

Public Hearing on Proposed Budget and Tax Rate

June 15, 2023



Agenda

- Property Values and Proposed Tax Rate
- General Fund Budget (M&O)
 - Enrollment
 - Budget Assumptions
 - Revenues and Appropriations
- Budgets for Other Funds
 - Debt Service Fund (I&S)
 - Nutrition Services Fund

Property Values

Tax Year 2022 Property Values

Major Property Category	2022 Taxable Value	Percent Change	Projected 2023 Taxable Value
Residential & Rural Improved	95,106,482,161	7.62%	102,354,356,954
Apartments	32,389,364,393	20.64%	39,072,988,766
Commercial	61,228,812,396	8.96%	66,715,031,546
Vacant Land	6,082,651,279	12.07%	6,817,034,585
Industrial	4,612,351,405	8.30%	4,995,176,572
Utility	2,250,921,416	10.36%	2,484,173,148
Commercial Personal	10,862,041,046	6.86%	11,607,720,164
Industrial Personal	6,297,399,624	8.96%	6,861,804,065
All Other Property	779,949,952	74.00%	1,357,112,916

Projected 2023 Taxable Value	219,609,973,672	10.32%	242,265,398,715
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Projected 2023 Taxable Value Range

Accuracy +/- 5%	230,152,128,779	To	254,378,668,651
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Tax Year 2023 Property Values


	2022	2023
Average Market Value of Residences:	\$365,410	\$405,501
Average Taxable Value of Residences:	\$267,551	\$284,737

Total Appraised Value of All Property:	\$284,541,598,166	\$313,895,505,646
Total Appraised Value of New Property:	\$5,801,420,237	\$6,218,951,068
Total Taxable Value of All Property:	\$219,609,973,672	\$242,265,398,715
Total Taxable Value of New Property:	\$4,477,551,802	\$4,799,803,224

Total Market Value of All Property:	\$290,710,718,268	\$320,701,045,104
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Note: in addition to state mandated exemptions HISD provides an additional Local Optional Homestead Exemption of 20% of the appraised value.

Proposed Tax Rate and History

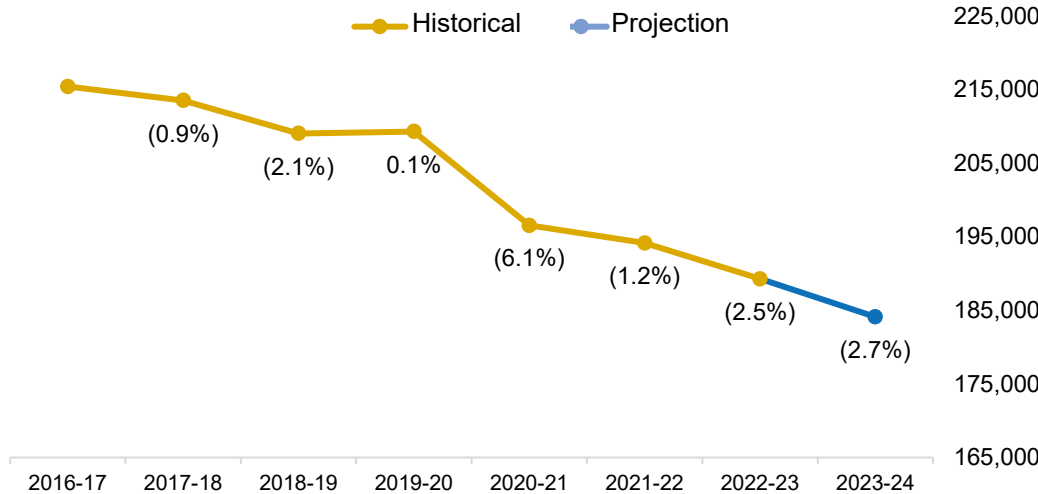
M&O Tax Rates	Maintenance & Operations	Interest & Sinking	Total	Rate Change	
2012-2013 Tax Rate	\$1.0067	\$0.1500	\$1.1567	\$0.0000	 <p>Tax rate has dropped 18.1 cents over the last 10 years</p>
2013-2014 Tax Rate	\$1.0267	\$0.1500	\$1.1767	\$0.0200	
2014-2015 Tax Rate	\$1.0267	\$0.1700	\$1.1967	\$0.0200	
2015-2016 Tax Rate	\$1.0267	\$0.1700	\$1.1967	\$0.0000	
2016-2017 Tax Rate	\$1.0267	\$0.1800	\$1.2067	\$0.0100	
2017-2018 Tax Rate	\$1.0400	\$0.1667	\$1.2067	\$0.0000	
2018-2019 Tax Rate	\$1.0400	\$0.1667	\$1.2067	\$0.0000	
2019-2020 Tax Rate	\$0.9700	\$0.1667	\$1.1367	-\$0.0700	
2020-2021 Tax Rate	\$0.9664	\$0.1667	\$1.1331	-\$0.0036	
2021-2022 Tax Rate	\$0.9277	\$0.1667	\$1.0944	-\$0.0387	
2022-2023 Tax Rate	\$0.8705	\$0.1667	\$1.0372	-\$0.0572	
Proposed 2023-2024 Tax Rate	\$0.8090	\$0.1667	\$0.9757	-\$0.0615	

General Fund Budget

GENERAL FUND (M&O)

Enrollment Trends

Historical and Projected Enrollment



- Using the latest principal enrollment projections, the district will have decreased by ~31,000 students from FY17 to FY24 (a roughly 14.5% decline)
- HISD should consider the long-term budget implications if projected enrollment loss is realized next year and continues to decline at a similar rate in future years

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Enrollment	215,408	213,528	209,040	209,309	196,550	194,141	189,290	184,099
% Change	-	(0.9%)	(2.1%)	0.1%	(6.1%)	(1.2%)	(2.5%)	(2.7%)

FY24 General Fund (M&O) Budget Assumptions

- **FY24 enrollment updated is based on the fiscal year 2023-24 principals' projections**
 - A decline from 189,290 in final 2022-23 to 184,099
- **Increase in state revenue for golden pennies** from HB1, 88th Texas Legislature; about \$30M included in the budget
 - This is the only legislative assumption included in the recommended 2023-24 budget.
- **Property value growth at 10.32%:** This increases recapture and decreases tax rate
 - The budget is built on a M&O total tax rate for school year 2023-24 is \$0.8090 down from school year 2022-23 of \$.8050. The board of managers will adopt an I&S tax rate in September or October.
 - This rate will change once we receive values in July 2023 and TEA approves our tax rate.
- **Department cuts** of ~\$15M included in fiscal year 2023-24
- **Budgeted** but unspent funds, primarily in payroll and benefits forecasted at ~\$70M for fiscal year 2023-24.
- **Note:** In addition to the changes outlined above, FY23 salary compensation increases of ~\$52M funded by ESSER in fiscal year 2023-23 return to the General Fund in fiscal year 2023-24

FY24 Recommended General Fund Revenues and Other Sources

(\$, in Millions)

REVENUES	General Fund
Property taxes	\$ 1,888,763,457
Earnings on investments	39,624,859
Miscellaneous local sources	7,240,000
State sources	196,658,385
Federal sources	62,538,142
Other sources	<u>30,000,000</u>
Total revenues and other sources	\$ <u>2,224,824,843</u>

FY24 Recommended Expenditures & Other Uses

(\$, In Millions)

APPROPRIATIONS

11	Instruction	\$ 1,137,458,757	61	Community services	2,030,863
12	Instructional resources and media services	20,575,943	91	Contracted instructional services between public schools	326,539,245
13	Curriculum development and instructional staff development	27,569,001	95	Juvenile justice alternative education program	792,000
21	Instructional leadership	30,977,071	97	Payments to tax increment fund	77,304,451
23	School leadership	174,941,609	99	Tax appraisal and collection	16,501,316
31	Guidance, counseling, and evaluation services	79,520,172		Debt service	
32	Social work services	8,382,235	71	Principal	-
33	Health services	25,650,688	71	Interest and fiscal charges	-
34	Student (pupil) transportation	53,505,616	81	Capital outlay	-
35	Food services	136,117		Transfers Out	16,213,650
36	Co-curricular/extracurricular activities	19,521,086		Total expenditures	2,393,364,269
41	General administration	50,002,399		Excess (deficiency) of revenues over (under) expenditures	(168,539,426)
51	Facilities maintenance and operations	233,833,447		Anticipated Unspent Funds	70,000,000
52	Security and monitoring services	30,601,520		Net change in fund balances	(98,539,426)

DEBT SERVICE FUND (I&S)

Debt Service Fund (I&S)

- The Debt Service Fund pays back the district's principal and interest on long-term, general debt obligations
- Primary source of revenues – Property Taxes
- Proposed Interest & Sinking (I&S) tax rate – 0.1667
 - This is the same tax rate as the prior year
 - The board of managers will adopt an I&S tax rate in September or October.
- Current bond ratings:
 - Moody's: AAA (highest possible rating)
 - Standard and Poor's: AA+

FY24 Recommended Debt Service Fund (I&S)

Statement of Revenues and Expenditures

(\$, In Millions)

REVENUES		2022-23	2023-24
	Property taxes	\$ 348.0	\$ 383.4
	Earnings on investments	2.5	3.3
	State sources	1.9	1.9
	Total revenues	\$ 352.4	\$ 388.6
APPROPRIATIONS			
71	Principal	\$ 258.2	\$ 311.2
71	Interest and fiscal charges	110.0	99.5
	Payments to escrow agents - current refunding	83.0	-
	Debt service fees	1.5	-
	Total expenditures	\$ 452.7	\$ 410.7
	Excess (deficiency) of revenues over (under) expenditures	\$ (100.3)	\$ (22.1)

FY24 Recommended Debt Service Fund (I&S)

Statement of Revenues and Expenditures

(\$, In Millions)

	2022-23	2023-24
OTHER FINANCING SOURCES (USES)		
Transfers-in	22.2	22.1
Issuance of bonds and other debt	185.0	-
Premium on the sale of bonds	7.8	-
nents to escrow agents	(110.0)	-
Total other financing sources (uses)	\$ 105.0	\$ 22.1
Net change in fund balances	\$ 4.7	\$ (0.0)
Estimated fund balances—beginning	115.5	120.2
Estimated Fund balances—ending	\$ 120.2	\$ 120.2

Nutrition Services Fund

Nutrition Services Fund

- Accounts for the district's Child Nutrition Program costs
- Primary sources of revenues – federal reimbursement and USDA commodities
- Reimbursements administered through Texas Department of Agriculture
- Anticipated to serve over 34,000,000 meals in 2023-2024
- All meals served at no charge through USDA Community Eligibility Program (CEP) to most campuses
- Includes reimbursement programs for dinner and summer site-based feeding

FY24 Recommended Nutrition Services Fund

Statement of Revenues and Expenditures

(\$, In Millions)

REVENUES		2022-23	2023-24
	Miscellaneous local sources	\$ 5.0	\$ 2.5
	Earnings on investments	3.1	5.3
	State sources	7.6	0.5
	Federal sources	136.1	\$ 126.4
	Total revenues	\$ 151.8	\$ 134.8
APPROPRIATIONS			
35	Food Services	\$ 137.5	\$ 146.3
41	General Administration	0.1	-
51	Facilities maintenance and operations	3.0	3.1
	Total expenditures	\$ 140.6	\$ 149.4
	Excess (deficiency) of revenues over (under) expenditures	\$ 11.1	\$ (14.6)
	Estimated fund balances—beginning	55.4	66.5
	Estimated Fund balances—ending	\$ 66.5	\$ 51.9

Thank You

