

THE CASE FOR PRIORITIZING PUBLIC EDUCATION FUNDING

PUBLIC EDUCATION FUNDING NEEDS

INFLATION & POPULATION GROWTH



- The Legislative Budget Board estimates that inflation and population will grow by 12.33% from the 2022-23 biennium to the 2024-25 biennium.
- Increases to the Basic Allotment allow school districts to address their own unique needs.
- The Texas Commission on Special Education Funding found that special education programs are underfunded by more than \$1.8 billion.

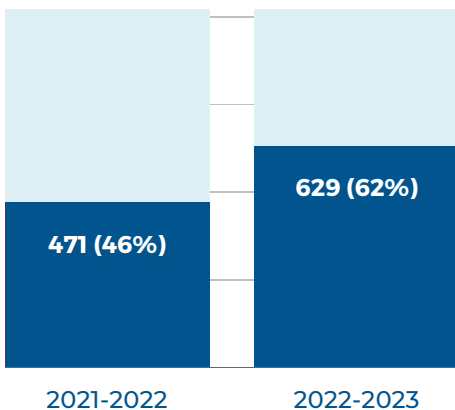
School District Needs	Funding Required	Current Proposed Appropriation
Funding for inflation and population growth in the 24-25 biennium	\$10.4 billion*	\$4.9 billion**
Funding for inflation from the 19-20 and the 22-23 biennium	\$14.5 billion*	\$0
Funding to address gaps in costs of Special Education services	\$1.8 billion	\$0

* Based on an estimated \$1.4 billion per \$100 increase in the basic allotment

** An additional \$5 billion is proposed in Rider 82, Article III in the Committee Substitute for H.B.1, but it is undetermined what this funding will be used for if appropriated.

INFLATIONARY IMPACT ON SCHOOL BUDGETS

NUMBER OF SCHOOL DISTRICTS WITH DEFICIT BUDGETS¹



- Schools, just like households and businesses, have experienced an increase in basic costs.
- Schools no longer have the same buying power they did in 2019 when the \$6,160 basic allotment was set.
- Inflation since 2019 has increased by 17%, according to the Consumer Price Index.

Texas school districts adopted a state-wide budget deficit of

(\$2.3 billion)¹

in the 2022-23 fiscal year, compared to a state-wide budget surplus of \$3.6 billion in 2021-22.

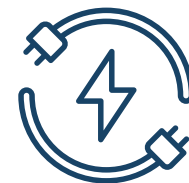
- State-wide budgeted revenue for school districts decreased by \$4 billion from 2021-22 to 2022-23. \$1.2 billion of that amount represents an increase in recaptured revenue.
- Budgeted operating expenditures for school districts increased by \$2 billion from 2021-22 to 2022-23.



Fuel



General Insurance Policies



Utilities



Employee Compensation

THE BASIC ALLOTMENT WOULD NEED TO INCREASE FROM \$6,160 TO \$7,200 FOR SCHOOLS TO HAVE THE SAME BUYING POWER TODAY AS THEY HAD IN 2019.

INFLATIONARY COSTS IN KELLER ISD

% INCREASE IN COSTS FOR KELLER ISD SINCE 2019



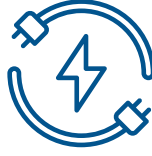
Fuel

+67%



General Insurance Policies

+104%



Utilities

+25%



Employee Compensation

+12%

* Inflationary cost increases only. Figures do not account for growth in population.

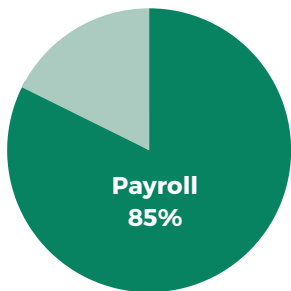
KELLER ISD OPERATING REVENUE PER STUDENT



- Keller ISD adopted a \$5 million budget deficit for the 2022-23 fiscal year, specifically to address the need to increase employee compensation.
- Our 2022-2023 budget has increased by \$3 million since it was adopted to address inflation in fixed costs.

KELLER ISD BUDGET AND FUND BALANCE^{2,3}

OPERATING BUDGET **\$349 million**

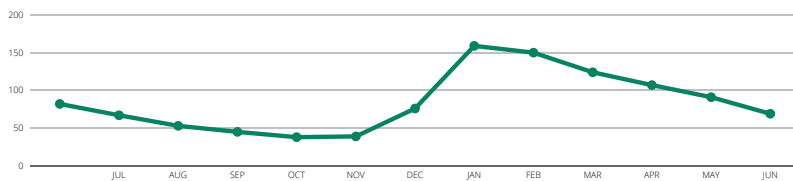


Payroll accounts for \$297 million, or 85% of Keller ISD's operating budget.

Of that total:

- 93% accounts for staff other than campus & central administrators
- 64% accounts for teachers
- Less than 2% accounts for central administrators

KELLER ISD FUND BALANCE BY MONTH



Fund balance is crucial to short-term cash flow and long-term financial planning, but school districts cannot rely on fund balances to cover inflationary costs.

KELLER ISD FY 2022 FUND BALANCE

Keller ISD General Fund Balance as of June 30, 2022	\$69 million
Amount needed for cash flow	\$45 million
Amount designated for future expenditures	\$8 million
Amount available for budget stability	\$16 million

The amount available for budget stability in the chart above equates to less than one month of operating expenditures in KISD.

REFERENCES & RESOURCES

- 1 PEIMS District Financial Budget Reports reported by the Texas Education Agency <https://tea.texas.gov/finance-and-grants/state-funding/state-funding-reports-and-data/peims-financial-standard-reports>
- 2 Keller ISD 2022-2023 Operating Budget <https://www.kellerisd.net/Page/250>
- 3 Keller ISD 2021-2022 Annual Comprehensive Financial Report https://www.kellerisd.net/cms/lib/TX02215599/Centricity/Domain/115/ACFR/Finance_ACFR_2021-22.pdf