

FISCAL TRANSFORMATION UPDATES

August 11, 2022

*Millard House II
Superintendent, Houston Independent School District*



B-1. School Support, Training and Accountability

Summer 2022
Priority Initiative

Objectives: Improve the training / support available to principals to support the efficient and effective use of funds at schools. Provide Schools Office with new transparency related to school funding and identify any additional clarification needed related to accountability of principals, school support officers, and the budget team.

In Progress

Activities

- Completed interviews with a combination of experienced and novice Business Managers and Finance Admin at schools
- Facilitated group feedback sessions with principals and conducted job shadowing with members of the Finance team
- Developed preliminary school finance working group to improve engagement between schools and budget office
- Identified standardized tools and dashboards needed for principals and SSOs and began development of preliminary dashboard requirements

Outcomes

- Updated job descriptions and recruiting guidance to bolster Finance team
- Presented gap assessment and identified misalignment between school leader needs and central office supports
- Improved coordination between Finance, Information Systems, and Schools Office in support of tool and dashboard development
- Identified key drivers of recurring low-impact work performed by both school and Central Office employees
- Performed high-level time study of budget office routine activities compared to those listed in job descriptions to identify opportunities for efficiency improvements

Next Steps

- Develop comprehensive budget management dashboard for SSOs and principals
- Develop solutions to support budget in prioritizing higher impact activities and supports
- Review and improve principal and admin training offerings
- Work with Schools Office and Finance Trainer to identify additional support enhancements for Fall of 2022
- Identify changes to roles / responsibilities, positions, job descriptions, and span of control within the budget department

B-2. Federal Funds Accountability and Oversight

Summer 2022
Priority Initiative

Objectives: Support HISD leadership in proactive monitoring of the financial and operational implementation of ESSER funds. Verify alignment of investments with strategic priorities and establish Program Management Office (PMO) to drive the successful utilization of federal funds in FY23 and FY24.

In Progress

Activities

- Developed dashboard, which identified the need for budget reductions and allowed Chiefs to individually assess their remaining planned spend
- Supported a series of individual conferences to review ongoing / planned programming based on strategic alignment to the following:
 - The impact on learning loss
 - The ability to support longevity and sustainability of high-leverage practices / systems in HISD
 - The availability of other resources to support investments
 - Commitments to the community and the Board of Trustees

Outcomes

- Chiefs made modifications to **50 programs (out of 93 total programs)** with spending continuing into FY23 / 24
- Total reductions of **\$116M** requested spend have **exceeded required reductions of \$112M**
- The ESSER team and Chiefs identified required adjustments to expected carryover
- Based on these changes, HISD has a total of ~\$5M available to fund outstanding items or future priorities
- Identified ESSER programs that require additional follow-up with Research and Talent
- **Developed new quarterly process for review and optimization of ESSER**

Next Steps

- Finalize SY22-23 ESSER plan and load budget
- Update public and internal dashboarding to reflect re-prioritized plan
- Conduct prioritized follow-up research on program effectiveness
- Continue improving vendor feedback tools and processes and integrate into prioritization
- Identify new and evolving requirements for ESSER investments
- Conduct quarterly review and re-prioritization process

B-3. Cost Benefit Analysis – Academic and Operational Outcomes

Objectives: Support HISD in strengthening its analytical capabilities, which link financial investments to academic and operational outcomes. Develop capacity within the district to inform investment priorities based on cost-benefit analysis and evaluate outcomes of district investments on a recurring basis.

In Progress

Activities

- Identified project sponsors
- Reviewed ESSER investments for continuing business justification
- Revisited legacy processes for utilizing cost-benefit analysis in the development
- Outlined plan for implementing this initiative throughout SY22

Outcomes

- Developed a prioritization of key ESSER programs for Research and Accountability to review and analyze impact

Next Steps

- Workstream kickoff (pending prioritization)
- Review past approaches to program decision analysis process
- Create standard “business case” approach to evaluate proposed investments using cost-benefit analysis
- Develop recurring process to monitor achievement of intended outcomes
- Create tracker and dashboard to monitor KPIs and ROI

B-4. Improve Budgeting Precision

Objectives: Improve HISD’s ability to utilize current and historical data trends to more accurately estimate revenues and expenditures. Provide the Board of Trustees and the public with a more precise view of likely future year deficits / surpluses.

In Progress

Activities

- Provided analysis and validation in support of FY23 budget fallout estimation
- Reviewed current resource allocation model and departmental budgets
- Conducted preliminary analysis of variance from resource allocation to funding use
- Developed stronger understanding of standard campus budget-to-actuals reporting and their use by principals and department leaders

Outcomes

- Incorporated estimated impact from fallout into long-term budget model and Board of Trustees discussions
- Developed budget outlook for Board workshops including “status quo” analysis on surplus, deficit, and fund balance through SY24-25
- Incorporated budget-to-actuals monitoring and fallout estimation into federal funds planning

Next Steps

- Analyze alignment of budget allocation tools with budget execution outcomes (school and department)
- Strengthen budget execution and monitoring processes to better predict “fallout”
- Analyze FY22 year-end financials by school and department
- Identify other (non-personnel) categories for budget improvement

B-5. Bottoms-Up Department Budget Process

Objectives: Enhance Central Office budgeting process to begin earlier and incorporate bottoms-up staffing models linked to school and student needs. This will strengthen budget justification and review processes to provide the Superintendent with information required to prioritize investments.

In Progress

Activities

- Identified lessons learned from FY22 budget cuts
- Outlined accelerated full year budget process including bottoms-up budget build starting in September 2022
- Received budget office feedback and integrated changes

Outcomes

- Developed Summer and Fall workplan for executive sponsorship, tools and templates, and change management
- Additional outcomes expected to be realized in the SY23-24 budget process beginning in Fall of 2022

Next Steps

- Detail school and department sub-processes
- Develop all department budgets on a “bottoms-up” basis including budget justifications which link investments to strategic priorities
- Establish one primary summary level view of department budgets which consistently assigns ownerships to Chiefs regardless of funding source constraints
- Develop budget request and prioritization process which puts the Superintendent at the center of funding decisions

Immediate Next Steps & Milestones

While HISD had made significant progress in setting the stage for transformation, realizing the full benefits of transformation requires immediate action.

	By September 15th	By October 15th	By December 15th
Activities	<p>Revitalization Kickoff</p> <ul style="list-style-type: none"> Identify workstream owners (internal and external) and executive sponsors Assess availability of operational data and supports for planning model Refine long-term plan, and develop deliverable schedule Conduct internal stakeholder engagement to secure support Communicate progress, priorities, and key milestones to the Board 	<p>Central Office Opportunity Identification</p> <ul style="list-style-type: none"> Analyze operational and financial data of Department budgets Identify and vet opportunities for savings Support development of “Bottoms-Up budget” as part of SY24 budget setting process Refine potential fiscal impact of further department efficiencies Outline plan for realizing savings within FY23 	<p>Department Implementation</p> <ul style="list-style-type: none"> Develop thorough implementation plans for Central Office Opportunities and begin cost takeout activities
Key Milestones	<ol style="list-style-type: none"> Develop proposed PMO structure and stand-up transformation PMO Appoint workstream owners and identify external partners Update HISD Board and gather input for long-term planning 	<ol style="list-style-type: none"> Develop bottoms-up budgeting methodology for Departments and kickoff SY23-24 budget process 	<ol style="list-style-type: none"> Develop detailed implementation plans for Central Office transformation opportunities and begin implementation

Thank You

