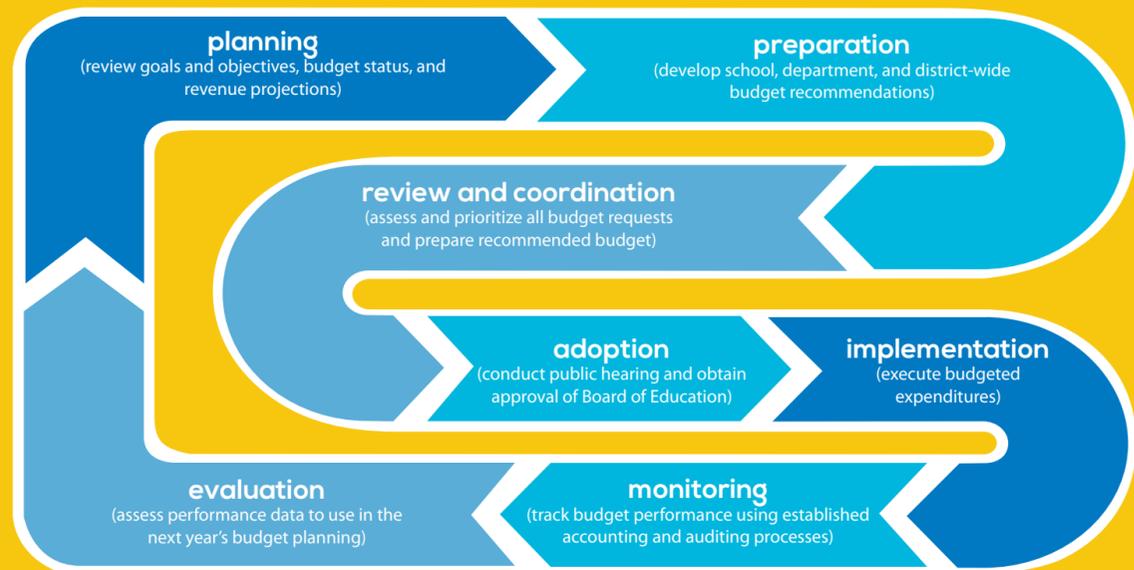


HISD's budget cycle begins each year on July 1

Developing a budget is a year-round process



Where can I get more information about the HISD budget?

HISD is your public school district, and you have access to clear and detailed information about the budget process and how your tax dollars are allocated and spent. You can go online to access multiple years of

- Budget planning documents
- Adopted budgets
- Budget adoption presentations
- Update reports
- School budgeting handbooks
- Budget calendars and budget staff information

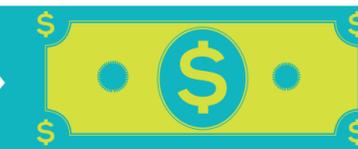
It's all there at houstonisd.org/budgeting.

You can also see how the district spends money by going to the HISD check registry at houstonisd.org/checkregistry. Here, you can review a searchable list of every check that HISD has written for products or services within the last two years.

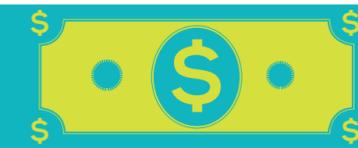


HISD Budget Basics Your guide to understanding the budget

How much money does my child's school get?



Where does the money come from and how is it budgeted?



How is the money spent?



Who decides how the money is spent?



Who's keeping an eye on the budget?



How can I calculate my HISD taxes?



What is the HISD tax rate and how can I calculate my HISD taxes?

The taxes you pay on your home and business are included in the local revenues that make up nearly 75% of HISD's budget. HISD's tax rate of \$1.1567 is the lowest property tax rate among Harris County school districts and the state's 13 largest school districts. HISD offers a homestead tax exemption of \$15,000 + 20% of the assessed value less the state exemption and an additional exemption of \$15,000 for homeowners age 65 or older.

So, how are your taxes calculated? The property tax payment is calculated by dividing a home's taxable value (after exemptions) by 100 and multiplying that amount by the tax rate of \$1.1567.

Example:

Average appraised home value	\$196,627
Less homestead exemption	-(15,000)
Less HISD exemption of 20%	-(36,325)
Total taxable home value	= \$145,302
	÷ 100 = 1,453
	x \$1.1567
Total Property Tax Due	= \$1,681



HISD has earned the **State Comptroller's Gold Leadership Circle award** every year since the award program began. The award recognizes local governments that go to great lengths to make their budget and financial information readily available and user friendly.

So now that you have the basics, get involved in the HISD budget process!

- Attend PTA/PTO meetings at your child's school
- Contact your HISD board member or your state legislator
- Email questions and suggestions to info@houstonisd.org
- Attend a scheduled Community Conversation town hall meeting
- Attend a public hearing on the recommended budget
- Sign up to speak at a regularly scheduled meeting of the Board of Education

Remember, there's a lot of information about the budget and the district at houstonisd.org.

1 Where does the money come from?

LOCAL

Property taxes paid by local homeowners and businesses make up the bulk of funds that go to HISD. Unlike the City of Houston, the school district doesn't get any money from sales taxes. Local revenue collected from property taxes makes up about 72.6% of HISD's operating budget.

72.6%



STATE

The Texas Education Agency oversees funding from the state. Through a complex formula, the program ensures that all public school districts receive funding based on their attendance calculation. State revenue makes up the difference between total revenue earned and local tax revenue. About 23.4% of HISD's operating budget funding comes from the state, but the state's share has been decreasing each year.

23.4%



OTHER LOCAL

To a much smaller degree, donations, fees, interest income and other miscellaneous sources also are revenues. These funds are used to offset the cost of operating the district in addition to the funds generated from tax revenue and state funding and provide approximately 4% of the general operating budget.

4%



Federal funding makes up less than .5% of the General Fund budget. These funds are directed toward reimbursements only, such as ROTC salaries and other indirect costs.

2 How is the money budgeted?

The General Fund is the district's operating budget and it supports the district's daily operations, including the instructional program, employee salaries and benefits, building maintenance, security, and student transportation. It's the budget that's usually referred to when the district refers to HISD's fiscal operations.

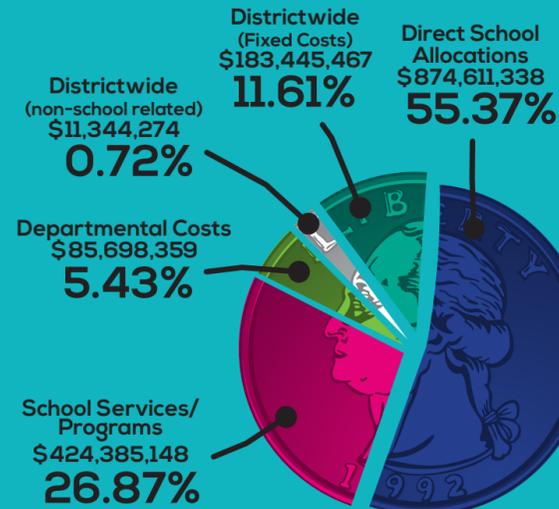
The Special Revenue Fund is where grants that are meant to accomplish a specific purpose are placed. It includes most revenue from the federal government as well as state and local grants.

The Debt Service Fund is a reserve fund that ensures the payment of interest and principal on money that the district has borrowed. For example, the repayment of bonds sold to build new schools will come from the Debt Service Fund.

The Capital Renovation Fund pays for new construction and renovation projects. The primary source of funding comes from the issuance of voter-approved bonds. Proceeds from the sale of bonds are placed in this fund to be used on capital projects approved by the HISD Board of Education.

Enterprise Funds and Internal Service Funds are collected by departments that provide products or services and receive payment for them. The Food Service Fund, which includes money collected from the sale of school lunches, is an example of an Enterprise Fund. An Internal Service Fund is established when a department like the Print Shop charges schools and other departments a fee to print their documents.

2012-2013 General Fund Allocations (\$1,579,484,586)



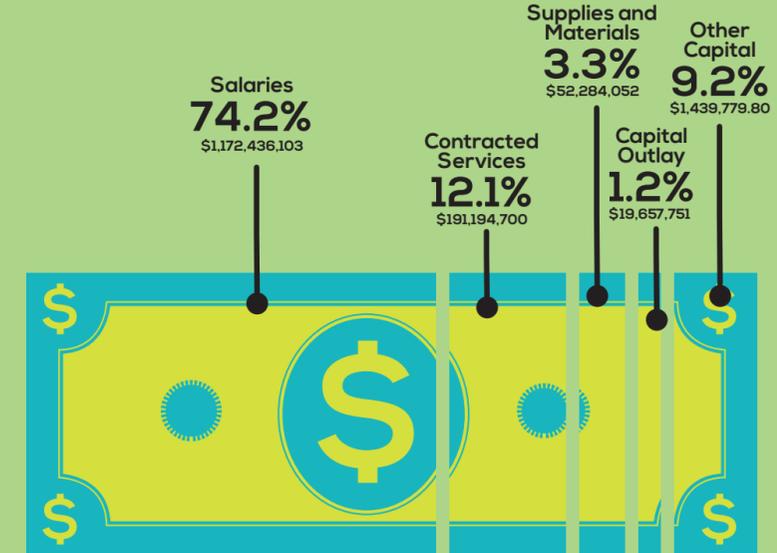
3 How is the money spent?

Nearly three-quarters of HISD's budget pays for the salaries of teachers, principals, counselors, librarians, district police officers, nurses, clerks, custodians, bus drivers, and everyone supporting the instructional program for children.

HISD also pays for employee benefits, like health insurance, pension contributions, unemployment compensation, and Medicare.

And while its employees are the district's biggest expense, there are other general fund expenditures that keep school buildings open and operating smoothly, such as utilities, computers and technology, building maintenance, security, and instructional materials and equipment. The district also pays for legal services, professional growth opportunities for employees, fuel and maintenance of school buses, and many other products and services that support the instructional program.

General Budget Expenditures



4 How much money does my child's school get?

Your child's school is funded using a formula that is based on the number of students enrolled, student demographics, attendance, and the school's participation in special programs.

The school funding formula includes:

- Total student enrollment
- Average daily attendance (ADA)—the average number of students who come to class on any given day. If a school has a 100% ADA, it would receive 100% of its basic budget allocation. A lower ADA means a lower budget allocation.
- Basic per-student allocation—\$3,330 for high schools, \$3,366 for middle schools, and \$3,341 for elementary schools (2012-2013).
- Capital allocation—a \$10 per student amount for any capital expenditure at the school, such as computers, band instruments, etc.
- Weighted student units—student populations that need more educational resources including those classified as at-risk, economically disadvantaged, or bilingual, and those enrolled in special education, gifted and talented, and career and technology programs.
- Small school subsidy—additional funds for campuses that have very low student enrollments, to help provide the same levels of service as larger campuses



Student attendance is important!

When students come to class, they not only increase their learning opportunities, they also increase their school's budget for the year. Suppose an elementary school with 500 students has an average daily attendance of 95%. That would earn the school a basic allocation of about \$1.6 million. If that same school increased its average daily attendance to 98%, the difference in its basic allocation, about \$50,000, is enough to hire another teacher for the school.

5 Who decides how the money is spent at the school level?

Your child's principal and his/her leadership team decide the school's needs and spending priorities, but they consider recommendations from their PTA/PTO, business partners, staff, and Shared-Decision-making Committee.



Every school is different and so are the spending priorities. School A may decide to spend \$100,000 on two counselors and a librarian, while School B may choose to spend that same amount on a counselor, a part-time nurse, and computer equipment. Both schools are addressing their own unique student needs.

6 Who's keeping an eye on the budget?

Spending outlined in each school's improvement plan is monitored throughout the year. The district uses budget and other data to monitor unusual spending patterns and build compliance reports. These compliance reports are then presented to the Board of Education, the state and the public.

