

Allocating Resources to Implement the Destination 2035 Vision

2024-2025 Fiscal Year Budget



Our Charge

- **Reading and Math Proficiency in Houston ISD lags behind the state and the nation.** Students of color and students experiencing poverty are the most behind.
- **Many students graduating from Houston ISD do not have the fundamental skills, much less the enrichment experiences,** that will allow them to compete for high-skill, high-wage jobs once they leave HISD.
- **Improved student outcomes, specifically the elimination of D and F rated campuses, is not just required to exit intervention status, it is one of the Board's goals, and our shared moral obligation to our students.**

We've made big bets to serve all students.

1

Create and Expand the New Education System: No large urban system has transformed its underperforming campuses. The New Education System is proving it's possible to accelerate achievement for all students.

2

Ensure High Quality Instruction: Every HISD student, *especially students with special education needs, Emergent Bilingual students, and students in struggling campuses*, deserves excellent instruction every day. We must train, coach, evaluate, and compensate staff differently, improve curriculum, and expand CTE, Pre-K, and other programmatic offerings.

3

Grow Staff Capacity and Improve Efficiency: We've moved supports closer to campuses through the unit and division structure, we've streamlined central office, and invested in Leadership and Professional Development for our instructional staff.

These big bets are getting results.

1

Create and Expand the New Education System: Wainwright Elementary School increased reading proficiency campus-wide by 12% and math proficiency by 25% in one year.

2

Ensure High Quality Instruction: We aligned on what high-quality instruction across the district and trained leaders and teachers on how to implement high-quality instruction every day.

3

Grow Staff Capacity and Improve Efficiency:

- Our Principal Academy graduated and placed 24 Principals and 38 Assistant Principals. Each of these school leaders is highly trained and ready to hit the ground running in 2024-2025.
- We developed a rigorous evaluation system for teachers and principals.

Budget for Consideration Tonight

**The 2024-2025 Budget
doubles down on our THREE BIG BETS.**

We are investing significantly in the NES program, ensuring high-quality instruction on every campus & growing staff capacity **WHILE ensuring all 274 schools have the support needed to educate all students and preventing HISD from hitting the fiscal cliff predicted by previous administrations.**

Public Hearing on Budget and Tax Rate

- 2024-2025 Fiscal Year Budget

Date: June 13, 2024

Presenter: Dr. James Terry

Chief Finance and Operations Officer



Agenda

- Property Values
- General Fund Budget
- Budgets for Other Funds
 - Debt Service Fund
 - Nutrition Services Fund
- Budgets To Be Adopted

Property Values

TaxYear 2024 Property Values

Major Property Category	2023 Taxable Value	Percent Change	Projected 2024 Taxable Value
Residential & Rural Improved	94,204,979,598	2.82%	96,858,074,438
Apartments	38,312,576,060	-5.50%	36,204,035,774
Commercial	65,009,313,135	0.83%	65,549,233,683
Vacant Land	6,980,228,775	-5.25%	6,613,646,704
Industrial	4,942,004,943	-3.87%	4,750,564,985
Utility	2,482,995,365	3.86%	2,578,727,251
Commercial Personal	12,271,543,827	4.85%	12,866,271,927
Industrial Personal	7,549,236,717	3.99%	7,850,753,231
All Other Property	89,610,235	-39.66%	54,068,576

Projected 2024 Taxable Value	231,842,488,655	0.64%	233,325,376,570
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Projected 2024 Taxable Value Range

Accuracy +/- 5%	221,659,107,742	To	244,991,645,399
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TaxYear 2024 Property Values

	2023	2024
Average Market Value of Residences:	\$407,992	\$410,743
Average Taxable Value of Residences:	\$261,962	\$266,927

Total Appraised Value of All Property:	\$315,895,188,136	\$317,915,685,585
Total Appraised Value of New Property:	\$6,435,701,952	\$6,102,755,468
Total Taxable Value of All Property:	\$231,842,488,655	\$233,325,376,570
Total Taxable Value of New Property:	\$4,723,304,478	\$4,478,947,665

Total Market Value of All Property:	\$325,387,107,914	\$327,468,316,638
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Last Year Losses Due To Substantial Error Corrections	\$49,579,654
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General Fund (M&O)

Tax Rate M&O and I&S

	SY 2023-2024	SY 2024-2025	Change
M&O Tax Rate	0.7016	0.7016	-
I&S Tax Rate	0.1667	0.1667	-
Total Tax Rate	\$ 0.8683	\$ 0.8683	\$ -

- M&O pays for operations (i.e. schools, custodians, bus drivers, etc...)
- I&S pays for bond debt.
- TEA approves our final M&O tax rate in August 2024.
- The school board will adopt the tax rate in September or October

FYE 2024 Budget vs FY 2025 Budget

(1) Insurance proceeds from 2023-2024 is from Hurricane Harvey.

(2) Fund balances will be updated once the 2023-2024 Annual Comprehensive Financial Report (ACFR) is complete.

REVENUES		Projected FYE 2024 Budget	Proposed FY2025 Budget	FY2025 vs FY 2024 Difference
Local sources	\$	1,593,663,242	\$ 1,643,181,985	\$ 49,518,743
State sources		286,263,599	224,295,456	(61,968,143)
Federal sources		62,538,142	21,100,370	(41,437,772)
Total revenues	\$	<u>1,942,464,983</u>	<u>\$ 1,888,577,811</u>	<u>\$ (53,887,172)</u>
APPROPRIATIONS				
11 Instruction	\$	1,199,024,696	\$ 1,210,229,232	\$ 11,204,536
12 Instructional resources and media services		13,964,580	8,631,004	(5,333,576)
13 Curriculum development and instructional staff development		25,967,376	19,835,299	(6,132,077)
21 Instructional leadership		62,966,364	74,022,287	11,055,923
23 School leadership		212,399,124	215,100,035	2,700,911
31 Guidance, counseling, and evaluation services		65,124,641	67,792,313	2,667,672
32 Social work services		5,437,770	6,869,543	1,431,773
33 Health services		25,542,942	25,338,108	(204,834)
34 Student (pupil) transportation		66,468,695	43,811,360	(22,657,335)
35 Food services		89,059	65,183	(23,876)
36 Co-curricular/extracurricular activities		26,511,529	23,339,723	(3,171,806)
41 General administration		55,681,422	54,348,154	(1,333,268)
51 Facilities maintenance and operations		248,793,169	179,934,816	(68,858,353)
52 Security and monitoring services		32,840,069	30,054,915	(2,785,154)
53 Data processing services		61,684,520	49,417,461	(12,267,059)
61 Community services		8,779,155	9,812,291	1,033,136
71 Debt service		15,054,927	5,130,350	(9,924,577)
81 Facilities acquisition and construction		7,911,999	-	(7,911,999)
91 Contracted instructional services between public schools		-	-	-
95 Juvenile justice alternative education program		792,000	792,000	-
97 Payments to tax increment fund		75,720,089	57,155,963	(18,564,126)
99 Tax appraisal and collection		16,501,316	18,610,882	2,109,566
Total expenditures		<u>2,227,255,443</u>	<u>2,100,290,919</u>	<u>(126,964,524)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(284,790,460)</u>	<u>(211,713,108)</u>	<u>73,077,352</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		90,000,000	17,000,000	(73,000,000)
Insurance Proceeds ⁽¹⁾		16,000,000	-	(16,000,000)
Issuance of leases and SBITAs		805,000	-	(805,000)
Sale of Property		-	80,000,000	80,000,000
Transfers out		(16,395,650)	(16,405,274)	(9,624)
Total other financing sources (uses)		<u>90,409,350</u>	<u>80,594,726</u>	<u>(9,814,624)</u>
Net change in fund balances		(194,381,110)	(131,118,382)	63,262,728
Estimated fund balances—beginning July 1, 2023 or 2024 ⁽²⁾		1,127,068,919	932,687,809	(194,381,110)
Estimated Fund balances—ending June 30, 2024 or 2025 ⁽²⁾	\$	<u>932,687,809</u>	<u>\$ 801,569,427</u>	<u>\$ (131,118,382)</u>

Budgeting for Campuses

Example 1:

	2024	2025
PUA for Budget Planning Purposes (What principal received)*	\$2,767,497	\$2,435,397
<i>PUA Actuals (including actual salaries, benefits, salary increase)</i>	<i>\$3,889,863</i>	<i>\$2,782,118</i>
<i>Special Education</i>	<i>\$807,793</i>	<i>\$961,340</i>
<i>Summer School</i>	<i>\$11,072</i>	
<i>Facility Supports</i>	<i>\$696,402</i>	
<i>Utilities</i>	<i>\$698,171</i>	<i>\$361,297</i>
<i>Other</i>	<i>\$640,418</i>	
TOTAL:	\$6,243,719	\$4,104,755

*This is where the 12% cap was applied

Budgeting for Campuses

Example 2:

	2024	2025
PUA for Budget Planning Purposes (What principal received)*	\$3,566,465	\$3,311,071
<i>PUA Actuals (including actual salaries, benefits, salary increase)</i>	<i>\$4,196,611</i>	<i>\$3,745,416</i>
<i>Special Education</i>	<i>\$194,841</i>	<i>\$98,919</i>
<i>Summer School</i>	<i>\$2,936</i>	
<i>Facility Supports</i>	<i>\$199,313</i>	
<i>Utilities</i>	<i>\$182,754</i>	<i>\$177,153</i>
<i>Other:</i>	<i>\$40,393</i>	<i>\$41,409</i>
TOTAL:	\$4,816,849	\$4,062,897

*This is where the 12% cap was applied

Debt Services Fund

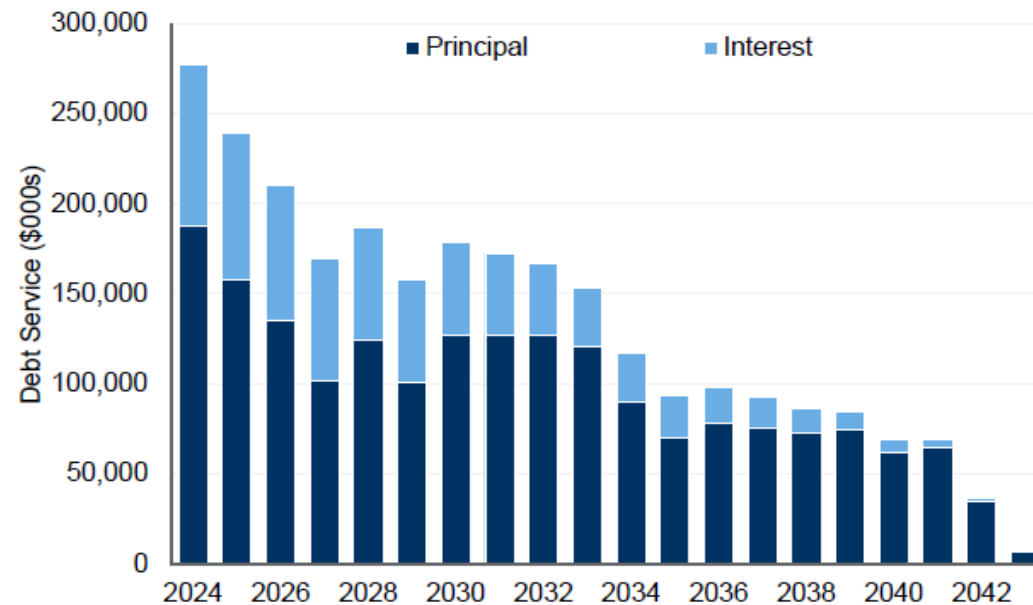
Debt Service Fund (I&S)

- 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 school board 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+

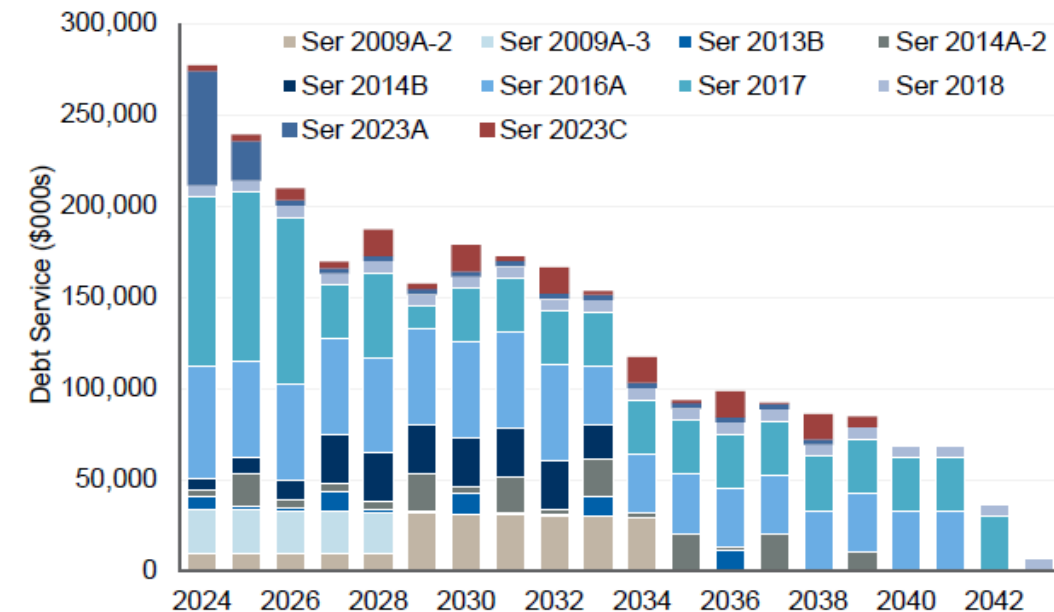
Issue	Issued Par Amount	Outstanding Par Amount	Coupon Range of Callable Bonds	First Call Date	Final Maturity	Structure	Use of Proceeds
Ltd Tax Schhse Bds, Taxable Ser 2009A-2 (BAB)	\$ 148,850,000	\$ 148,850,000	6.068% - 6.168%	Anytime	02/15/2034	Fixed Rate	School Building
Ltd Tax Schhse Bds, Taxable Ser 2009A-3 (BAB)	183,750,000	81,500,000	6.125%	Anytime	02/15/2028	Fixed Rate	School Building
Var Rate Ltd Tax Schhse Bds, Ser 2013B	147,130,000	45,675,000	3.000%	06/01/2024	06/01/2036	Variable Rate	School Building
Var Rate Ltd Tax Schhse Bds, Ser 2014A-2	149,955,000	109,650,000	3.000%	06/01/2025	06/01/2039	Variable Rate	School Building
Ltd Tax Ref Bds, Ser 2014B	365,395,000	160,980,000	4.000%	Anytime	02/15/2033	Fixed Rate	Refunding
Ltd Tax Schhse & Ref Bds, Ser 2016A	757,195,000	520,065,000	4.000% - 5.000%	02/15/2026	02/15/2041	Fixed Rate	School Building; Ref
Ltd Tax Schhse & Ref Bds, Ser 2017	848,740,000	480,205,000	4.000% - 5.000%	02/15/2027	02/15/2042	Fixed Rate	School Building; Ref
Ltd Tax Schhse Bds, Ser 2018	86,960,000	77,870,000	4.000% - 5.000%	02/15/2028	02/15/2043	Fixed Rate	School Building
Ltd Tax Ref Bds, Ser 2023A	80,785,000	80,785,000	5.000%	02/15/2033	02/15/2038	Fixed Rate	Refunding
Var Rate Ltd Tax Ref Bds, Ser 2023C	104,255,000	46,320,000	4.000%	06/01/2025	06/01/2039	Variable Rate	Refunding
Total	\$ 2,873,015,000	\$ 1,751,900,000					

Bond Profile

Outstanding Unlimited Tax Debt by Principal & Interest



Outstanding Unlimited Tax Debt by Series



FY24 Recommended Debt Service Fund (I&S)

Statement of Revenues and Expenditures

REVENUES		Projected FYE 2024 Budget	Projected FY2025 Budget
Local sources	\$	368,667,130	\$ 371,396,035
State sources		18,384,423	17,168,780
Federal sources		-	-
Total revenues	\$	<u>387,051,553</u>	<u>388,564,815</u>
APPROPRIATIONS			
71 Debt service		409,308,328	374,371,606
Total expenditures		<u>409,308,328</u>	<u>374,371,606</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(22,256,775)</u>	<u>14,193,209</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		22,256,775	21,166,025
Issuance of refunding debt		-	-
Premium on the sale of refunding debt		-	-
Payment of refunding bonds to escrow agent		-	-
Total other financing sources (uses)	\$	<u>22,256,775</u>	<u>21,166,025</u>
Net change in fund balances		-	35,359,234
Estimated fund balances—beginning July 1, 2023 or 2024 ⁽¹⁾		126,657,122	126,657,122
Estimated Fund balances—ending June 30, 2024 or 2025 ⁽¹⁾	\$	<u>126,657,122</u>	<u>162,016,356</u>

(1) Fund balances will be updated once the 2023-2024 Annual Comprehensive Financial Report (ACFR) is complete.
Estimates based on current data; subject to change

Nutrition Services Fund

FY24 Recommended Nutrition Services Fund Statement of Revenues and Expenditures

REVENUES		Projected FYE 2024 Budget	Projected FY2025 Budget	
Local sources	\$	8,823,232	\$ 7,984,095	
State sources		458,239	458,239	
Federal sources		141,934,422	138,503,473	
Total revenues	\$	<u>151,215,893</u>	<u>\$ 146,945,807</u>	←
APPROPRIATIONS				
35 Food services	\$	157,523,927	\$ 143,807,768	
41 General administration		5,138	-	
51 Facilities maintenance and operations		3,108,531	2,994,067	
Total expenditures		<u>160,637,596</u>	<u>146,801,835</u>	
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(9,421,703)</u>	<u>\$ 143,972</u>	←
Net change in fund balances		(9,421,703)	143,972	
Estimated fund balances—beginning July 1, 2023 or 2024 ⁽¹⁾		72,110,725	62,689,022	
Estimated Fund balances—ending June 30, 2024 or 2025 ⁽¹⁾	\$	<u><u>62,689,022</u></u>	<u><u>\$ 62,832,994</u></u>	←

(1) Fund balances will be updated once the 2023-2024 Annual Comprehensive Financial Report (ACFR) is complete.

Estimates based on current data; subject to change

FY25 Budgets To Be Adopted

General, Debt Service, and Nutrition Services Fund

FY25 Budgets To Be Adopted

REVENUES		General Fund	Debt Service Fund	Nutrition Services Fund
Local sources	\$	1,643,181,985	\$ 371,396,035	\$ 7,984,095
State sources		224,295,456	17,168,780	458,239
Federal sources		21,100,370	-	138,503,473
Total revenues	\$	<u>1,888,577,811</u>	<u>388,564,815</u>	<u>146,945,807</u>

APPROPRIATIONS

11	Instruction	\$ 1,210,229,232	\$ -	\$ -
12	Instructional resources and media services	8,631,004	-	-
13	Curriculum development and instructional staff development	19,835,299	-	-
21	Instructional leadership	74,022,287	-	-
23	School leadership	215,100,035	-	-
31	Guidance, counseling, and evaluation services	67,792,313	-	-
32	Social work services	6,869,543	-	-
33	Health services	25,338,108	-	-
34	Student (pupil) transportation	43,811,360	-	-
35	Food services	65,183	-	143,807,768
36	Co-curricular/extracurricular activities	23,339,723	-	-
41	General administration	54,348,154	-	-
51	Facilities maintenance and operations	179,934,816	-	2,994,067
52	Security and monitoring services	30,054,915	-	-
53	Data processing services	49,417,461	-	-
61	Community services	9,812,291	-	-
71	Debt service	5,130,350	374,371,606	-
81	Facilities acquisition and construction	-	-	-
91	Contracted instructional services between public schools	-	-	-
95	Juvenile justice alternative education program	792,000	-	-
97	Payments to tax increment fund	57,155,963	-	-
99	Tax appraisal and collection	18,610,882	-	-
	Total expenditures	<u>2,100,290,919</u>	<u>374,371,606</u>	<u>146,801,835</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>(211,713,108)</u>	<u>14,193,209</u>	<u>143,972</u>

OTHER FINANCING SOURCES (USES)

Transfers in	17,000,000	21,166,025	-
Sale of Property	80,000,000	-	-
Transfers out	(16,405,274)	-	-
Total other financing sources (uses)	<u>80,594,726</u>	<u>21,166,025</u>	<u>-</u>
Net change in fund balances	(131,118,382)	35,359,234	143,972
Estimated fund balances—beginning July 1, 2025 ⁽¹⁾	932,687,809	126,657,122	62,689,022
Estimated Fund balances—ending June 30, 2025 ⁽¹⁾	<u>\$ 801,569,427</u>	<u>\$ 162,016,356</u>	<u>\$ 62,832,994</u>

(1) Fund balances will be updated once the 2023-2024 Annual Comprehensive Financial Report (ACFR) is complete.

Thank you

