



SAN MARCOS
CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

BUDGET UPDATE

May 6, 2019

By Karen Griffith



**Student
Performance**



**Academic
Rigor**



Culture



**Achievement
Gaps**



Community

The Perfect Storm

- Revenue projections were based on 100% of Hays County appraisal values for 2018/19 using April 25th allocations.
 - Allocations were subsequently lowered in August 2018 by Hays County
- Demographer projections for 2018/19 were over projected by 206 students
- 2019-20 appraisal values were not accepted by the State Comptroller
 - This increased property tax values by \$716,165,532
 - Caused SMCISD to become a Chapter 41 district with significant recapture obligation
- Legislative Session House Bill 3/Senate Bill 3
 - Uncertainty of mandatory teacher raises
 - Has positive impact for Chapter 41 districts
 - SB 3 has the potential to add more state assessments and costs
- Opening of New Elementary Campus



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Chapter 41



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What Is Chapter 41?

Chapter 41 is Wealth Equalization

Chapter 41 of the Texas Education Code (TEC) makes provisions for certain school districts to share their local tax revenue with other school districts. For the purposes of the school finance system in Texas, districts are designated as either Chapter 41 or Chapter 42 districts. The relative wealth of the school district is measured in terms of the taxable value of property that lies within the school district borders divided by the number of students in weighted average daily attendance (WADA). Chapter 41's provisions are sometimes referred to as the "share the wealth" or "Robin Hood" plan because districts subject to Chapter 41 of the TEC are required to share their wealth with other school districts. The funds that are distributed by Chapter 41 districts are "recaptured" by the school finance system to assist with the financing of public education for all school districts.



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How is it Determined?

- Wealth per WADA= Taxable property Value (prior year) divided by Weighted Average Daily Attendance (current year)
- Wealth per WADA greater than \$319,500 – District becomes Chapter 41
- Wealth per WADA greater than \$514,000 – become “paying” Chapter 41 District (Also know as recapture)



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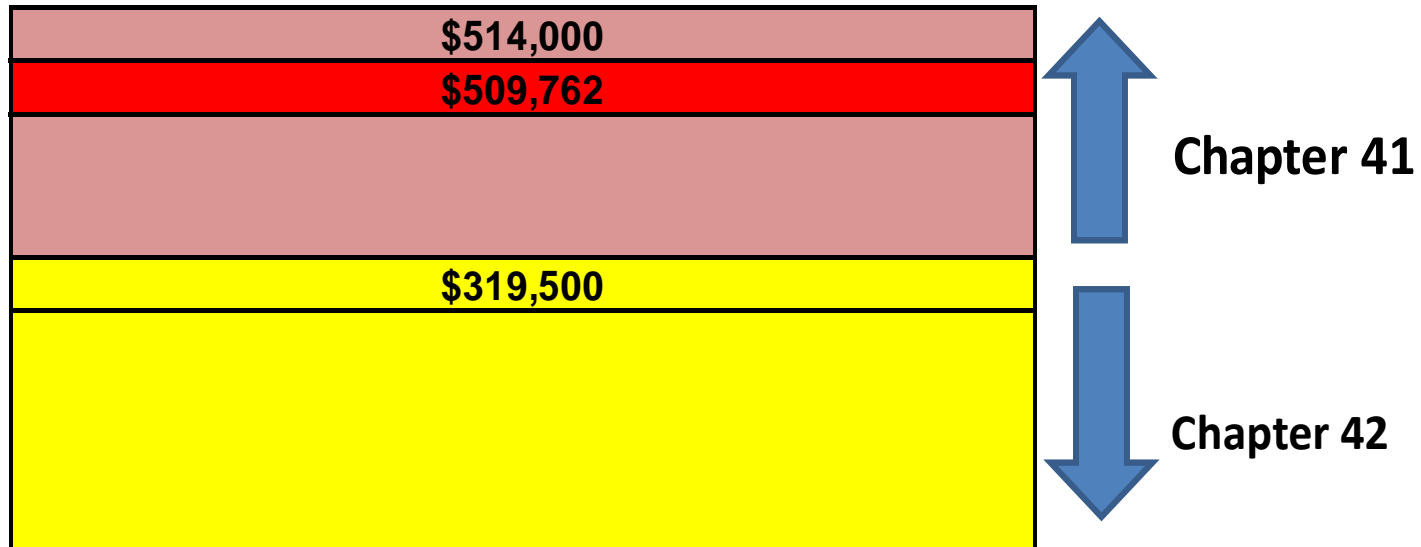


Achievement Gaps



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Where Was San Marcos?



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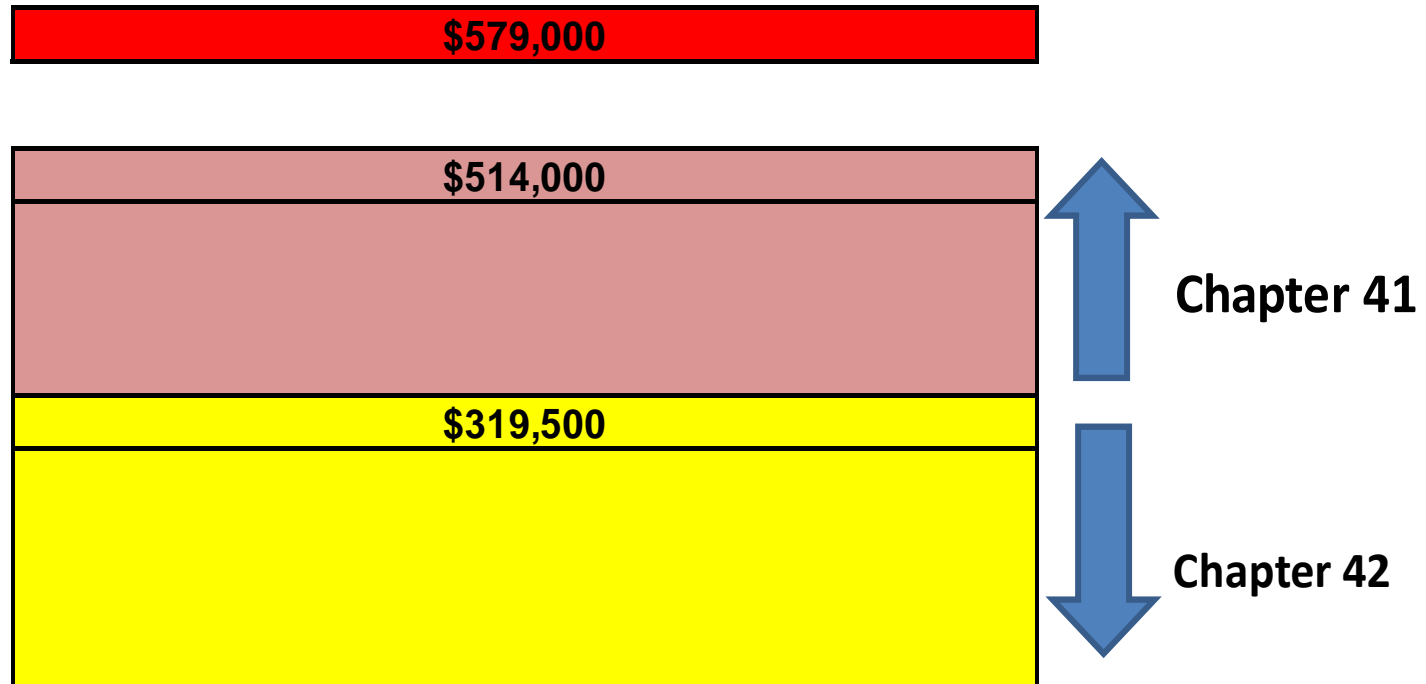


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Where is San Marcos Now?



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Recapture Options

The District must determine one of the options:

- 1) Consolidate with another district
- 2) Detach Property
- 3) **Purchase Attendance credits from the state**
- 4) Contract to educate nonresident students from partner district (requires voter approval)
- 5) Consolidate tax bases with another district (requires voter approval)



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What does this mean for SMCISD?



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SAN MARCOS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
General Fund Financial Report

Projected Final

	Year-To-Date Comparison			Budget Comparison		
	2017-2018 Fiscal Year	2018-2019 Fiscal Year	Difference	2018-2019 Budget	Difference	% of Budget
REVENUES						
Local and Intermediate Source						
Local Tax	54,630,165	59,703,574	4,813,409	64,443,135	(4,739,561)	
Investment/Int'l	644,541	951,232	306,691	500,000	451,232	90%
Other	741,891	651,064	(90,827)	810,000	(158,936)	80%
Total Local and Intermediate	56,276,597	61,305,870	5,029,273	65,753,135	(4,447,265)	93%
State Program Revenues	14,967,196	11,484,916	(3,482,280)	11,681,114	(196,198)	98%
Federal Program Revenues	857,012	1,168,068	311,056	910,000	258,068	128%
Total Revenues	72,100,805	73,958,853	1,858,049	78,344,249	(4,385,396)	94%
EXPENDITURES						
11 - Instructional	38,875,513	42,932,823	4,057,310	46,856,912	3,924,089	92%
12 - Library/Media	682,109	766,795	84,686	828,132	61,337	93%
13 - Curr & Ins Staff Development	1,414,511	1,843,651	429,140	1,913,168	69,517	96%
21 - Instructional Leadership	946,309	1,128,319	182,010	1,105,989	(22,330)	102%
23 - School Leadership	3,858,247	5,119,653	1,261,406	4,884,907	(234,746)	105%
31 - Guidance, Counseling	1,890,453	2,576,017	685,564	2,734,596	158,579	94%
32 - Social Work Services	114,417	144,765	30,348	140,691	(4,074)	103%
33 - Health Services	578,743	715,284	136,541	724,045	8,761	99%
34 - Student Transportation	4,485,544	5,125,206	639,662	5,215,809	90,603	98%
36 - Extra-Curr/Co-Curricular	1,469,596	1,887,608	418,012	2,002,031	114,423	94%
41 - General Administration	2,087,782	2,737,155	649,373	2,683,689	(53,466)	102%
51 - Plant Maint & Operations	6,683,277	8,576,852	1,893,575	8,650,027	73,175	99%
52 - Security & Monitoring	429,027	566,174	137,147	645,375	79,201	88%
53 - Attendance/Data Processing	1,507,374	1,884,508	377,134	1,825,478	(59,030)	103%
61 - Community Services	331,183	498,215	167,032	510,059	11,844	
81 - Facilities Acquisition & Const	75,210	737,600	662,390	6,413,058	5,675,458	
95 - PMTs to JJAEP	0	0	-	0	-	0%
99 - Other Intergov	533,675	564,000	30,325	600,000	36,000	94%
Total Expenditures	65,962,970	77,804,625	11,841,655	87,733,966	9,929,341	89%
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,137,835	(3,845,772)		(9,389,717)		
Budget Gain(Loss)		(3,845,772)				
Fund Balance - General Fund		44,777,593	(As reported August 31, 2017)			
Total General Fund Amount		40,931,821				

- Result of April value underestimation

- Still have an obligation of \$5,675,458 from fund balance

- Central Office

- CDC

- Bonham Drainage

- This results in a projected operational deficit of \$3,845,772



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Actual Growth vs. Projected Growth

	2018/19 Current	2019/20 Projection	Difference	Templ Projections	Difference
Elementary	3,944	3,900	(44)	4,267	(367)
Middle	1,827	1,899	72	1,960	(61)
High	2,331	2,348	17	2,343	5
Total	8,102	8,147	45	8,570	(423)



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**SAN MARCOS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
2019-2020 PRELIMINARY BUDGET PROJECTIONS WITH ESTIMATED TAXES**

Draft

	Original	Proposed - HB 3		Curent Law	
	2018/19	2019/20		2019/20	
	General Fund	General Fund	Difference	General Fund	Difference
<u>Revenues</u>					
LOCAL REVENUE	\$65,753,135	\$66,579,284	\$826,149	\$57,769,246	(\$7,983,889)
STATE REVENUE	\$11,681,114	\$7,160,332	(\$4,520,782)	\$8,463,491	(\$3,217,623)
FEDERAL REVENUE	\$910,000	\$910,000	\$0	\$910,000	\$0
TOTAL REVENUES	\$78,344,249	\$74,649,616	(\$3,694,633)	\$67,142,737	(\$11,201,512)
<u>Expenditures</u>					
BASE SALARIES/BENEFITS	\$65,076,260	\$66,140,062	\$1,063,802	\$66,140,062	\$1,063,802
OTHER PAYROLL COSTS :					
Subs, TRS, Unempl. Ins, Stat Min, etc..	\$1,881,598	1,757,888	(\$123,710)	1,757,888	(\$123,710)
CAMPUS & DEPARTMENT ALLOCATIONS:					
Other Expenditures	\$13,889,210	13,699,778	(\$189,432)	13,699,778	(\$189,432)
TOTAL EXPENDITURES	\$80,847,068	\$81,597,728	\$750,660	\$81,597,728	\$750,660
Excess (Deficiency) of Revenues Over					
(Under) Expenditures	(\$2,502,819)	(\$6,948,112)	(\$4,445,293)	(\$14,454,991)	(\$11,952,172)
<u>Other Non-Reoccurring Sources</u>					
OTHER REVENUE	\$0	\$0		\$0	
SUPPLEMENTS-Campus & Departments	(\$49,100)	\$ (5,675,458)		\$ (5,675,458)	
TOTAL NON-REOCCURING SOURCES	(\$49,100)	(\$5,675,458)	\$0	(\$5,675,458)	\$0
Net Change in Fund Balance	(\$2,551,919)	(\$12,623,570)		(\$20,130,449)	
Actual/Estimated Beg. Fund Balance	\$44,777,593	\$40,931,821		\$40,931,821	
Ending Fund Balance (Proposed)	\$42,225,674	\$28,308,251	\$0	\$20,801,372	\$0



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Next Steps

- School Board actions:
 - Unencumber funds designated for central office and Bonham drainage (Approximately 4.5 million)
 - Evaluate alternative compensation/incentive options
- Administrative actions:
 - Review current positions and attrition positions
 - Reduce department budgets



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