FLORENCE INDEPENDENT SCHOOL DISTRICT

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Special Buffalo Update from the Superintendent
July 29, 2026

Dear FISD Community,

Our staff has worked extremely hard this summer to develop our budget for the 2026-2027 school year and projections for the 2027-2028 and 2028-2029 school year. As you will recall, during the 2023-2024 school year, FISD operated under an adopted deficit budget. Last school year, due to increased funding from the 89th Texas Legislative Session, we were able to adopt a balanced budget. As we look to the future, we are predicting a deficit budget for the next three years, barring changes made in the upcoming Legislative Session or rapid enrollment growth. These deficits occur despite our efforts to reduce expenditures across the district, including 10-15% cuts to departmental and campus budgets.

The FISD Board has historically had a goal of being conservative in expenditures, but our current expected revenues do not meet our expected expenditures in our Maintenance and Operation (M&O) Budget. The M&O budget is used to fund all activities within the district, to include utilities, staff pay, transportation, and maintenance. We currently have an M&O Tax Rate of $0.7052 per $100 valuation. Due to state mandated tax compression, that is down from $0.9429 per $100 valuation in the 2022-2023 school year or a $.23 decrease per $100 valuation over the last three years. School districts in the State of Texas are funded based on Average Daily Attendance. Despite our enrollment declining from 1167 at the official snapshot date during the 2023-2024 school year to 1130 for this past year, because of our campus efforts to increase attendance rates, we have not seen a significant decrease in funding from the state. Even with the cuts to budgets already in place and our increased student attendance rate, the district is still facing a budget shortfall of approximately $137,844.00. This number assumes zero pay increases for any staff members in FISD for the upcoming school year. The budget deficit under this assumption, with no pay increases over the next two years, increases to approximately $210,719.00 in 2027-2028 and $246,751.00 in 2028-2029. Even with a below-market 1% pay increase for the 2026-2027 school year, the projected deficit grows to $277,844.00 next year, $350,719.00 (with no additional pay increase) in the 2027-2028 school year, and $386,751.00 (with no additional pay increase) in the 2028-2029 school year.

As the Superintendent, it is my job to make recommendations to the FISD Board of Trustees on the best option to address these budget deficits. During the course of our regularly scheduled or special called board meetings over the past three months, I have discussed options for increasing our revenue to reduce or eliminate the budget deficits. Because FISD is a small district, options that larger districts may use (such as increasing class sizes to reduce teaching staff or eliminating central office positions) are less practical or prohibited. FISD's central office currently only has five positions, including me, at a director level or above. Each of these staff members is playing a role in the continued improvement efforts in FISD. With that being said, I plan to offer two solutions to the FISD Board of Trustees that I will recommend during our August Board Meeting. The two solutions are discussed below.

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The first solution I will propose is asking our voters to consider a Voter Approved Tax Ratification Election (VATRE). School districts receive funding from the state based on their tax rate at three different levels. Tier One generates the Basic Allotment (the amount of money we receive per student) based on the proportion to the Maximum Compressed Tax Rate. Think of this as our base funding. Tier Two funding is divided into two categories. The first category in Tier 2 is known as the 8 Golden Pennies, which guarantees an additional yield of $129.52 per Weighted Average Daily Attendance (WADA) for the upcoming school year. These funds are not subject to recapture and FISD currently collects all 8 Golden Pennies and receives all funding associated with these pennies. The second category in Tier 2 funding is known as the 9 Copper Pennies. Copper Pennies will have a guaranteed yield of $49.72 per WADA for the upcoming school year. FISD currently only collects just shy of 6 Copper Pennies. In other words, our M&O Tax Rate for the 2025-2026 school year of $0.7052 includes the 8 Golden Pennies and just shy of 6 Copper Pennies. If the FISD Board of Trustees elects to hold a VATRE in November and it passes, FISD would begin assessing the approximately 3 Pennies on the tax rate. The impact to our revenue each year is expected to be approximately $300,000.00. If the VATRE passes in November, the funds will be used to provide a pay raise to the FISD staff. Should it fail, other than a Step increase for teachers, we do not plan to provide raises for staff. A step increase for teachers equates to an average of an approximately $400 raise for the entire year, or less than $30 per month after taxes.

The second solution I plan to propose is asking our voters to consider a new Refinancing Bond of approximately $1.5 million. Normally, school districts ask for a bond measure to be passed to build new facilities or purchase new capital equipment and this does not impact the district's M&O budget. However, in 2015, FISD issued a Maintenance Tax Note to upgrade several school facilities. A Maintenance Tax Note does not require voter approval because the district is obligated to pay for the Maintenance Tax Note out of the M&O budget, and voters have previously approved of the M&O tax rate. This obligation is currently impacting our M&O budget by approximately $200,000.00 per year. By moving this to a bond obligation, we increase our non-obligated revenue in our budget every year by approximately $200,000.00. Because FISD's tax base has continued to grow, the District does not project that issuing this bond would increase the tax rate for FISD taxpayers. In other words, should this pass, your tax rate is not projected to increase. This is very similar to the 2024 bond for $4.5 million to fund the new elementary campus that did not increase the tax rate.

Should the Board of Trustees vote to order both a VATRE and a Bond Election, the district will have a third-party firm conduct an efficiency audit to review whether the district is maximizing its revenues. The results of that audit will be made available to the community and are intended to evaluate whether FISD is being efficient with your tax dollars.

Finally, if our voters approve both the VATRE and the Bond, the tax rate is projected to remain the same for the 2026-2027 school year. We plan to spend some of our I&S (Interest and Sinking) Fund Balance to cover what would normally be a tax increase. In effect, we will

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increase the M&O Tax rate by approximately 3 pennies and lower our I&S tax rate by the amount so that the total tax rate remains the same, meaning our **tax payers will pay the same amount in taxes** assuming no change in the appraised value of their property (FISD does not appraise property. That is done by the Williamson County CAD and the Bell County CAD offices).

More information will be released should the FISD Board of Trustees order either of the two propositions that I will propose. My goal is to be transparent with you as our partners in education. While the ballots will indicate that this is a tax increase by state law, we project that your property tax rate from FISD will not increase with the passage of both propositions. With the passage of both propositions, FISD will address the budget deficit and adopt a balanced budget while giving our staff a pay increase.