

# Budget Workshop

Date: 05/07/2020

Presenter: Office of Finance



# Agenda

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- 2020-2021 Updated Considerations
- A Look at 2021-2022
- Other Items

# FY2019 Investment in Board Priorities

Board Priority	Board Goal	FY 2019 Investment
PreK Expansion	Goal 1	\$1 million
K-3 Literacy	Goal 1	\$11 million
K-10 Literacy	Goal 1	\$16.5 million
Literacy & Math	Goal 3	\$17.6 million
Data Driven Instruction	Goal 1,3,4	\$4.4 million

# FY2019 Investment in Board Priorities

Board Priority	Board Goal	FY 2019 Investment
CCMR	Goals 1,2,3,4	\$27 million
Wraparound Services	Goals 1,2,3,4	\$9.8 million
Achieve 180	Goal 4	\$23.3 million
Supporting Special Education Students	Goal 4	\$34.2 million
Fine Arts Education	Goals 1,2,3,4	\$4.3 million

# Budget Workshop

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2020-2021

# Goals Used to Drive Budget Preparation

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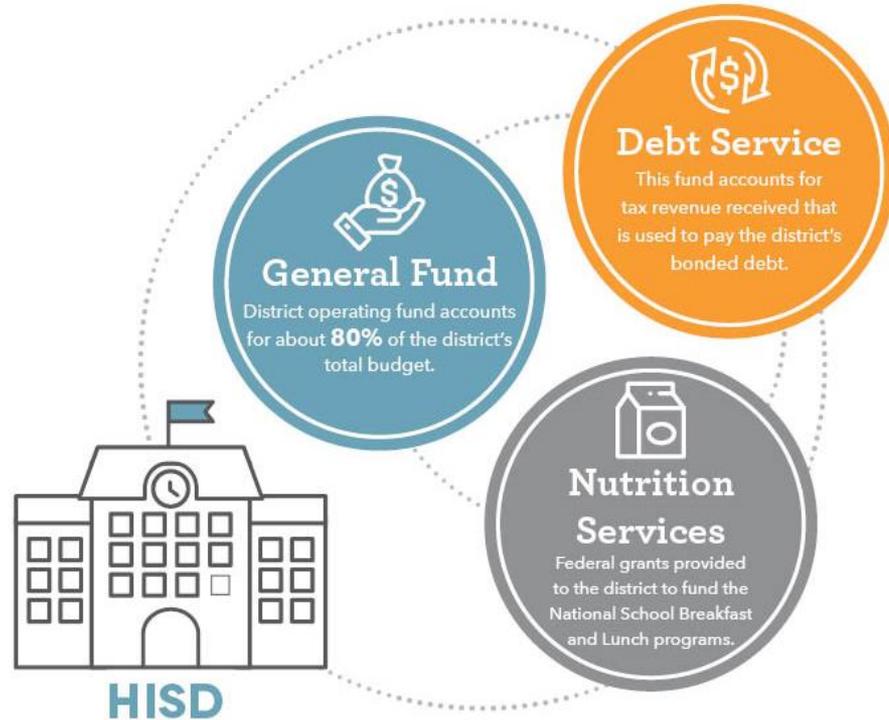
- The percentage of 3rd grade students reading at or above grade level as measured by the Meets Grade Level Standard on STAAR will increase 13 percentage points from 39% in spring 2019 to 52% in spring 2024.
- The percentage of 3rd grade students performing at or above grade level in math as measured by the Meets Grade Level Standard on STAAR will increase 15 percentage points from 43% in spring 2019 to 58% in spring 2024.
- The percentage of graduates that meet the criteria for CCMR as measured in Domain 1 of the state accountability system will increase 19 percentage points from 63% for 2017-2018 graduates to 82% for 2022-2023 graduates reported in 2024.

# FY2020 Investment in Board Priorities

Proposed Board Priority	FY 2020 Investment
K-3 Literacy	\$14 million
K-3 Math	\$6 million
Academic Instructional Technology	\$1.4 million
Special Education	\$5 million
Wraparound Specialists	\$15.4 million
Achieve 180	\$24.3 million
CCMR (College/Career/Military Readiness)	\$27 million

# 3 Budgets Trustees Must Approve

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# Legal Budget Timeline

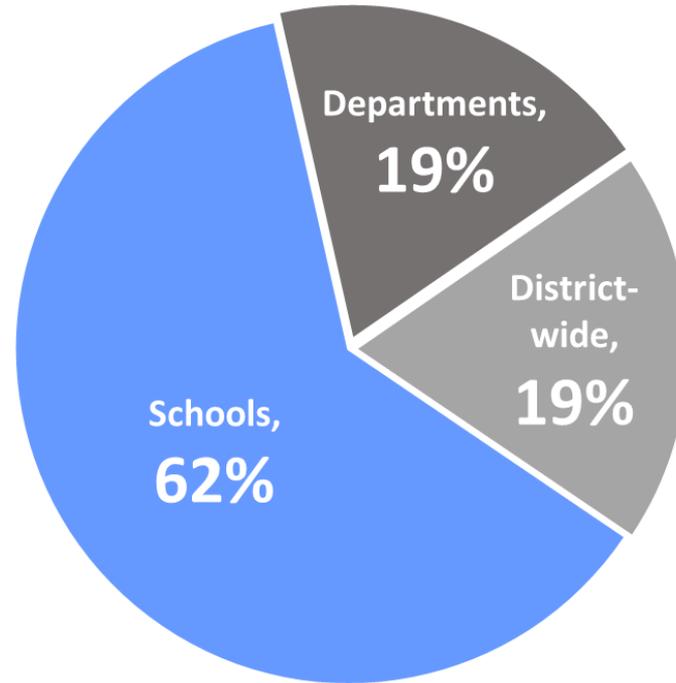
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- **Harris County Appraisal District provides certified estimated property values by April 30<sup>th</sup>**
- **Board adopts budget by June 30<sup>th</sup>**
- **District publishes Truth in Taxation notice for “Public Hearing on Budget and Tax Rate” no earlier than 10 days and no later than 30 days prior to the budget adoption board meeting.**
- **District publishes the recommended budget by function on the district’s website at the same time the Truth In Taxation notice is published.**
- **District publishes the adopted budget by function on the district’s website after budget adoption and for the remainder of the fiscal year.**

# 2019-2020 Adopted Budget Appropriations

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2019-2020  
General Fund  
Adopted  
Budget



# School Funds Examples

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School Funds			
PUA Funds	Magnet	HS Allotment	Special Education
Targeted Assistance	Achieve 180	Career Technical Education	Campus Capital Outlay

# Department Fund Examples

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Department Funds			
Facilities & Custodial	Transportation	Information Technology	Academics
Accounting / Budgeting / Procurement	Communications / Media Services	Human Resources	General Counsel
Area Offices	Superintendent's Office	Chief Of Staff	Internal Audit

# District-wide Fund Examples

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District-wide Funds			
Teacher Retirement System (TRS)	Property, Auto, Liability Insurance	Harris County Appraisal District Fees	Tax Increment Reinvestment Zone
Special Education Stipends	Critical Shortage Teacher Stipends	Bilingual Teacher Stipends	Hard to Fill Campus Stipends
Long-Term Substitutes	Campus and District Utilities	Non-campus Capital Outlay	Transfers for Debt Payments

# General Fund Revenues 2019-2020

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Local  
91.03%

Nearly all local funds come from the collection of property taxes from residential and commercial property.



State  
7.9%

HISD receives a small amount of assistance from the state primarily Available School Funds.



Federal  
1.07%

The district receives a small amount of federal revenue through Build America Bond subsidy, grants and reimbursements.

# Debt Service Revenues 2019-2020

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Local  
99.06%

Nearly all local funds come from the collection of property taxes from residential and commercial property.



State  
0.74%

HISD receives a small amount of assistance from the state due to the increase in the state mandated homestead exemptions from \$15,000 to \$25,000.



Federal  
0.20%

The district receives a Build America Bond subsidy from the federal government.

# Nutrition Services Revenues 2019-2020

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Local  
7.36%

Sales to customers primarily  
a la carte food items and  
interest earnings.



State  
0.40%

State matching funds.



Federal  
92.24%

Child Nutrition Program,  
Child and Adult Care  
Program, Summer Food  
Program and USDA Donated  
Commodities.

# 2020-2021 Updated Assumptions

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- Projecting a budget deficit due to COVID-19
- Property Value Increase
  - Updating to 5% over current values (\$195,685,763,513)
  - Reducing collection rate from 98% to 97%
  - Values based on January 2020 value
  - Any increase in the collection rate or values will reduce the deficit
- Maintenance & Operations (M&O) tax rate
  - 2019-2020 current rate is \$0.97
  - 2020-2021 based on \$0.9630 (includes the additional golden penny)
    - Generates about \$24 million, currently allocated to salary increases
    - Assumes unanimous vote of the additional golden penny in September/October 2020
  - TEA will notify districts of their maximum tax rate in late summer 2020 based on certified values and surveys of districts.

# 2020-2021 Updated Assumptions

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- Originally projected enrollment of 209,309 – flat from 2019-2020 snapshot.
  - Updated to 207,809 (1,500 fewer students from 2019-2020 snapshot)
- Reducing interest earnings by \$8 million due to lower interest rates from \$15 million.
- First year of excess revenue (old recapture) under HB3 with these assumptions – approximately \$12 million
- \$170 increase over 2019-2020 in Per Unit Allocation (PUA) for average salary increase.
- No increase over 2019-2020 in student weights.
- Continuing additional \$11m district contribution for health insurance.
- Summer school plan and costs are being developed

# 2020-2021 Certified Estimated Values

Major Property Category	2019 Taxable Value	Percent Change	Projected 2020 Taxable Value
Residential & Rural Improved	80,435,322,907	4.97%	84,429,399,192
Apartments	24,560,973,409	14.47%	28,114,590,127
Commercial	53,547,197,256	5.50%	56,490,579,595
Vacant Land	5,133,301,071	2.89%	5,281,458,407
Industrial	4,095,241,110	-0.09%	4,091,456,083
Utility	1,854,134,193	1.82%	1,887,848,842
Commercial Personal	10,131,656,412	2.85%	10,420,155,328
Industrial Personal	6,458,150,465	-0.78%	6,408,099,799
All Other Property	89,526,478	-30.55%	62,176,139

<b>Projected 2020 Taxable Value</b>	<b>186,305,503,301</b>	<b>5.84%</b>	<b>197,185,763,513</b>
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## Projected 2020 Taxable Value Range

<b>Accuracy +/- 5%</b>	<b>187,326,475,337</b>	<b>To</b>	<b>207,045,051,688</b>
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# 2020-2021 Certified Estimated Values

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	<b>2019</b>	<b>2020</b>
Average Market Value of Residences:	\$304,002	\$315,033
Average Taxable Value of Residences:	\$232,235	\$241,942

Total Appraised Value of All Property:	\$239,590,584,983	\$253,582,699,348
Total Appraised Value of New Property:	\$4,445,829,623	\$5,576,148,075
Total Taxable Value of All Property:	\$186,305,503,301	\$197,185,763,513
Total Taxable Value of New Property:	\$3,457,074,599	\$4,336,009,588

Total Market Value of All Property:	\$242,525,196,587	\$256,688,692,566
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# 2020-2021 Financial Analysis

	March 5, 2020 2020-2021	April 27, 2020 2020-2021	May 7, 2020 2020-2021
<b>Revenues and Resources</b>			
5700-Local Sources	\$ 1,830,597,172	\$ 1,800,680,336	\$ 1,806,533,922
5800-State Sources	196,149,158	153,911,632	153,911,632
5900-Federal Sources	19,724,182	19,724,182	19,724,182
7900-Other Sources	22,500,000	22,500,000	22,500,000
<b>Total Revenues</b>	<b>\$ 2,068,970,512</b>	<b>\$ 1,996,816,150</b>	<b>\$ 2,002,669,736</b>
<b>Beginning Appropriations</b>	<b>\$ 1,963,877,171</b>	<b>\$ 1,963,877,171</b>	<b>\$ 1,963,877,171</b>
<b>Change in excess revenue payment</b>	<b>\$ 60,000,201</b>	<b>\$ 12,074,740</b>	<b>\$ 12,074,740</b>

# 2020-2021 Financial Analysis

	March 5, 2020 2020-2021	April 27, 2020 2020-2021	May 7, 2020 2020-2021
<b>Required Increases / Decreases</b>			
Capital Lease Recognition	(15,089,788)	(15,089,788)	(15,089,788)
College, Career, Military Readiness (CCMR)	(1,056,471)	(1,056,471)	(1,056,471)
Transfers Out for Debt Service	(2,685,625)	(2,685,625)	(2,685,625)
IT Maintenance/Software Contracts		-	2,371,059
SAT reimbursement	189,000	189,000	189,000
CTE Certification reimbursement	367,028	367,028	367,028
Property, Liability, Auto Insurance	2,500,000	2,500,000	2,500,000
Self Insurance	1,000,000	1,000,000	1,000,000
Harris County Appraisal District (HCAD)	1,157,402	1,157,402	1,157,402
Charter School Enrollment Increase	2,400,000	5,700,000	5,700,000
Tax Increment Reinvestment Zone (TIRZ)	2,846,547	1,940,467	1,539,766
Campus Enrollment Increase	9,700,000	3,358,555	3,358,555
Career & Technology Allotment- Middle School		1,384,873	1,384,873
State Compensatory Education (SCE) compliance	10,000,000	7,049,422	7,049,422
Early Education Allotment compliance	27,000,000	27,000,000	24,300,000
<b>Total Required Increases / Decreases</b>	<b>\$ 38,328,093</b>	<b>\$ 32,814,863</b>	<b>\$ 32,085,221</b>

# 2020-2021 Financial Analysis

	March 5, 2020 2020-2021	April 27, 2020 2020-2021	May 7, 2020 2020-2021
<b>Other Increases</b>			
Verizon Innovative Learning Support	864,527	864,527	864,527
Liberty HS lease, maintenance, and custodial	455,922	455,922	455,922
Family & Community Engagement	387,762	387,762	387,762
Health Insurance	11,000,000	11,000,000	11,000,000
Chief Audit Executive	229,021	229,021	229,021
<b>Total Other Increases</b>	<b>\$ 12,937,232</b>	<b>\$ 12,937,232</b>	<b>\$ 12,937,232</b>
<b>Decreases</b>			
Vacant Salaries	\$ (5,000,000)	\$ (5,000,000)	\$ (5,000,000)
Utilities	(2,000,000)	(2,000,000)	(2,000,000)
LBB Recommendation 1	(412,078)	(412,078)	(412,078)
LBB Recommendation 39	(145,676)	(145,676)	(145,676)
District-wide	(3,000,000)	(3,000,000)	(3,000,000)
<b>Total Decreases</b>	<b>\$ (10,557,754)</b>	<b>\$ (10,557,754)</b>	<b>\$ (10,557,754)</b>

# 2020-2021 Financial Analysis

	March 5, 2020 2020-2021	April 27, 2020 2020-2021	May 7, 2020 2020-2021
<b>One-Year Funding Items</b>			
Compensation Study from 2019-2020	(175,000)	(175,000)	(175,000)
<b>Total One-Year Funding Items</b>	<b>\$ (175,000)</b>	<b>\$ (175,000)</b>	<b>\$ (175,000)</b>
<b>Total Appropriations and Transfers Out</b>	<b>\$ 2,087,325,943</b>	<b>\$ 2,033,887,252</b>	<b>\$ 2,033,157,610</b>
<b>Budget Surplus/(Deficit)</b>	<b>\$ (18,355,431)</b>	<b>\$ (37,071,102)</b>	<b>\$ (30,487,874)</b>
Use of assigned fund balance for North Forest construction	18,434,625	18,434,625	18,434,625
<b>Net Budget Surplus/(Deficit)</b>	<b>\$ 79,194</b>	<b>\$ (18,636,477)</b>	<b>\$ (12,053,249)</b>
(Use of unassigned fund balance)			

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# Other Items

## 2019-2020 Remaining Budget Timeline

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- Budget Workshop May 21, 2020
- Notice of Public Hearing in Newspaper May 29, 2020
- Budget Workshop June 4, 2020
- Budget Adoption June 11, 2020

## 2019-2020 COVID-19

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- Continued monitoring communications from TEA on how school finance funding for 2019-2020 will be addressed.
- Continued monitoring of TEA communications on the CARES act for rules, funding, and timelines
- Started the application process for FEMA assistance
- Looking for all available grants or assistance to help reimburse costs and mitigate potential budget shortfalls in 2020-2021

***Future Budget  
Workshops  
May 21, 2020  
June 4, 2020***

