

# Waco ISD may drop pay hikes, cut positions in face of \$14M budget deficit

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By Carl Hoover

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A yawning budget deficit of possibly \$14 million is forcing Waco Independent School District administrators to continue whittling away at next year's budget with a proposed teacher pay increase and more staff positions likely on the chopping block.

A convergence of inflation, the end of federal pandemic-era funding, declining student enrollment and attendance, and static state per-student allotments are adding up to a multi-million dollar deficit that could force district officials to tap its reserves by as much as \$14 million. However, the district has already identified about \$3 million in cuts, shrinking the potential deficit to \$11 million, and is looking for another \$3 million to cut.

During a school board meeting Thursday, Chief Financial Officer Sheryl Davis outlined the stresses on district revenue and expenditures for the upcoming school year.

The district drew on its \$58 million fund balance to cover a \$3.4 million shortfall this year, but may have to pull as much as \$14 million from it next year for a proposed \$170.8 million budget. That would drop its fund balance from 30.6% of the budget to 23.6%.

Superintendent Susan Kincannon, Davis and other administrators have been warning trustees of an impending budget shortfall for several months. Davis' presentation outlined some of the reasons behind their concern:

- A loss of \$2.1 million in state funding due to projected enrollment and attendance declines
- \$3.6 million to absorb some of the instructional and support positions funded by federal pandemic-relief money that runs out in August
- \$2.2 million for a proposed 2% pay increase for teachers and staff, continuing last year's salary increases
- \$1 million in higher utility and insurance costs
- \$960,000 to transition transportation operations to district management
- \$694,000 for Transformation Waco wrap-around services.

Administrators already have cut some \$3 million from the proposed 2024-25 budget, including by cutting some paraprofessional positions; reducing staffing at Transformation Waco schools, which are returning to district control, to match the standard in the rest of the district; and cutting some positions that had been funded by pandemic-relief programs, Kincannon said. The proposed budget also has no funding earmarked for major facility repairs or vehicle replacement.

Without an increase in the state's per-student allotment, the district is squeezed by higher prices, utility costs and insurance rate hikes, a situation shared by multiple public school districts across the state, Kincannon said.

With the state Legislature's next regular session coming in 2025, Davis said trustees should not anticipate any financial help from the state in the near future. "We are probably not going to be bailed out anytime soon," she said.

Kincannon told trustees the budget cutting would continue in the weeks ahead, with proposed teacher and staff salary increases a possible target.

"We are still working on budget cuts, and no programs are eliminated yet. ... A raise is looking unlikely at this time," she said.

The district is trying to fill vacancies by transferring employees to different positions rather than hiring from outside, Kincannon said.

Trustee Jonathan Grant asked Davis how much more in budget cuts are needed to "get to a place that feels safe."

"I'd like to see another \$3 million," she said. "If we can get (a budget deficit of) \$14 million to around \$8 million, I'd feel more comfortable," she said.