



**STRATEGIC
BUDGET TEAM
REPORT** **2023**

UPDATED OCTOBER 2023

We believe...

parents, community and school have a shared responsibility for the education of youth

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Background

The Clear Creek Independent School District is the 28th largest school district in Texas, educating approximately 40,000 students and employing 5,000 individuals. The district's academic performance is above the region and state average and its financial practices have earned the highest rating under the Financial Integrity Rating System of Texas.

Up until 2020, the district was considered a growing school district, averaging new enrollment growth between 300-600 students annually. Following 2020, the school district has seen a decrease in student enrollment which has attributed to a loss of school funding since the State provides a basic allotment based on the number of students enrolled and based on how often they attend school. The basic allotment of \$6,160 has not increased since 2019.



Student enrollment and attendance declines, stagnant per-student funding, and inflationary costs has resulted in a projected deficit of \$11 million in 2023-2024, \$18.4 million in 2024-2025, and \$30 million in 2025-2026. By 2025, the District's Capital and Contingency fund may be depleted if no changes are made.



The school district has reduced \$4.5 million in expenditures for this year and continues to seek additional reductions. However, to generate \$30 million in expenditure reductions will result in an impact on class sizes and student programs since 90% of the district's budget is personnel and the majority of it is spent at the school level.

Strategic Budget Team

The Superintendent of Schools created a strategic budget team to develop considerations to further reduce expenditures as well as increase revenue. The team consisted of school board members, staff, parents, and community members.

Alice Benzaia	Jessica Cejka	Sara Konesheck
Bob Davee	John Davis	Scott Bowen
Breana May	Julie Smith	Stanley Zavala
Phillips	Kelli Byrd	Stephanie Cook
Britani Moses	Kelly Mooney	Stephanie Cooper
Chris Kidwell	Kirby Killingsworth	Susan Silva
Dava West	Kristi Trevino	Terri Aragon
David Hirsch	Lavanya	
Deborah Lane	Rajarithnam	
Dustin Hardin	Leila Sarmecanic	
Elaina Polsen	Levi Benton	
Franklin Moses	Mark Carden	
Holly Hughes	Michele Staley	
Jeff Kohlenberg	Paul Miller	
Jeff Larson	Robert Bayard	

Charges & Guidelines

- Identify areas to reduce expenditures, specifically looking at expenses added over the past ten years.
- Review historical budget reduction practices from 2011 as well as best practices from other school districts and corporations with more than 5,000 employees.
- Analyze student and staffing enrollment trends and projections of special populations and prioritize resources to support those trends.
- Maximize the use of existing facilities and consider alternative uses or consolidation of underutilized spaces and buildings.
- Evaluate the need to increase revenues through property tax rate increases or locally approved exemption changes that may require board or voter approval.
- Recommend other sources of revenue to ensure Clear Creek ISD is competitive with fees and rates of services considering the cost of inflation for goods and services.
- Conduct a cost/benefit analysis related to the possibility of outsourcing and/or strategically abandoning certain district functions, magnet, and supplemental transportation, and/or district instructional programs.
- Prioritize/protect resources in support of increased student achievement and Vision 2030 plans.
- Consider financial implications of the 88th Legislature recognizing the session is still in progress as well as the end of the federal ESSER program.
- Utilize data when analyzing benefit versus risk of recommendation.
- Refrain from using the district's reserve funds to balance the budget beyond 2024.

The Process and Prioritizations

The committee met for two half-day sessions and developed a list of considerations for the superintendent of schools. The committee received a comprehensive budget overview, enrollment trends and future projections report, and detailed staffing and program information.

The team was split into three groups to develop considerations around three key areas: revenue enhancement, staffing, and operational expenses.

Individually, each member was asked to prioritize the nearly 30 ideas to reduce costs and generate revenue. The following recommendations were ranked as the top priority in the following categories:



Generating Revenue from Taxes or Staffing Reductions

Increase annual revenue between \$5.8 and \$11.6 million using up to two Golden Pennies. (Second Golden Penny has not been legislatively approved as of this report)



Reduce Operational Expenses

Increase facility rental fees to cover the cost of inflation.



New Revenue

Expand tuition-based pre-kindergarten and increase tuition to the maximum TEA allows annually.



Compensation Plans

Reduce overtime

See page 7 for a priority ranking order by category. The Strategic Budget Team also developed tiered recommendations, essentially the order in which the superintendent may approach these considerations.

Tier 1: Generate Revenue from Taxes and/or Staffing Reductions

Tier 2: Reduce Operational Expenditures

Tier 3: Create New Revenue

Tier 4: Adjust Compensation Plans

Prioritization

Following an efficiency analysis of current staffing and operational expenses, the superintendent should consider generating revenue from taxes and or staffing reductions in the following priority order.

- Increase annual revenue between \$5.8 and \$11.6 million using up to two Golden Pennies. The Legislature is considering allowing school boards to add up to six additional pennies to the Maintenance & Operations Compressed Tax Rate without voter approval. Currently, Clear Creek ISD has taken four of the six. The reason why they are called 'Golden' is that the state provides additional state revenue on each penny and all the monies stay local. Currently, CCISD has the second lowest Maintenance & Operations tax rate in Region IV and the fourth lowest in Texas among school districts.
- Eliminate or reduce the current local homestead exemption of 5% which would generate up to \$7.8 million in additional M&O revenue annually. The State Legislature is considering increasing the State's homestead exemption from \$40,000 to \$70,000.
- Reduce department budgets by 5% in year one and another 5% in year two with the exception of maintenance, and software technology budgets. This would yield a savings of \$306,000.
- Once the board approved golden pennies has been maximized, the Board could pursue a Tax Rate Election and request voter approval of three additional golden pennies and promise the taxpayers an increase in the optional homestead exemption to cover the additional cost of three golden pennies. The district would benefit from the state enrichment funds provided by the three golden pennies. This would be a difficult scenario to implement due to the timing associated with tax rate elections and the ability for the board to promise a future increase in the homestead exemption. This would net additional funding of \$5 to \$7.5 million. Note: Currently CCISD can add 1 penny to the tax rate with board approval and 12 pennies with voter approval.

- Reduce elective course offerings at the high school level and increase the minimum number of student requests to 20 for any course to be approved which would result in increased class sizes for core and elective classes.
- Reduce the number of district positions added in the past ten years.
- Reduce non-classroom campus positions (ie: high school library aides, student support counselors, instructional coaches, admin interns).
- Hold a tax rate election in November 2024 to pursue voter approval of additional pennies required to cover annual deficit.
- Reduce the number of teachers through attrition and increase class sizes from 27:1 to 28.1 in grades 5-12. This would yield \$1.6 million in savings however may have a negative impact on student achievement, teacher morale, and parent satisfaction.
- Reduce the number of teachers through attrition and increase class sizes from 23:1 to 24:1 in pre-kindergarten through 4th grade. This would yield \$1 million in savings however may have a negative impact on student achievement, teacher morale, and parent satisfaction.

Prioritization

The Superintendent should consider the following avenues to reduce operational expenditures.

- Increase facility rental fees to cover the cost of inflation.
- End the run time of air conditioning at all schools 30 minutes after students leave and allow principals to schedule work times for teachers and student activities as needed in School Dude (the district's online work order system). This could yield a \$400,000 savings in energy costs.
- Consolidate support facilities and maximize the use of existing facilities. This could yield savings between \$56,000 and \$297,000 annually in insurance and utility costs.
- Reduce the per-student cost for Clear Horizons Early College High School through sponsorship or implement a fee to cover a portion of college textbooks and tuition with a need-based waiver for students who are economically disadvantaged.
- Implement an across-the-board program fee for non-required programs such as Science Magnet, WAVE, and Clear Horizons Early College High School to recover the cost of bus transportation and other supplemental costs. This would be for all participants of these programs versus just for those who use bus service. A needs-based waiver would be available for students who are economically disadvantaged.
- Review and reduce the number of officers needed for extracurricular activities to reduce cost to the district for security coverage.
- Recover the fuel costs of all non-required transportation by implementing a transportation fee with a need-based waiver for students who are economically disadvantaged. Fee would be approximately \$88.00 annually per student.

- Eliminate the use of district funds for school field trips and move this funding source to campus activity funds. This would result in a savings of \$36,000.
- Eliminate all non-required transportation. This would include transportation to magnet programs, CTE programs, dual credit, and application-based schools such as Clear Horizons ECHS. This would yield \$372,000 annually however it would potentially limit student participation in these special programs due to family hardship.

Prioritization

The superintendent should consider a recommendation to the CCISD Board of Trustees to create new revenue in the following priority order:

- Expand tuition-based pre-kindergarten program and increase tuition to the maximum TEA allows annually. Based on school availability and family interest, this could generate additional funding but would be offset by the added staffing. Clear Creek ISD employees would have a discounted rate. The benefit would include the possibility of increasing our kindergarten enrollment through parents opting for CCISD versus other tuition-based kindergarten programs.
- Increase student attendance by 2%. Each percentage point increase would generate \$2.2 million of revenue in average daily attendance formula.
- Increase the number of corporate sponsorships and advertisements.
- Pilot or create an open enrollment program whereby families who reside outside of Clear Creek ISD can send their children to CCISD based on space availability and certain criteria to be determined. This would provide CCISD additional revenue based on increased enrollment. The per-student revenue would be approximately \$6,160. This could generate \$1.7 million based on a 300 new student estimate.

- Create an online academy to increase student enrollment and serve students from districts across the state. An academy with 300 students would generate \$1.8 million however would require additional staffing.

Prioritization

The Superintendent should consider the following avenues to **adjust compensation plans to save costs.**

- Reduce overtime.
- Reduce calendar days for non-classroom positions thus limiting the district's payroll costs. This would result in a reduction of pay for non-classroom employees and may make recruiting and retaining employees difficult especially in hard-to-staff positions such as transportation, maintenance, etc.
- Eliminate the District's financial contribution to dental benefits and move the cost to employees. This would provide \$550,000 in savings. The risk is an additional financial burden for employees at a time when overall health care costs are increasing.
- Restructure the current compensation system of an-across-the-board raise structure for employees and consider salary increases based on performance and stipends for retention. This proposed system should also restrict pay raises for employees who are on a growth plan.
- Consider a four-day school week. This should be carefully evaluated as it could decrease student academic achievement and create hardship for working families. A reduced work week would result in a reduction in pay for employees.

Superintendent Update October 2023

The work of the CCISD Strategic Budget team has been instrumental in guiding decisions for the school district. In August, the CCISD Board of Trustees called for a Voter Approval Tax Rate Election to access three Golden Pennies in order to balance the budget. This was the priority recommendation in this report. As of October 2023, the Legislature has not increased the basic allotment despite three called special sessions. It will be up to the community to determine the fiscal path forward for Clear Creek ISD. Below is an update on the recommendations presented in this report and the District's actions. If the Election fails in November, the District may need to consider additional actions listed below.

CCISD STRATEGIC BUDGET SPRINT TEAM CONSIDERATIONS RANKED BY TIER

TIER 1	<p>GENERATE REVENUE FROM TAXES AND/OR STAFFING REDUCTIONS</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> 1 Board Approval of available Golden Pennies <input type="checkbox"/> 2 Eliminate 5% local homestead exemption <input checked="" type="checkbox"/> 3 Reduce non-campus budgets by 5% in year one and 5% in year two <input checked="" type="checkbox"/> 4 Tax Rate Election for remaining Golden Pennies <input type="checkbox"/> 5 Reduce elective course offerings at the high school and increase minimum number of student requests to 20 for course approval <input type="checkbox"/> 6 Reduce the number of district positions added in the past ten years. <input checked="" type="checkbox"/> 7 Reduce non-classroom campus positions. <i>Superintendent Update:</i> Reduced limited positions through attrition in 2022-2023. <input type="checkbox"/> 8 Hold a tax rate election in November 2024 for voter approval of additional pennies (9) <input type="checkbox"/> 9 Reduce number of teachers through attrition and increase class sizes in grades 5-12 <input type="checkbox"/> 10 Reduce number of teachers through attrition and increase class sizes in grades Prek-4
TIER 2	<p>REDUCE OPERATIONAL EXPENDITURES</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> 1 Increase facility rental fees <input checked="" type="checkbox"/> 2 Reduce energy costs by modifying the end run time of air conditioning <input type="checkbox"/> 3 Consolidate support facilities and maximize use of existing facilities <input type="checkbox"/> 4 Create sponsorships or fees to cover CHECHS costs <input type="checkbox"/> 5 Implement fees for non-required programs (magnet, WAVE, CHECHS, etc.) <input type="checkbox"/> 6 Reduce number of officers at extracurricular events <input type="checkbox"/> 7 Implement transportation fee for non-required transportation services <input type="checkbox"/> 8 Eliminate use of district funds for school field trips <input type="checkbox"/> 9 Eliminate all non-required transportation (magnet, CTE, dual credit, CHECHS, etc.)
TIER 3	<p>CREATE NEW REVENUE</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> 1 Expand tuition-based prekindergarten program and increase tuition rate <input checked="" type="checkbox"/> 2 Increase student attendance by 2% <input checked="" type="checkbox"/> 3 Increase number of corporate sponsorships and advertisements <input checked="" type="checkbox"/> 4 Create an open enrollment program to increase enrollment based on space availability <input type="checkbox"/> 5 Create an online academy
TIER 4	<p>ADJUST COMPENSATION PLANS</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> 1 Reduce overtime <input type="checkbox"/> 2 Reduce calendar days for non-classroom positions <input type="checkbox"/> 3 Eliminate district financial contribution to dental benefits <input type="checkbox"/> 4 Restructure compensation system of across the board raise structure <input type="checkbox"/> 5 Consider a four-day school week and reduce calendar days for employees



This report has been respectfully submitted by the CCISD Strategic Budget Team to Dr. Karen Engle, Superintendent of Schools.

This report is to inform the superintendent of potential fiscal options. It is not intended to be firm recommendations or endorsed actions from the CCISD Strategic Budget Team.

It is the responsibility of the superintendent and the Board of Trustees to manage the District's fiscal affairs in a manner consistent with the Clear Creek Independent School District's mission, beliefs, and strategic plan.
