

2015-2016 BUDGET DEVELOPMENT WORKSHOP #2

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Difference.*

TOPICS TO BE ADDRESSED

- Remaining Unknown for 2015-2016
- Assumptions for Proposed Scenarios
- Raise Scenario #1 – No raises
- Raise Scenario #2 – Step Raise and a \$0.25 per hour raise for hourly employees. Pay scale remains unfrozen.
- Raise Scenario #3 – Step Raise and a \$0.25 per hour raise for nonexempt (hourly) employees. Pay scale is frozen in 2016-2017.
- Dates Remaining the Budget Process
- Summary

REMAINING UNKNOWN FOR 2015-2016

How and when will the additional state funding be calculated to make up for local revenue lost (hold harmless) as a result of the increase in the state homestead exemption?

Response from TEA – The district's 2014 taxable value will be lowered as if the exemption would have been in place last year. This will increase the state aid to school districts. The Comptroller will provide these numbers to TEA (supposedly by August 15th) which will then be shared with districts to use in state aid estimates. The increase in state aid due to the reduction in local values will be the hold harmless amount the district will realize.

ASSUMPTIONS USED IN RAISE SCENARIOS

- 2015-2016 uses actual certified values and an ADA of 5,080. For planning purposes the district project a 3% decline in TTV. Actual values from HCAD showed a 2.9% decline in TTV.
- 2016-2017 and 2017-2018 assume a 2% decline in the total taxable values each year and an ADA of 5,060 in 2016-2017 and an ADA of 5,040 in 2017-2018. A 3% increase in the expenditure budget is also factored into these projections.
- Current pay scale is utilized.
- \$0.25 per hour raise for hourly employees is given one time in 2015-2016.

SCENARIO #1 – NO RAISES

	2015-2016	2016-2017	2017-2018
Revenues	\$ 38,643,528	\$ 38,835,500	\$ 38,832,595
Expenditures	\$ 37,941,825	\$ 38,165,074	\$ 38,395,019
Surplus/(Deficit)	\$ 701,702	\$ 670,426	\$ 437,575

SCENARIO #2 – STEP RAISE AND A \$0.25/HOUR RAISE FOR NONEXEMPT EMPLOYEES

	2015-2016	2016-2017	2017-2018
Revenues	\$ 38,681,062	\$ 38,906,581	\$ 38,937,222
Expenditures	\$ 38,692,517	\$ 39,586,692	\$ 40,487,563
Surplus/(Deficit)	\$ (11,455)	\$ (680,111)	\$ (1,550,342)

SCENARIO #3 – STEP RAISE AND A \$0.25/HOUR RAISE FOR NONEXEMPT EMPLOYEES –SUSTAINABILITY – FREEZE SCALE IN 16-17

	2015-2016	2016-2017	2017-2018
Revenues	\$ 36,681,062	\$ 38,873,034	\$ 38,870,129
Expenditures	\$ 36,692,517	\$ 38,915,766	\$ 39,145,711
Surplus/(Deficit)	\$ (11,455)	\$ (42,731)	\$ (275,582)

**SCENARIO 2 – LEAVE SCALE
UNFROZEN THRU 2017-2018**

**SCENARIO 3 – FREEZE SCALE IN
2016-2017**

ADVANTAGES

Impacts the most employees with a permanent raise.

Provides retention and recruitment tools for staffing.

DISADVANTAGES

Creates a projected deficit in 2016-2017 and beyond that will be difficult to overcome based on current trends and projections.

ADVANTAGES

Impacts the most employees with a permanent raise

Allows the district more time to factor in unknowns (actual impact of new legislation and school finance case).

DISADVANTAGES

Freezing the pay scale puts MISD further behind competitors.

Increases the funding needed to catch pay scale up to competitors.

DATES REMAINING IN THE BUDGET PROCESS

- August 7th – Deadline to have notice published in Marshall News Messenger (HCAD publication). Proposed budget will be posted on the MISD website.
- August 17th – Public Hearing to discuss proposed budget and tax rate. Regular August Board of Trustees meeting to adopt budget and set tax rate.

SUMMARY

- Any of the three proposed raise scenarios will lead to a balanced budget in 2015-2016.
- The district's ability to sustain the pay increases and maintain a balanced budget in 2016- 2017 and beyond becomes an issue.
- There are options available to work down the projected deficit in 2016-2017.
 - Freeze the current pay scale.
 - Maximizing attrition savings each year.
 - Having actual amounts of hold harmless state funding from the increased homestead exemption.