2007-2008 Schools FIRST Rating

HOUSTON INDEPENDENT SCHOOL DISTRICT

2009 BOARD OF EDUCATION

Lawrence Marshall, President
Natasha M. Kamrani, First Vice President
Greg Meyers, Second Vice President
Carol Mims Galloway, Secretary
Diana Davila, Assistant Secretary
Paula M. Harris
Dianne Johnson
Harvin Moore
Manual Rodriguez, Jr.

ADMINISTRATION

Terry B. Grier, Ed.D., Superintendent
Melinda Garrett, Chief Financial Officer
Kenneth Huewitt, Controller
Sharon Eaves, General Manager, Budgeting and Financial Planning
Purpose

• Expands the public education accountability system in Texas to the Financial Services.

• Originated by SB875 of the 76th Texas Legislature in 1999.

• Primary goal: to improve management of school district’s financial resources.

• Indicators developed by Texas Business and Education Council (TBEC), Texas Education Agency (TEA), Comptroller’s Office, and the Texas Association of School Business Officials (TASBO).
Objectives

• Assess quality of financial management in Texas public schools.

• Measure and report extent to which financial resources are allocated for direct instructional purposes.

• Fairly evaluate quality of financial management decisions.

• Openly report results to general public.
Overview

- School FIRST rating based on 2007-2008 data.
- Rating based on 24 indicators
- Beginning with 2007-2008, TEA now uses the School FIRST rating when determining the district’s accreditation status
- District’s School FIRST rating can impact special education determination status
Rating Categories

- **Superior Achievement** 75-85 & Yes to Indicator 7
- **Above Standard Achievement** 65-74 or >75 & No to Indicator 7
- **Standard Achievement** 55-64
- **Substandard Achievement** < 55 or No to one default Indicator (1-6)
- **Suspended** – Serious data quality problems

• Numerical scores based on 24 indicators
Overview of Indicators

• Indicators 1-6: Critical. Any “No” response to these indicators results in an automatic substandard rating.

• Indicator 7: Academic Rating

• Indicators 8-17: Fiscal Performance.

• Indicators 18-20: Staffing Patterns.

• Indicators 21-24: Cash Management Practices.
Statewide Rating Results

• Ratings scores based on 2007-2008 data:

  – Superior Achievement  906
  – Above Standard Achievement  100
  – Standard Achievement  10
  – Substandard Achievement  15
  – Suspended  0

This is the number of districts in each rating category.
What is HISD’s Rating?

- Superior achievement
  - HISD received a total score of 83 on all indicators.
  - The district has received the highest rating possible as established under guidelines and rules established by the Texas Education Agency for the seven years since it was implemented.
Critical Indicator 1

- Was the total fund balance less reserved fund balance greater than zero in the general fund?

  - School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your district has a positive amount of fund balance cash (savings) that is not designated or “reserved” for a specific purpose. In other words, “Does your district have funds set aside for a rainy day?”
## 2008 Fund Balances (General Fund)

### Reserved:
- Reserved for encumbrances: $34,303,718
- Reserved for investment in inventories: $2,113,158
- Reserve for capital acquisition program: $6,096,238

### Unreserved:
- Designated for arbitrage: $515,879
- Designated for incentive pay program: $33,523,280
- Designated for insurance programs: $14,586,873
- Designated for Pay As You Go Program: $60,000,000
- Designated for operations: $84,278,447
- Designated for school carryover: $64,109,345
- **Undesignated**: $224,158,062

**Total fund balances**: $523,685,000
Critical Indicators 2 - 6

• #2 Was the Total Unrestricted Net Asset Balance greater than $0?
• #3 Were there no disclosures in the Annual Financial Report and/or other sources of Information concerning default on bonded indebtedness obligations?
• #4 Was the Annual Financial Report Filed within specified time requirements?
• #5 Was there an unqualified opinion in Annual Financial Report?
• #6 Did the Annual Financial Report not disclose any instance(s) of material weakness in internal controls?
Fiscal Performance Indicator 7

• Did the Districts Academic Rating exceed Academically Unacceptable?

2007-2008 AEIS Academic Rating of Academically Acceptable

Source: 2007-2008 AEIS Accountability Rating Report
Fiscal Performance Indicator 8

• Was the three year average percent of total tax collections (including delinquent) greater than 98 percent?

  - This indicator measures your district’s success in collecting the taxes owed by your community’s businesses and homeowners by placing a 98 percent minimum collections standard. You must collect a three year average of 98 percent or more of your taxes, including any delinquent taxes owed from past years.
HISD’s Tax Collections

2008 Tax Collections
- Current Year Levy: $1,080,025,653
- Collections: $1,080,374,280

Collection Ratio: \( \frac{1,080,374,280}{1,080,025,653} = 100.03\% \)

Comparison Data

| FY2007 Collection Ratio | 100.04% |

Fiscal Performance Indicator 9

• Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of < 3% of expenditures per fund type?

  – This indicator measures the quality of financial data reported to

    PEIMS as compared to what was reported in the annual financial

    report. This is a simple “Pass” or “Fail” indicator.
Fiscal Performance Indicator 10-12

- #10 Were Debt Related Expenditures <$250 per student or greater than 7%, or if taxes collected per penny of tax effort greater than $200,000 per student.

- #11 Were there no disclosures in the Annual Financial Report of Material non-compliance?

- #12 Did the District have full accreditation in relation to its fund management practices?
Fiscal Performance Indicator 13

• Was the percentage of operating expenditures expended for instruction more than 65 percent?
  
  – This indicator shows your district’s ability to focus the majority of its funding so that it directly pays for student instruction. Only functions 11, 36, 93, & 95 expenditures are in this calculation.

  This is phased in over 3 years, 55% 2006-2007; 60% 2007-2008; & 65% 2008-2009. This is a new expanded indicator based on NCES definition of instructional expenditures.
HISD’s Operating Expenditures

NCES 65% MODEL

Instructional Expenditures $1,020,018,369
-Function 11, 36, 93, 95
Total Expenditures* $1,736,511,491
-All Functions

Operating Expenditures
\[
\frac{1,020,018,369}{1,736,511,491} = 58.74\%
\]

Comparison Data

| FY2007 Operating Expenditures Ratio | 59.24% |

*Indicates General Fund, Special Revenue Funds, Capital Projects Funds, and Food Service Funds

HISD’s Operating Expenditures

NCES 65% MODEL (excluding Food Service)

Instructional Expenditures $1,020,018,369
-Function 11, 36, 93, 95
Total Expenditures* $1,627,327,286
-All Functions

Operating Expenditures $1,020,018,369
$1,627,327,286 = 62.68%

<table>
<thead>
<tr>
<th>Comparison Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Operating Expenditures Ratio</td>
</tr>
</tbody>
</table>

*Indicates General Fund, Special Revenue Funds, and Capital Projects Funds.
Fiscal Performance Indicator 14

- Was the percentage of operating expenditures expended for instruction more than 65 percent?

  - This indicator shows your district’s ability to focus the majority of its funding so that it directly pays for student instruction. Only functions 11, 12, 31, 33, 36, 93, & 95 expenditures are in this calculation. This is the indicator for determining instructional expenditures based on TEA’s definition of instructional cost.
TEA 65% MODEL

Instructional Expenditures $1,102,240,467
-Function 11, 12, 31, 33, 36, 93, 95
Total Expenditures* $1,736,511,491
-All Functions

Operating Expenditures

\[
\frac{1,102,240,467}{1,736,511,491} = 63.47\%
\]

Comparison Data

| 2006-2007 Indicator | 64.01% |

*Indicates General Fund, Special Revenue Funds, and Capital Projects Funds
HISD’s Operating Expenditures

TEA 65% MODEL (excluding Food Service)

Instructional Expenditures $ 1,102,240,467
-Function 11, 12, 31, 33, 36, 93, 95

Total Expenditures* $ 1,627,327,286
-All Functions

Operating Expenditures $ 1,102,240,467
$ 1,627,327,286 = 67.73%

Comparison Data

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2007 Indicator</td>
<td>68.08%</td>
</tr>
</tbody>
</table>

*Indicates General Fund, Special Revenue Funds, and Capital Projects Funds
Fiscal Performance Indicator 15-17

• #15 Was the aggregate of Budgeted Expenditures and other uses less than the aggregate of total revenues, other resources, and fund balance in the General Fund?

• #16 If the District’s aggregate fund balance in the General Fund and Capital Projects Fund was less than zero, were construction projects adequately financed? (To avoid creating or adding to the fund balance deficit situation)

• #17 Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivables) in the General Fund = or 1:1?
Staffing Patterns Indicator 18

• Was the administrative cost ratio less than the standard in state law?

  – TEA and state law sets a cap on the percentage of the budget that

  Texas school districts can spend on administration. Did you exceed the

  cap for districts of your size? For Large Districts the cap is 11.05%.
Administrative Cost Ratio

-Instructional Expenditures $ 920,339,901
  Function 11 - Instruction
  Function 12 - Instructional Resource Media
  Function 13 - Curriculum and Staff Development
  Function 31 - Guidance & Counseling
-Administrative Expenditures $ 47,532,557
  Function 21 - Instructional Leadership
  Function 41 - General Administration

Administrative Cost Ratio

\[
\frac{47,532,557}{920,339,901} = 0.052
\]

Comparison Data

| FY2007 Administrative Cost Ratio | 0.051 |

Administrative Cost Indicator 18

History

<table>
<thead>
<tr>
<th>Year</th>
<th>HISD Ratio</th>
<th>TEA Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-02</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>02-03</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>03-04</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>04-05</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>05-06</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>06-07</td>
<td>0.111</td>
<td>0.111</td>
</tr>
<tr>
<td>07-08</td>
<td>0.111</td>
<td>0.111</td>
</tr>
</tbody>
</table>

- HISD Ratio
- TEA Standard
Staffing Patterns Indicator 19

• Was the ratio of students to teachers within the ranges established according to district size?
  
  – *This indicator measures your pupil-teacher ratio to ensure that it is within TEA recommended ranges for districts of your student population range. For example, districts with a student population over 10,000 should have no more than 22 students per teacher and no fewer than 13.5 students per teacher.*
## HISD’s Pupil-Teacher Ratios

<table>
<thead>
<tr>
<th>Students Per Teacher</th>
<th>No. Students</th>
<th>No. Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>198,769</td>
<td>11,970</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>= 16.60</td>
<td></td>
</tr>
</tbody>
</table>

**Comparison Data**

| FY2007 Students Per Teacher | 16.79 |

Staffing Patterns Indicator 19

History

<table>
<thead>
<tr>
<th>Year</th>
<th>HISD Ratio</th>
<th>TEA High Limit</th>
<th>TEA Low Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2002</td>
<td>17.415</td>
<td>22</td>
<td>13.5</td>
</tr>
<tr>
<td>2002-2003</td>
<td>17.097</td>
<td>22</td>
<td>13.5</td>
</tr>
<tr>
<td>2003-2004</td>
<td>17.200</td>
<td>22</td>
<td>13.5</td>
</tr>
<tr>
<td>2004-2005</td>
<td>17.358</td>
<td>22</td>
<td>13.5</td>
</tr>
<tr>
<td>2005-2006</td>
<td>17.372</td>
<td>22</td>
<td>13.5</td>
</tr>
<tr>
<td>2007-2008</td>
<td>16.605</td>
<td>22</td>
<td>13.5</td>
</tr>
</tbody>
</table>
## Staffing Patterns Indicator 19

### Comparisons to other Districts

<table>
<thead>
<tr>
<th>District</th>
<th>Student Teacher Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston</td>
<td>16.6049</td>
</tr>
<tr>
<td>San Antonio</td>
<td>16.1550</td>
</tr>
<tr>
<td>Fort Bend</td>
<td>15.6906</td>
</tr>
<tr>
<td>Northside</td>
<td>15.5312</td>
</tr>
<tr>
<td>Cy-Fair</td>
<td>15.4281</td>
</tr>
<tr>
<td>Goose Creek</td>
<td>14.9201</td>
</tr>
<tr>
<td>Aldine</td>
<td>14.9147</td>
</tr>
<tr>
<td>Alief</td>
<td>14.6970</td>
</tr>
<tr>
<td>Katy</td>
<td>14.6322</td>
</tr>
<tr>
<td>North Forest</td>
<td>14.3582</td>
</tr>
<tr>
<td>Austin</td>
<td>14.0823</td>
</tr>
<tr>
<td>Spring Branch</td>
<td>13.9270</td>
</tr>
<tr>
<td>Dallas</td>
<td>13.8345</td>
</tr>
</tbody>
</table>
Staffing Patterns Indicator 20

- Was the ratio of students to total staff within the ranges established according to district size?
  - *This indicator measures your pupil-staff ratio to ensure that it is within TEA recommended ranges for district’s of your student population range. For example, districts with a student population over 10,000 should have no more than 14 students per staff member and no fewer than 7.0 students per district employee.*
HISD’s Pupil-Staff Ratio

Students Per Total Staff

\[
\frac{\text{No. Students}}{\text{No. Total Staff}} = \frac{198,769}{24,294} = 8.18
\]

Comparison Data

| FY2007 Students Per Total Staff | 8.34 |

Staffing Patterns Indicator 20

History

- **HISD Ratio**
- **TEA High Limit**
- **TEA Low Limit**

<table>
<thead>
<tr>
<th>Year</th>
<th>HISD Ratio</th>
<th>TEA High Limit</th>
<th>TEA Low Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-02</td>
<td>7.091</td>
<td>8.182</td>
<td>6.6</td>
</tr>
<tr>
<td>02-03</td>
<td>7.849</td>
<td></td>
<td>6.6</td>
</tr>
<tr>
<td>03-04</td>
<td>8.509</td>
<td></td>
<td>6.6</td>
</tr>
<tr>
<td>04-05</td>
<td>8.633</td>
<td></td>
<td>6.6</td>
</tr>
<tr>
<td>05-06</td>
<td>8.744</td>
<td></td>
<td>6.8</td>
</tr>
<tr>
<td>06-07</td>
<td>8.343</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>07-08</td>
<td>8.182</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cash Management Practices Indicators 21-24

• #21 Was the Fund Balance in the General Fund > 50% and < 150% of TEA’s optimum Fund Balance?

• #22 Was the decrease less than 20% of Undesignated Fund Balance in the past two years?

• #23 Was the aggregate total of cash and investment greater than $0.

• #24 Was investment earnings > $15 per student?
Investment Earnings Per Student

Cash Management Practices Indicator #24

Earnings per Student

\[
\frac{\text{Investment Earnings}}{\text{No. Total Students}} = \frac{23,978,689}{198,769} = 120.64
\]

Comparison Data

| FY2007 Earnings per Student | $ 127.33 |

## Reimbursements (Board and Superintendent)

### Reimbursements Received by the Superintendent and Board Members

**For the Twelve-Month Period Ended June 30, 2008**

<table>
<thead>
<tr>
<th>Description of Reimbursements</th>
<th>Dr. Abelardo Saavedra Superintendent</th>
<th>Natasha M. Kamrani District 1</th>
<th>Kevin H. Hoffman District 2</th>
<th>Carol Mims-Galloway District 2</th>
<th>Manuel Rodriguez, Jr. District 3</th>
<th>Author M. Gaines, Jr. District 4</th>
<th>Paula M. Harris District 4</th>
<th>Dianne Johnson District 5</th>
<th>Greg Meyers District 6</th>
<th>Harvin C. Moore District 7</th>
<th>Diane Dávila District 8</th>
<th>Lawrence Marshall District 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meals</td>
<td>$2,761.87</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$118.26</td>
<td>$-</td>
<td>$-</td>
<td>$79.32</td>
<td>$-</td>
<td>$-</td>
<td>$3.99</td>
<td>$27.45</td>
</tr>
<tr>
<td>Lodging</td>
<td>$3,119.34</td>
<td>$1,196.27</td>
<td>$1,097.59</td>
<td>$2,175.18</td>
<td>$1,797.59</td>
<td>$455.72</td>
<td>$1,640.08</td>
<td>$183.75</td>
<td>$381.80</td>
<td>$550.97</td>
<td>$556.25</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>$4,212.54</td>
<td>$1,888.63</td>
<td>$1,456.90</td>
<td>$1,239.98</td>
<td>$1,623.90</td>
<td>$770.00</td>
<td>$581.80</td>
<td>$212.50</td>
<td>$183.75</td>
<td>$324.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$1,834.41</td>
<td>$885.00</td>
<td>$766.00</td>
<td>$200.00</td>
<td>$1,631.21</td>
<td>$847.20</td>
<td>$250.00</td>
<td>$312.50</td>
<td>$605.75</td>
<td>$345.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$11,928.16</td>
<td>$3,969.90</td>
<td>$3,364.30</td>
<td>$200.00</td>
<td>$5,164.63</td>
<td>$1,475.72</td>
<td>$3,042.85</td>
<td>$1,226.73</td>
<td>$1,307.22</td>
<td>$1,332.94</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

**For the Twelve-Month Period Ended August 31, 2008**

<table>
<thead>
<tr>
<th>Name(s) of Entity(ies)</th>
<th>Amount Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$-</td>
</tr>
</tbody>
</table>

### Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)

(gifts that had an economic value of $250 or more in the aggregate in the fiscal year)

**For the Twelve-Month Period Ended August 31, 2008**

<table>
<thead>
<tr>
<th>Quality Concession Foods</th>
<th>Dr. Abelardo Saavedra Superintendent</th>
<th>Natasha M. Kamrani District 1 (partial yr)</th>
<th>Kevin H. Hoffman District 2</th>
<th>Carol Mims-Galloway District 2</th>
<th>Manuel Rodriguez, Jr. District 3</th>
<th>Author M. Gaines, Jr. District 4</th>
<th>Paula M. Harris District 4</th>
<th>Dianne Johnson District 5</th>
<th>Greg Meyers District 6</th>
<th>Harvin C. Moore District 7</th>
<th>Diane Dávila District 8</th>
<th>Lawrence Marshall District 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

### Business Transactions Between School District and Board Members

**For the Twelve-Month Period Ended August 31, 2008**

<table>
<thead>
<tr>
<th>Amounts</th>
<th>Natasha M. Kamrani (partial yr) District 1</th>
<th>Kevin H. Hoffman District 2</th>
<th>Carol Mims-Galloway District 2</th>
<th>Manuel Rodriguez, Jr. District 3</th>
<th>Author M. Gaines, Jr. District 4</th>
<th>Paula M. Harris District 4</th>
<th>Dianne Johnson District 5</th>
<th>Greg Meyers District 6</th>
<th>Harvin C. Moore District 7</th>
<th>Diane Dávila District 8</th>
<th>Lawrence Marshall District 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>

Note - The summary amounts reported under this disclosure are not to duplicate the items.
Superintendent’s 2009 Employment Contract included in presentation packet as required