandates from the state including special education programs, safety measures, and technology for our students.
- Expiration of federal Elementary and Secondary School Emergency Relief (ESSER) funds.
- Funding based on average daily attendance rather than enrollment. Texas is one of only six states that funds public schools based on daily student attendance rather than enrollment.

Inflationary Impacts

Utilities



Transportation Cost Per Enrolled Student

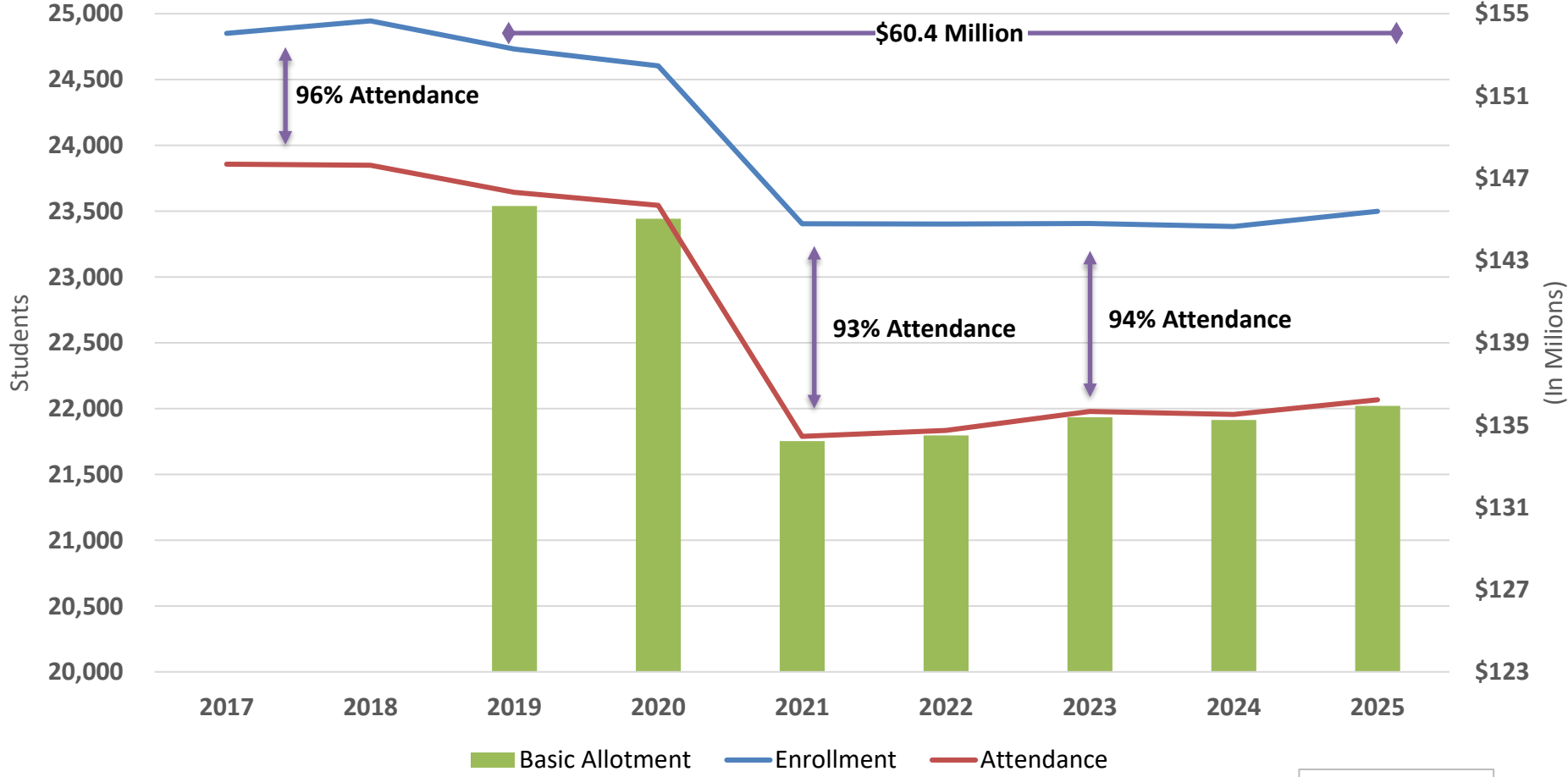


2020-2023 Actuals
2024 & 2025 Projected

Funding = Attendance

- Texas Public school funding is driven by student **attendance**
- It is not driven by Local Property Values and the amount our community pays in taxes

Attendance & Funding

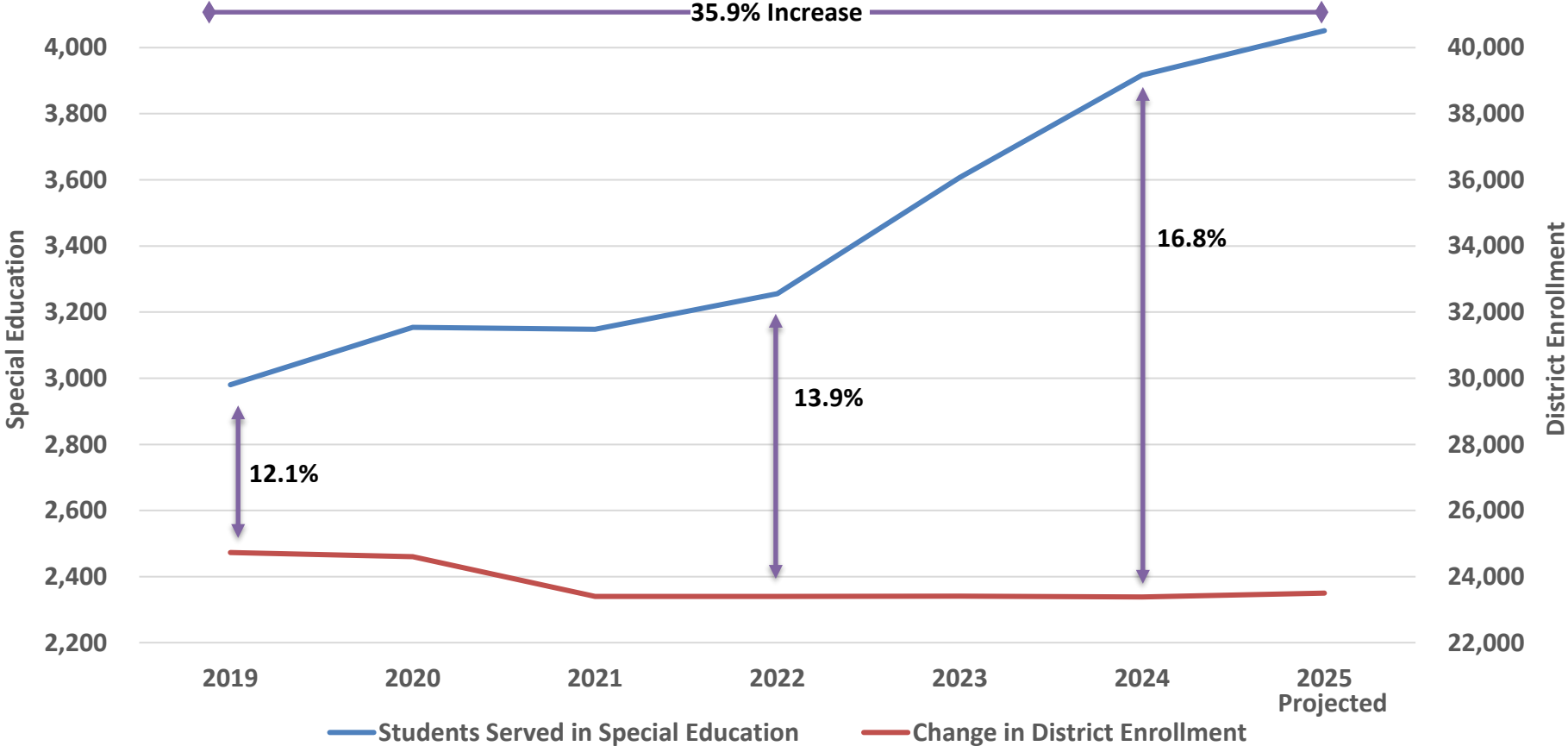


2025 Projected

2023-2024 Budget Additions

• 3% Pay Increase		\$5,250,000
• Armed Security		\$2,300,000
• Reduced School Health & Related Services (SHARS)		\$1,150,000
• Safety & Security Grant Use		\$1,200,000
• Special Education Growth		\$3,200,000
– 23 Teachers	– 22 Aides	
– 2 Diagnosticians	– 1 Psychologist	
– 5 Speech Language Pathologist	– SLP Stipend	
• Enrollment Growth – 10 Teachers		\$750,000
<hr/>		\$13,850,000

Special Education Growth to District Enrollment



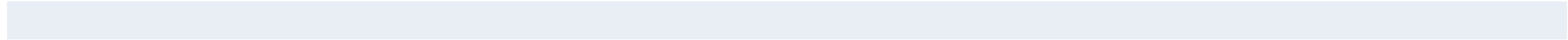
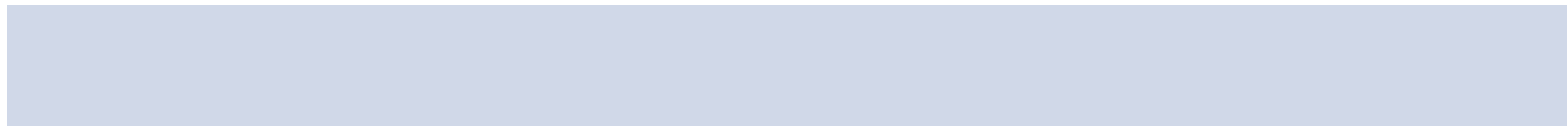
2024-2025 Budget Impacts

- Possible Pay Increase
 - Special Education Growth \$1,900,000
 - 10 Teachers – 8 Aides
 - Resource Teacher Stipend
 - Self-Contained Teacher Stipend
 - Enrollment Growth: 24 Teachers & 4 Aides \$1,630,000
 - Recapture Increase \$1,120,000
-
- \$4,650,000**

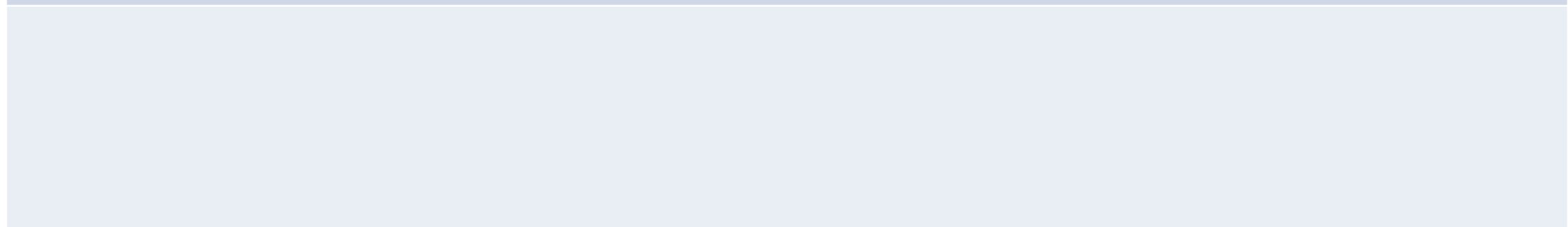
McKinney ISD Property Value \$100K Homestead Exemption

Year	Total Certified Value	% Change	New Construction	% of Prior Yr Total Certified Value	Average Single Family Home	% Change
2015	11,542,165,296	8.75%	337,485,178	3.18%	271,150	11.84%
2016	12,864,959,796	11.46%	311,049,054	2.69%	299,589	10.49%
2017	14,427,023,473	12.14%	474,291,401	3.69%	324,196	8.21%
2018	15,799,033,282	9.51%	420,032,374	2.91%	342,657	5.69%
2019	17,038,448,573	7.84%	531,677,811	3.37%	351,642	2.62%
2020	17,813,271,569	4.55%	411,442,501	2.41%	354,144	0.71%
2021	19,329,078,633	8.51%	581,499,719	3.26%	377,932	6.72%
2022	22,695,833,789	17.42%	772,328,804	4.00%	493,508	30.58%
2023	24,766,848,355	9.13%	1,041,055,228	4.59%	565,988	14.69%
2024	26,800,000,000	8.21%	1,784,451,000	7.20%	575,848	1.74%
	Average 09-24	7.04%		2.97%		6.88%

Tax Rates



	Year	M&O	I&S	Total
Tax Rates	21-22	\$1.0067	\$0.37	\$1.3767
	22-23	\$0.9429	\$0.37	\$1.3129
	23-24	\$0.7575	\$0.37	\$1.1275
	Proposed 24-25	\$0.7552	\$0.37	\$1.1252
	+ / -	\$0.0023	\$0.00	\$0.0023



Tax Rates

Year	M&O	I&S	Total	Average Single Family Home	Homestead Exemption	M&O Tax	I&S Tax	Total Tax	Recapture
22-23	\$0.9429	\$0.37	\$1.3129	\$493,508	\$40,000	\$4,276	\$1,678	\$5,954	\$15.0 M
23-24	\$0.7575	\$0.37	\$1.1275	\$567,515	\$100,000	\$3,541	\$1,730	\$5,271	\$5.0 M
24-25	\$0.7552	\$0.37	\$1.1252	\$575,848	\$100,000	\$3,594	\$1,760	\$5,354	\$6.5 M
+ / -	\$0.0023	\$0.00	\$0.0023	\$8,333	\$0.00	\$53	\$30	\$83	\$1.5 M

	23-24 Projected Current Law	24-25 Estimated Current Law	24-25 Estimated Current Law	24-25 Estimated Current Law
	ESSER III, NB, +9.85%, 0.7575 \$100K HE	+8.21%, 0.7552	+8.21%, 0.7552 Pay Inc 2%	+8.21%, 0.7552 Pay Inc 3%
Property Taxes	176,201,248	190,663,643	190,663,643	190,663,643
Tuition and Fees	775,000	775,000	775,000	775,000
Other Local Revenue	8,666,000	9,166,000	9,166,000	9,166,000
State Revenue	54,382,164	41,635,299	41,635,299	41,635,299
State Aide	41,127,218	28,319,293	28,319,293	28,319,293
TRS On-Behalf	13,254,946	13,316,006	13,316,006	13,316,006
Federal Revenue	3,250,000	3,200,000	3,200,000	3,200,000
SHARS/MAC	3,250,000	3,200,000	3,200,000	3,200,000
Grand Total Revenues	\$ 243,274,412	\$ 245,439,942	\$ 245,439,942	\$ 245,439,942
Prior Expense Budget	251,646,147	266,355,915	266,355,915	266,355,915
Staffing	5,528,793	4,084,845	4,084,845	4,084,845
Pay Raise	5,250,000		3,750,000	5,635,500
Capital Outlay	-	-	-	-
Recapture	5,388,638	6,507,793	6,507,793	6,507,793
Budget Amendments (DFB)	-	-	-	-
TRS On-Behalf	254,946	61,060	61,060	61,060
Transportation	170,247	300,000	300,000	300,000
Custodial	783,445	612,700	612,700	612,700
Substitutes	-	-	-	-
P&C Insurance	1,315,417			
Elem #22	671,683			
Technology	735,237	(700,000)	(700,000)	(700,000)
Other		(9,500,000)	(9,500,000)	(9,500,000)
Safety & Security Grant				
ESSER III	(5,500,000)			
New Expense Budget	266,244,553	267,722,313	271,472,313	273,357,813
Expense Variance	(5,869,258)	(5,877,327)	(5,961,702)	(6,004,125)
Projected Expenses	\$ 260,375,295	\$ 261,844,986	\$ 265,510,611	\$ 267,353,688
Fund Balance +/-	(17,100,883)	(16,405,044)	(20,070,669)	(21,913,746)
Beginning Fund Balance	112,860,205	95,759,322	95,759,322	95,759,322
Ending Fund Balance	\$ 95,759,322	\$ 79,354,278	\$ 75,688,653	\$ 73,845,576
	35.95%	30.38%	28.57%	27.67%

Budget Adoption

We remain optimistic that the Texas Legislature will step up to its fiduciary responsibility and fully fund public schools in the next legislative session. Until then, we will work together to overcome the challenges imposed by the current financial landscape and continue to provide our students with the exceptional education they deserve.

We will continue to communicate with lawmakers about the real-life impacts of underfunding public schools.

However, McKinney ISD must develop and implement long-term sustainable contingencies to invest resources where they are most impactful.

Long-Term Sustainable Changes

McKinney ISD will use the following principles to guide our 2024-2025 budget implementation and 2025-2026 budget development:

- Aligning decisions to the District's Strategic Plan
- Prioritizing and protecting classroom instruction and accountability
- Limiting nonessential hires and adoption of new initiatives
- Filling only vacant teaching and classroom paraprofessional positions
- Reducing budgets for all central office and districtwide departments
- Developing revenue generating opportunities, including:
 - Nonresident limited open enrollment
 - Voter Approved Tax Ratification Election
 - Increase attendance rate to 96%
 - External Sources (Grants, Sponsorships, Partnerships)
 - Increase facility rental fees
 - Explore extracurricular fees
 - Explore transportation fees
- Developing prioritized budget reduction measures, including:
 - Reduce central office and professional support positions by attrition
 - Programmatic changes to reduce offerings or services and staff
 - Continue reducing operating budgets
 - School campus consolidations and boundary realignments
 - Increased student-to-teacher ratios
- Meeting all state and federal mandates