



WESLACO INDEPENDENT SCHOOL DISTRICT

319 W. Fourth Street
Weslaco, TX 78599-0266

Winners. **I**nnovators. **S**cholars. **D**oers.

BOARD OF TRUSTEES

Meeting:
Place:
Location:
Date:
Time:

Public Hearing
WISD Board Room
319 W. Fourth Street
August 20, 2018
5:54 P.M

MINUTES

- I. The meeting was called to order by Erasmo Lopez, Board President.
- II. A quorum was established. The following board members were present:

Erasmo Lopez, President
Oscar Caballero, Vice President
Isidoro Nieto, Secretary
Andrew Gonzalez, Trustee
Patrick Kennedy, Trustee

Dr. Rodriguez joined the Public Hearing at 6:07 p.m.

Dr. Richard Rivera was absent.

- III. Public Hearing on Proposed 2018-2019 Budget and Tax Rate

Mr. Andres Sanchez, Assistant Superintendent for Business and Finance, presented on the proposed budget and tax rate for the 2018-2019 school year.

Weslaco Independent School District



**Public Hearing
on the Proposed
Budget and Tax Rate
for Fiscal Year 2018–2019
August 20, 2018 at 5:30 p.m.**

**Priscilla Canales, Ph.D.
Superintendent**



Highlights of Proposed 2018–2019 Budget

- The proposed 2018-2019 budget process has been finalized.
- The 2018 certified property values, which are being used for the calculation of the proposed property tax revenues, were released on July 25, 2018 by the Hidalgo County Appraisal District. They are much lower than initially provided by the Hidalgo County Appraisal District.
- We will continue to review the proposed revenues and expenditures as we proceed with the budget process.
- **Early in June 2018, we were informed that at least two of our Federal program grants' planning amounts (budgets) for the 2018-2019 fiscal year were reduced:**
 - Title I, Part A received a \$333,222 reduction in comparison to 2017-2018 (157 staff)
 - Title III, Part A ELA was reduced by \$55,514 as well (6 staff).
 - Our State Special Ed budget funds almost \$6.3 million than we receive from the State (155 staff).
- We will need to evaluate those budgets as well as staffing and other needs.

2

Highlights of Proposed 2018–2019 Budget (continued)

- The proposed budget for fiscal year 2018-2019 is conservatively based on 15,905 ADA.
- The final average daily attendance (*ADA*) count of the best four (4) six weeks of the 2017–2018 school year was 15,906. See comparisons below of projected ADA and actual ADA for the last five (5) years.

Budget Year	Projected ADA	Actual ADA
2013-2014	16,411	16,420
2014-2015	16,300	16,054
2015-2016	15,800	16,334 (includes 107 ADA from the ELF Academy)
2016-2017	16,100	16,096 (includes 140 ADA from the ELF Academy)
2017-2018	16,170	15,906 (includes 210 ADA from the ELF Academy)

With the Board approving Open Enrollment for students outside Weslaco ISD boundaries, we expect student enrollment, and subsequently ADA to increase for school year 2018-2019 and later.

Administration will work with School Principals on Specific Target ADA increases to their campuses.

We will concentrate our efforts on increasing the number of students in attendance at school – not just thinking of a percentage increase.

In the end, students will benefit from the increased instruction received during those additional days of attendance to schools. Also the schools will reach their target attendance percentages which will lead to increased state revenues based on average daily attendance.

3

Highlights of Proposed 2018–2019 Budget (continued)

- The budget is now based on Certified 2018-2019 net taxable property values of \$ 2,302,601,674.
- The 2017-2018 certified net taxable property values were \$ 2,292,112,169. There is an increase of property values of \$ 10,489,505 (1%) for the fiscal year 2018-2019.
- The preliminary 2018-2019 net taxable property values were listed as \$ 2,413,141,290. The lower certified property values (top above), compared to the preliminary calculations, will generate lower local property tax revenues (-\$ 628,342) and corresponding lower state aid revenues of (-\$406,762) totalling (-\$1,035,144) than initially estimated.
- The budget is presented based on a tax rate of \$ 1.1597, same as for FY 2017-2018, as follows:
 - M&O rate: \$ 1.1397, and I&S rate of \$ 0.02
- Current Tax Collections are budgeted at a 91% tax collection rate. Collection goal is 93%. Actual 2017-2018 current levy tax collections are 94.91% through July 31, 2018.
- Delinquent Tax Collections are budgeted on a 20% tax collection rate. Collection goal is 27%. Actual 2017-2018 prior year levies tax collections are 27.96% through July 31, 2018.

- Mr. Lopez wanted to know if the 1% increase in property values was aligned to the increase in past years.
 - › In past years, the increase has been 3% to 4%; this year it is less than in prior years.
 - › Mr. Lopez requested information on the changes of the certified property values over the last few years.
- Mr. Nieto asked if it was good to collect 31% for the current year.
 - › Mr. Sanchez stated that 31% collections for the current year are good, but not for the upcoming year because there will be less taxes to collect.

Highlights of Proposed 2018 – 2019 Budget (continued)

- The budget reflects an amount allocated to the campuses based on the actual ADA for the 2017-2018 school year, that is not used for costs related to Payroll, Band, Fine Arts, Utilities, Maintenance, Custodial, Energy Management or Security related costs that is as follows:
 - ✓ Elementary Schools \$120
 - ✓ Middle Schools \$135
 - ✓ High Schools \$200
- Survey Results from Region One School Districts ***
- Some School districts have basic allocations higher than ours, most are lower. At least one district reported an allocation that included bilingual and state compensatory education funds for the allocation amounts provided in the survey. Weslaco ISD's basic allocation mentioned here is from local funds.
- The Budget includes additional Allocations per student for **Band, Orchestra & Mariachi: High Schools is \$450 & Middle Schools is \$80. The Choir Allocation is \$100 and \$80 per student for High Schools and Middle Schools, respectively.**
- Same as fiscal year 2017-2018, we have set up a budget for Fine Arts with these categories:
 - High Schools – Theater Arts, Dance & Visual Arts
 - Middle Schools – Theater Arts, Dance & Visual Arts
 - Elementary Schools – Music & Visual Arts

- Survey Results: Two school districts from Region One had allocations higher than WISD and five schools had lower allocations.
- Fine Arts Program: Staff is trying to promote the fine arts program district-wide. The Fine Arts Director has recommended the amounts to be distributed among the schools.

**Highlights of Proposed 2018 – 2019 Budget (continued)
State Compensatory Education Budget**

- **The State Compensatory Education Budget includes enough funds to provide for accelerated instruction of students that are at risk of dropping out of school.**

Highlights of Proposed 2018–2019 Budget (continued)

- We had informed the Board that conservatively, Administration estimated that with additional tax collections (higher than budgeted), and not spending some contingency funds allocated as expenditures, we would make up for the loss of State ADA revenues and have a conservative \$2,000,000 surplus for the fiscal year.
- The estimated 2017-2018 budget surplus in the Local Maintenance Fund increased to \$3,200,000. However, due to the Flood Damage to our facilities and vehicles, we were forced to use \$1,535,000 of that surplus (from increased tax collections and investment interest income) to pay for school buses and vehicles. The conservative surplus in the 2017-2018 budget is now \$1,665,000.

From the surplus funds at year end, we will allocate \$500,000 as an increase to the Undesignated/Unassigned Fund Balance as of August 31, 2018 in the Local Maintenance Fund. Any additional surplus funds will be allocated to the Fund Balance Assigned for Facilities or Other Needs.

- The District has invested in repairing facilities needed for our students and staff at a cost of \$38,000,000 which have been funded by \$19.5 million from the Fund Balance Assigned for Facilities or Other Needs and the Local Construction Fund, and \$18.5 million from loans received. **This has placed a substantial strain on our finances.** Therefore, we remain committed to be frugal with our spending going forward.

7

- The District expects to receive \$3.5 million from the insurance settlement. The settlement could be more, but this amount has been confirmed at this time.
- A total of \$6.2 million has been spent on the purchase of school buses and another \$1 million has been spent on the purchase of trucks, vans, and suburbans.

Mr. Sanchez commented that the district is using monies from the fund balance for these expenditures, which have placed a substantial strain on the district's finances. He pointed out that had the bond issue passed, the state would have paid 65% and the district would have paid only 35% for these expenses.

Highlights of Proposed 2018 – 2019 Budget (continued)

Health Insurance

- The contribution for Health Insurance premiums paid for by the District for all employees is proposed as an increase of only \$15, from \$470 to \$485 per employee per month, for an annual total of approximately \$420,300 – All funds (local, state & federal).
- Using 2017-2018 claims data through June 30, 2018, Administration anticipates to break even with the medical plan through August 31, 2018.
- The Cost of Employee Premium (Contribution) to the Health Insurance Program has been approved to Increase for Fiscal Year 2018-2019 as follows;
 - by \$16 Per Employee, Per Month on the base Plan (\$192 Per Year) from \$9 Per Month to \$25 Per Month.
 - By \$25 Per Employee, Per Month on the High and State Plans (\$300 Per Year) .

8

Highlights of Proposed 2018–2019 Budget (continued)

- The \$1,000,000 raised by the 2 pennies of I&S Taxes that would be saved by not transferring it to the Debt Service Fund to pay Bond Debt, has already been used in the budget as presented.
 - The budget does include Six (6) Resource Officers initially requested to assist with safety & security of students and staff. The estimated cost is \$285,000.
 - We have budgeted Eight (8) Teachers for the Full Day Pre-K4 Program.
- There is no Transfer to the Construction Fund budgeted for facility projects.
- The budget for interest income was increased by an additional \$220,000.

- The Resource Officers are not employees of the district, but are included in the budget.

Highlights of Proposed 2018–2019 Budget (continued)

STAFF VACANCIES

- The budget includes the following twenty-three (23) vacancies in the General Fund.

No.	Position	
1	Mariachi Teacher – WEHS	Local Maintenance
2	Science Teacher – WEHS	Local Maintenance
3	Theater Arts Teacher – Cuellar MS	Local Maintenance
4	Construction/Maintenance Manager	Local Maintenance
5-12	Eight (8) Teachers for Full Day Pre-K4	Local Maintenance
13-15	Three (3) CTE Teachers	Local Maintenance
16-18	Three (3) Special Education Teachers	Local Maintenance
19-23	Five (5) Teachers	Local Maintenance

- We have a list of approximately \$500,000 in additional vacancies for FY 2018-19 that are not included in the budget.
- We will evaluate closely any vacancies created during the 2018-2019 fiscal year. If there is staff that can be moved to another position safely without impairing instruction, we will do it.

10

Mr. Lopez stressed that the special education teacher positions need to be filled to meet the needs of the students.

Mrs. Melva Segura, Human Resources Director, informed the Board that the District, through attrition, has saved money by not filling positions left vacant by employees who have resigned or retired. Some of the positions that were not needed were converted to special education positions. She stated, “We are taking care of the needs that are identified as any new to the district are coming in.” Therefore, these vacancies are above those positions that have already been added.

Mr. Nieto wanted to know if there was a waiting list for students who do not qualify for Pre-K 4. He was concerned for the staff members whose children might not qualify.

Dr. Canales, Mrs. Segura, and Mr. Aguilar met to identify the needs based on the waiting list and communicated to the principals that they are not to deny any seats to any Weslaco resident who might not qualify or was on the waiting list. Since Weslaco residents are taxpayers, the District wants to take care of them. Therefore, all students who were on the waiting list are now enrolled in the Pre-K program.

Highlights of Proposed 2018 – 2019 Budget (continued)

During the July 30, 2018 Special Board meeting, Administration informed the Board that we needed to reevaluate the proposed 2018-2019 budget due to the decreased Local Property Tax Revenues and State Aid Revenues caused by the lower certified property values for 2018-2019 and very high collection of property taxes in 2017-2018.

Criteria / Event	Effect on Budget
Lower certified property values	(\$ 1,035,104)
Higher collection of delinquent property taxes	(\$ 432,978)
Total effect on 2018-2019 Proposed Budget	(\$ 1,468,082)

- Property Values were lower by \$110,000.
 - › The district will not earn \$1,035,104 in property taxes and \$432,978 in delinquent taxes due to the decrease in property values.
 - › Due to the higher collection in delinquent taxes this year the district will have less to collect next year, so the taxes and the state aid will reflect \$432,978 less, which is already reflected in the budget.

Highlights of Proposed 2018 – 2019 Budget (continued)

EMPLOYEE COMPENSATION

- Included a \$750 pay raise for all employees. It will be reflected in the paychecks throughout the year.
- Administration recommends that the Board approve a One-Time Stipend to All Employees to be Paid in May 2019 from Local Maintenance Funds, contingent on the District achieving at least 16,050 ADA for School Year 2018-2019, as follows:
 - ❖ Additional \$250 for teachers
 - ❖ Additional \$250 for Administrators
 - ❖ Additional \$150 for paraprofessional, manual trades & technical trades staff
- Administration further recommends an additional one-time, **CAMPUS-BASED STIPEND** for all campus employees CONTINGENT on the Campus achieving a 2% enrollment increase from the Prior School Year (2017-2018), and a 0.5% increase in attendance for the School Year 2018-2019 as follows: High Schools 95.5%, Middle School 96.5%, and Elementary Schools 97.5%.
 - ❖ Additional \$250 for teachers
 - ❖ Additional \$250 for Campus Administrators
 - ❖ Additional \$150 for Campus paraprofessional, manual trades & technical trades staff

12

- Campus Based Stipend: 0.5% increase in attendance is needed to qualify for stipend.
 - › 2017-2018 campus goal: High Schools - 95%; Middle Schools - 96%; and Elementary Schools - 96%
 - › 2018-2019 campus goal: 0.5% increase
High Schools – 95.5%; Middle Schools – 96.5%; Elementary Schools – 96.5%

Highlights of Proposed 2018 – 2019 Budget (continued)

- South Palm Gardens High School and Horton Alternative Education Program would only need to attain a 95.5 % of attendance for the year.
- In order for District Employees to be eligible to qualify for the corresponding one-time stipend(s) mentioned above, the Employees:
 - Must be hired by the District as of September 14, 2018, and
 - Remain hired by the District/Campus through May 31, 2019.

•South Palm Gardens High School and Horton Alternative Education Program need to improve their attendance for the year by .05 percent in order to qualify for the stipend.

Mr. Kennedy wanted to know if there was going to be funds left over from the ADA once the teachers receive their stipends. According to Mr. Sanchez, the district will have funds left over from the ADA.

Oscar Caballero requested a spreadsheet showing the number of students represented by a 2% increase in campuses peak enrollment for school year 2018-2019 compared to school year 2017-2018.

Highlights of Proposed 2018 – 2019 Budget (continued)

• Results of Revisions to Budget (Continued)

Function	Description	Budget	Function	Description	Budget
11	Instruction	\$ 415,236	35	Food Service	\$ 0
12	Media Services, Library	25,000	36	Co-Curricular, Extra-Curricular	225,000
13	Staff Development	35,000	41	General Administration	40,000
21	Instructional Administration	10,000	51	Maintenance and Operations	50,000
23	Campus Administration	10,000	52	Safety & Security	20,000
31	Counseling	10,000	53	Data Processing	0
32	Social Services	10,000	61	Ancillary Services	30,000
33	Health	5,000	95	Payments To Juvenile Alternative Ed	0
34	Transportation	0	99	Other Intergovernmental Charges	0
				TOTAL CONTINGENCY BALANCES	\$ 885,236

14

- Last year’s contingency balance was close to \$1,000,000.00.
- These funds are used for schools, as needed, to avoid bringing budget amendments to the Board.

Highlights of Proposed 2018 – 2019 Budget (continued)
Effects of Flooding of June 20, 2018 and Thereafter

- Approximately 3,500 Weslaco ISD Students were affected by the flood.
- If their families relocate to other cities, that would tremendously impact the district’s student enrollment and ADA.
- That would decrease our state revenues by large amounts.
- If we lose 200 ADA, that represents approximately a \$1,500,000 decrease in state funding.
- We also had damage at :
 - ❖ Roosevelt Elementary
 - ❖ Food Service Department (next to Roosevelt Elementary)
 - ❖ Warehouse
 - ❖ Transportation Department - facility and vehicles
 - ❖ Weslaco East HS Gym floor
 - ❖ Maintenance Department (vehicles only)
 - ❖ Energy Management Department – HVAC filters only
- Not all these repairs and replacements will be covered by insurance.
- We anticipate an insurance settlement of approximately \$3,500,000 for Buses, Pickup Trucks and Suburbans.

15

- The anticipated \$3,500,000 from the insurance settlement is included in this year’s budget in the fund balance.
- The Unassigned/Undesignated fund balance is at \$17.5 million, which will increase to \$18 million.
- The fund balance for Facilities or Other Needs was \$19 million and is now at \$2 million.
- School Districts are expected to have revenues for 75 days, which would be about \$14 million. WISD has funds to cover 39 days.

Proposed 2018 – 2019 Budget
Debt Service Fund

The budget includes a transfer of Surplus Funds of only \$900,000 from the General Fund to the Debt Service Fund for the payment of Bond Debt .

The budget reflects an I&S tax rate of 2 pennies per \$100 of taxable property valuation. The 2 pennies generate approximately \$442,335 in taxes and \$637,835 in State EDA & IFA revenues.

Account	Balance / Amount
Estimated Fund Balance at 8/31/2018	\$ 2,110,221
Estimated Revenues (Taxes & Penalties)	442,335
Estimated Revenues (State EDA & IFA Revenues)	637,835
Investment Interest Revenue	55,000
Transfer of Surplus Funds from General Fund	900,000
Projected Funds Available to Pay Bond Debt after Transfer from General Fund	\$ 4,145,391
Payment of Bond Principal and Interest Requirements	(3,955,425)
Projected Fund Balance at 08/31/2019	\$ 189,966

16

- Projected fund balance at the end of August 31, 2019: \$189,966.

Proposed 2018 – 2019 Budget

Average Daily Attendance (ADA) For the Last Seven Years

<u>Fiscal Year</u>	<u>ADA Budget</u>	<u>ADA Actual</u>	<u>Difference Actual to Budget</u>
2011 – 2012	16,510	16,389	(121)
2012 – 2013	16,301	16,415	114
2013 – 2014	16,411	16,420	9
2014 – 2015	16,300	16,054	(246)
2015 – 2016	15,800	16,334	534
2016 – 2017	16,100	16,096	(4)
2017 – 2018	16,170	15,906 [^]	(264)
2018 – 2019	15,905 ^{**}		

^{*} Final ADA based on best 4 six-weeks of 2017 – 2018 School Year.
^{**} Projected ADA for 2018-2019 School Year (conservative estimate).
^{***} Actual ADA for School Year 2018-2019 will be affected by the impact of the Floods in Weslaco.

17

•WISD ended the 2017-2018 school year with 264 ADA short, which resulted in \$2 million less of state aid from ADA.

Proposed 2018 – 2019 Budget

Student Peak Enrollment for the Past Seven Years

<u>School Year</u>	<u>District Peak Counts</u>	<u>Increase (Decrease)</u>
2011 – 2012	17,842	--
2012 – 2013	18,008	166
2013 – 2014	17,917	(91)
2014 – 2015	17,823	(94)
2015 – 2016	17,930	107
2016 – 2017	17,483	(447)
2017 – 2018	17,446	(37)
2018 – 2019	17,491	45 [*]

^{*} Initial Projected Increase in Enrollment
^{**} Actual Enrollment for School Year 2018-2019 might be affected by the impact of the Floods in Weslaco.

18

•Initial Projected Increase in Enrollment for the 2018-2019 school year is 17,491.

Proposed 2018 – 2019 Budget
Tax Rate for the Past Seven Years

<u>Year</u>	<u>M&O Tax Rate</u>	<u>I&S Tax Rate</u>	<u>Tax Rate</u>
2011-2012	\$ 1.1397	\$ 0.0000	\$ 1.1397
2012-2013	\$ 1.1397	\$ 0.0000	\$ 1.1397
2013-2014	\$ 1.1397	\$ 0.0000	\$ 1.1397
2014-2015	\$ 1.1397	\$ 0.0000	\$ 1.1397
2015-2016	\$ 1.1397	\$ 0.0000	\$ 1.1397
2016-2017	\$ 1.1397	\$ 0.0000	\$ 1.1397
2017-2018	\$ 1.1397	\$ 0.0200	\$ 1.1597
2018-2019 *	\$ 1.1397	\$ 0.0200	\$ 1.1597

* Proposed Tax Rate

Proposed 2018 – 2019 Budget

- This public hearing was advertised in The Monitor Newspaper on Friday, August 10, 2018 as required by State Law.
- At a Special Board Meeting Scheduled for Monday, August 20, 2018 at 6:00 p.m., the Board of Trustees will consider for Approval:
 - The Proposed Budget for Fiscal Year 2018-2019
 - The Proposed Tax Rate for Fiscal Year 2018-2019

Preliminary Proposed Budget for Fiscal Year 2018-2019:

- Estimated Revenues: \$169,942,978
- Salaries: \$121,970,016
- Extra Duty Stipends: \$13,982,908
- Total Budget Payroll Expenditures: \$135,952,924
- Expenditures in Alio: \$33,090,054
- Total Non-Payroll Expenditures: \$33,090,054
- Total Expenditures Budget: \$169,042,978
- Revenues Over (Under) Expenditures: \$900,000
- Transfers Out to I&S Fund to Pay Bonds: (900,000)

Adopted Budget 2017-2018

- Estimated Revenues: \$172,082,117
- Salaries: \$122,823,511
- Extra Duty Stipends: \$13,407,574
- Total Budget Payroll Expenditures: \$136,231,085
- Expenditures in Alio: -0-
- Total Non-Payroll Expenditures: \$34,151,032
- Total Expenditures Budget: \$170,382,117
- Revenues Over (Under) Expenditures: \$1,700,000
- Transfers Out to I&S Fund to Pay Bonds: (1,700,000)

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- Estimated Revenues: (2,139,139)
- Salaries: (853,495)
- Extra Duty Stipends: \$575,344)
- Total Budget Payroll Expenditures: (278,161)
- Expenditures in Alio: -0-
- Total Non-Payroll Expenditures: (1,060,978)
- Total Expenditures Budget: (1,339,139)
- Revenues Over (Under) Expenditures: (800,000)
- Transfers Out to I&S Fund to Pay Bonds: 800,000

IV. Public Comments on Proposed 2018-2019 Budget and Tax Rate

No one addressed the Board with questions or concerns.

V. Adjournment

The Public Hearing adjourned at 6:25 p.m.