

HOUSTON INDEPENDENT SCHOOL DISTRICT

EXECUTIVE SUMMARY



2020-2021
ADOPTED
BUDGET BOOK

**EXECUTIVE
SUMMARY**

FISCAL EXCELLENCE, SERVICE DRIVEN.



HOUSTON INDEPENDENT SCHOOL DISTRICT

Hattie Mae White Educational Support Center
4400 West 18th Street • Houston, Texas 77092-8501

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Interim Superintendent of Schools

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December 17, 2020

The Honorable Board of Education
Houston Independent School District
4400 West 18th Street
Houston, Texas 77092

Dear Board Members:

The adopted budget reflects the allocation of revenues and appropriations to support educational programs and services defined by the district's purpose, goals, strategic intent, and core values. Budget planning for the 2020-2021 fiscal year is a seven-month process. The budget process provides a better look into the programmatic requests of the district's support services and is paving the road to building budgets that better align to district and departmental goals and initiatives.

In the state of Texas, the Legislature meets every odd-numbered year for 140 days. In May 2019, the 86th legislature passed school finance reform. House Bill 3 (HB3) increased the State's share of public education funding from 38 percent to 45 percent, reduced recapture by \$3.6 billion statewide and provided funds for full day Pre-K.

Property values for the 2020-2021 fiscal year increased by almost 3.8 percent over the 2019-2020 year. Based on estimated tax rate compression, the 2020-2021 adopted budget was developed on a tax rate of \$1.1177 per \$100 of taxable value, with a Maintenance and Operations (M&O) rate of \$0.9510 and an Interest and Sinking (I&S) rate of \$0.1667.

At its October meeting, the Houston Independent School District Board of Education adopted a tax rate of \$1.1331 per \$100 of taxable value, with a Maintenance and Operations (M&O) rate of \$0.9664 and an Interest and Sinking (S&I) rate of \$0.1667.

The 2020-2021 General Fund adopted budget reflects a \$33.9 million budget deficit, of which \$18.4 million is assigned fund balance – North Forest Public Facility Corporation projects, a \$33.3 million salary and benefits package and House Bill 3 allotment budget increases of \$24.3 million in Early Education Allotment.

The development, review, and consideration of the 2020-2021 Governmental Funds (General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund) and the Proprietary Funds (Internal Service Funds and Enterprise Funds) were completed with a detailed review of revenue and expenditure accounts. The Financial Section of this document contains the budgets for the General Fund, the Debt Service Fund, and the Nutrition Services Fund, which by Texas law, must be approved by function by the Board of Education.

Budget Presentation

The budget process is comprised of seven phases:

- Planning
- Preparation and Submission
- Review and Coordination
- Adoption
- Implementation
- Monitoring
- Evaluation

The budget document and the year-end Comprehensive Annual Financial Report (CAFR) are the primary vehicles used to present the financial plan and the results of operations of the district. This document, the 2020-2021 District Budget, comprises of four sections:

- Executive Summary
- Organizational Section
- Financial Section
- Informational Section

The information included in the budget document is structured to meet the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO). To receive this award, a school entity must publish a budget document which is also a policy document, an operations guide, a financial plan, and a communications device. We believe our current budget conforms to the requirements of the program. We are submitting this document to ASBO to determine its continued eligibility for this award. This award represents the highest level of recognition in budgeting for school entities. Its attainment represents a significant accomplishment by a school entity and its management. The award is conferred after a comprehensive review by a panel of independent budget professionals. Using extensive criteria, the reviewers not only evaluate the effectiveness of the budget in meeting the program's criteria, but it also provide commentary and feedback to the submitting entity as a basis for improving the process and presentation of their district's financial and operational plan.

Our most important concern in the presentation of the budget data, however, is to improve the quality of information provided to our community about the financial plan for the district's educational programs and services for the 2020-2021 fiscal year. The material in the budget document also includes information that has been suggested by the Board of Education, patrons, community members, staff, and those who review the document for the awards previously mentioned.

Both human and financial resources are allocated in the budget to achieve the goals of the district. The adopted budget reflects the allocation of revenues and expenditures to support educational programs and services defined by the district's purpose, goals, strategic intent, and core values. It represents the vision of district leadership and the hearts and minds of teachers and staff articulated through financial and operating policies. The budget is a good balance of choices representing the responsive equilibrium between the educational needs of students and the ability of the community and the state to provide the necessary financial support to serve them.

District Mission

The Board of Education's mission is to equitably educate the whole child so that every student graduates with the tools to reach their full potential.

District Vision

Every child shall have equitable opportunities and equal access to an effective and personalized education in a nurturing and safe environment. Our students will graduate as critical thinkers and problem solvers; they will know and understand how to be successful in a global society.

District Goals

Goal 1: The percentage of 3rd grade students performing at or above grade level in reading as measured by the Meets Grade Level Standard on STAAR will increase 8 percentage points from 42 percent in spring 2019 to 50 percent in spring 2024.

Goal 2: The percentage of 3rd grade students performing at or above grade level in math as measured by the Meets Grade Level Standard on STAAR will increase 8 percentage points from 46 percent in spring 2019 to 54 percent in spring 2024.

Goal 3: The percentage of graduates that meet the criteria for CCMR as measured in Domain 1 of the state accountability system will increase 8 percentage points from 63 percent for 2017–2018 graduates to 71 percent for 2022–2023 graduates reported in 2024.

Goal 4: The percentage of students receiving special education services reading at or above grade level as measured by the Meets Grade Level Standard on the STAAR 3–8 Reading and STAAR EOC English I and II assessments will increase 8 percentage points from 21 percent in spring 2019 to 29 percent in spring 2024.

Superintendent Constraint

Superintendent Constraint 1: The Superintendent will not allow the District to operate without a system to recruit/employ strong teachers, who meet the needs of students needing the most support.

Superintendent Constraint 2: The Superintendent will not allow the District to operate without students having effective, school-based wraparound support systems.

Superintendent Constraint 3: The Superintendent will not allow the District to operate without notifying parents/guardians at least once each 12 weeks about how to help their student, if the student is one or more grade level be-hind in literacy.

Superintendent Constraint 4: The Superintendent will not allow the District to operate without students receiving special education services meeting IEP progress.

Superintendent Constraint 5: The Superintendent shall not allow the District to operate without significantly increasing quality seats for early childhood education, including Prekindergarten 3, Prekindergarten 4, and Kindergarten.

Budget Development



The Budget Development Model

The Budget Process is conceptually divided into a seven-step process: planning, preparation and submission, review and coordination, adoption, implementation, monitoring, and evaluation. The process is congruent with the overall mission of the organization and is aimed at fulfilling the district's stated goals and objectives. The budget process exists in the context of a struggle to balance the needs of students and the community with the limited resources available from local, state, and federal sources. The final adopted budget is a reflection of the best decisions and choices of hundreds of people in the schools, the administrative offices, and the community. It is often a painstaking balance of policy decisions and choices among competing priorities.

Planning

The planning stage of the budget process begins with the adoption of the prior year's budget. At this point, team members communicate ideas and thoughts regarding the previous year's process and plan to make the necessary improvements and adjustments to the process for the next budget cycle. Also, early into the year, the budget calendar of milestones for important activities and decisions is developed and disseminated to budget participants. Concurrently, senior members of the organization are meeting to discuss strategic planning issue such as goals and initiatives for the coming year, as well as challenges and opportunities facing the district. Finally, fundamental projections and assumptions crucial to the budgeting process such as pupil enrollment projections, changes in the tax base, and changes in funding levels received are being conducted and examined exhaustively.

The district currently uses a mix of budgetary approaches: line item, program budgeting, and weighted per pupil allocation formula. These approaches provide campuses a standard allocation based on projected enrollments or historical expenditures and uses a competitive ranking process for new or non-allocated programs. With this mixed approach, the Superintendent's cabinet is also charged with developing and prioritizing non-allocated budgetary requests for submission for review.

Preparation and Submission

Budget preparation is conducted at the campus level primarily by the principal and members of the Shared Decision-Making Committee (SDMC). The development of campus-level budgets follow the budget preparation

guidelines issued by the Superintendent. While the revenue side of the district budget is prepared by district administrators, campus-level budgets become the basis for the expenditure side of the district budget as that information filters up through the various levels of review, including campus staff members and the SDMC. Additional expenditures for costs such as debt service and interest are added when the district-wide preliminary budget is compiled.

The budgeting of campus allocations, exclusive of legal mandates, is at the discretion of each campus under the district's site-based decision-making model. As such, campus budgeting begins with the identification of a school's goals and objectives by the school's resource planning group or equivalent (e.g., the School Improvement Team) as a first step in the campus budget development process. These goals and objectives should be driven by the educational needs of the campus (i.e., instruction and curriculum). In addition, the school's goals and objectives should be developed in accordance with district-wide and long-term educational goals.

Once consensus is reached on these goals and objectives, current operations should be evaluated as to their effectiveness in achieving them. New programs may need to be developed for the current year's operations to attain goals and objectives that are not addressed by a school's current programs. Programs should then be prioritized as to their effectiveness in attaining the developed goals and objectives. Finally, available resources should be allocated to each program or operation within the guidelines provided in the district's handbook, *Understanding the Budget Coding Process*.

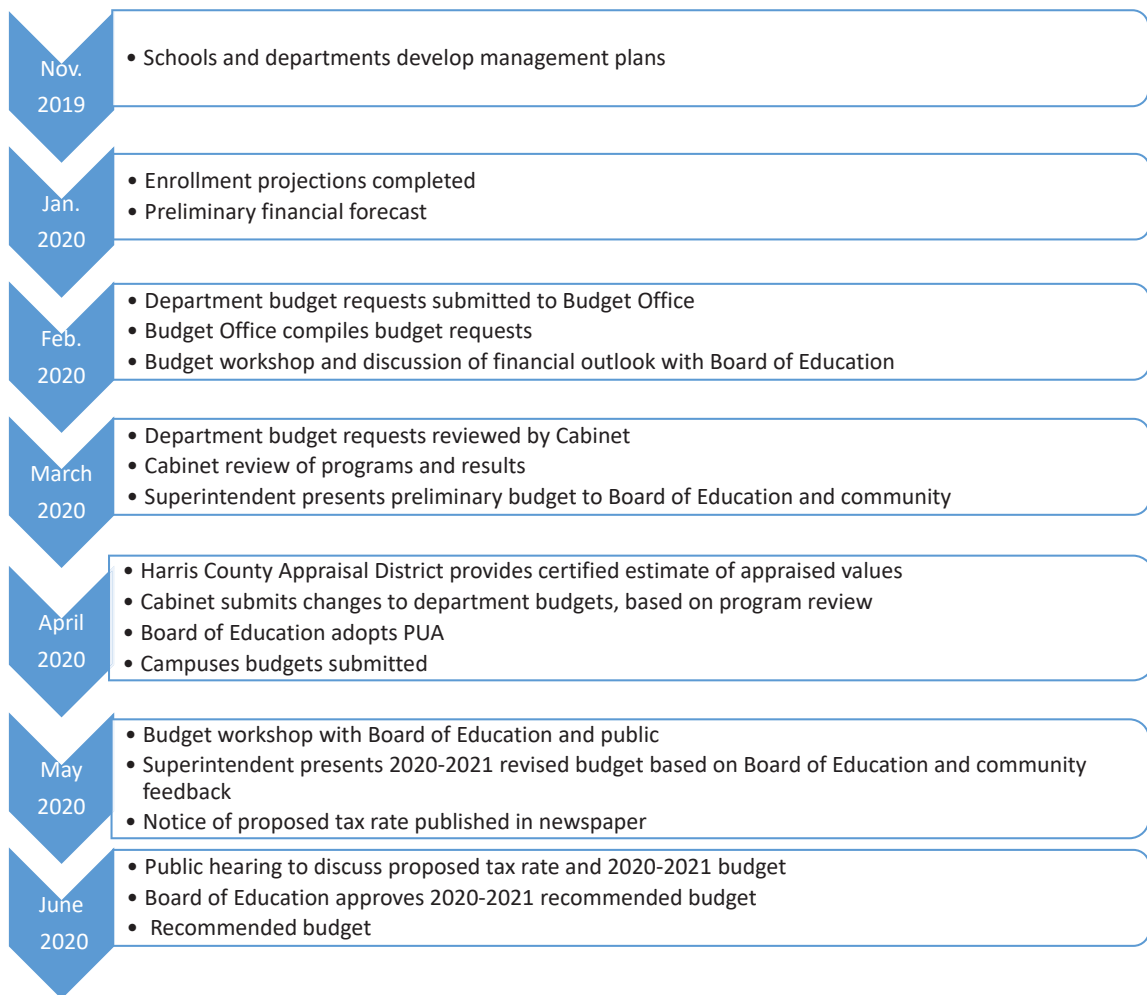
Budget submission is completed electronically for schools. Budget units receive budget development packages that allow them to develop their budgets electronically and submit them through the intranet. An overall summary request is generated along with detailed line-by-line budget items. During the submission process, there is frequent review and consultation process with Budgeting and Financial Planning staff members.

The preparation of other budgets occurs simultaneously with the development of the General Fund budget. Debt Service Funds are budgeted by the Controller's Office and Budgeting and Financial Planning. Special Revenue Funds are budgeted by the participants in the programs and grants (usually schools), some central office departments, and Budgeting. Nutrition Services Fund budgets are created by the HISD Nutrition Services department and reviewed by the Controller's Office.

Budget Review and Coordination

The Superintendent's cabinet reviews budget increase requests and recommends overall prioritization of programs and activities. Input from the various participants is used to determine the appropriateness of the submitted budgets. A timeline of the 2020-2021 budget process is contained in the chart on the next page:

Fiscal Year 2020-2021 Budget Development Timeline



Criteria for reviewing budget proposals, especially increase requests, include the degree of alignment with districtwide goals and objectives, priority status compared with other proposals, use of district resources for efficiency and effectiveness, the unit's track record for operational performance, and the likelihood of success for particular initiatives and programs.

Final review and coordination of the annual budget is conducted in public workshops and hearings with members of the community and the school board.

Budget Adoption

The compiled budgets for the district are submitted to the Superintendent for review before they are formally presented to the school board in early June as a recommended budget. The school board analyzes the documentation and conducts public hearings and workshops to get input from the community on district spending plans. After final revision and amendment, the board formally adopts the budget in June. Budgets are approved on a fund-by-fund basis. The district can make amendments to the budget at any time during the year; however, amendments changing functional expenditure categories or revenue object accounts (as defined in the Texas Education Agency's Financial Accountability System Resource Guide) must be approved by the Board of Education.

Budget Implementation

Implementation of the budget involves the procedural and technical processes that must occur for the proper expenditure and recording of the various funds in the budget.

Personnel Controls and Approvals

The management of positions in HISD is an integral part of the budgeting process since approximately 73 percent of the general fund budget is comprised of salary and benefit costs. Schools have some flexibility with respect to opening, closing, and/or changing positions within a balanced budget. New central office positions are normally requested as part of the recommended budget for the new year. New school positions must be approved by the principal or Area Superintendent.

Encumbrance Control

Encumbrance accounting, the system under which purchase orders, contracts, and other commitments for the expenditure of funds are recognized in the accounting system in order to reserve the portion of the applicable appropriation, is employed in the Governmental Fund types. Encumbrances that have not been liquidated are reported as reservations of fund balance since they do not constitute expenditures or liabilities. District policy requires that such amounts be re-appropriated in the following fiscal year.

Auditing

Tests are conducted to determine the adequacy of the internal control structure of the district and the effectiveness and efficiency of expenditures as well as for compliance with applicable laws and regulations. Examples of the types of audits performed include Internal Control Reviews, Expenditure and Revenue Audits, Account Balance Audits, Contract Audits, Systems Documentation, and Compliance Reviews.

Purchasing

Purchasing procedures and guidelines are developed and monitored to ensure purchasing and contracting compliance with all applicable statutory and legal requirements, Board of Education policy, good purchasing practice, and adherence to ethical standards. Also, the district seeks to improve participation by historically under utilized businesses. Specific policies and procedures related to procurement can be found in the *Finance Procedures Manual*, section 1300.

Budget Account Transfers

Transfer of campus discretionary funds requires principal approval for schools, and direct report or department head approval for central office budgets. The district restricts transfers between funds (or business areas) and within Special Revenue funds based on each particular grant's requirements. Transfers can be made between functions within the same fund (business area), and transfers can be made between objects within the same fund or business area. For more detailed information, consult the *Finance Procedures Manual*, section 500 located on the district's website.

Budget Amendments

Budget amendments are handled in basically the same fashion as a budget transfer request. Approval is required by the principal or Area Superintendent for schools and by the appropriate direct report or department head for central office amendments.

Reporting System

HISD implemented the SAP (Systems Applications and Products) finance and accounting operation and control system in 1998, to further the automation of financial transactions, reduce transaction processing time and costs, and provide more timely, accurate information regarding those transactions. The information provided by the SAP system is designed to assist administrators in monitoring the financial condition of the district and evaluating the fiscal performance of the various budget units. Examples of information provided by SAP, include reports detailing the original annual budget allocations for schools and departments, the available budgets of all units, dynamic comparison of allocations to actual expenditures, purchase orders processed, but not yet received, records of fixed assets and inventories and budget transfers.

A *Comprehensive Annual Financial Report* is prepared to report the detailed results of district operations, and it includes statements and reports such as balance sheets for all funds, statements of revenue and expenditures, detailed explanation of different funds by function and major object, as well as miscellaneous statistical data in accordance with the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

School-Based Budget Development Process

For 2020-2021, principals will be responsible for taking into consideration recommendations from their school's PTA/PTO, employee representatives, their school community, business partners, and the school's Shared Decision-Making Committee.

The district has formulated a school-budgeting process that includes a weighted per-pupil allocation formula based on state student weights.

- Grade Level Allocation
- Adjustments—Provides an adjustment for enrollment increases or decreases in the next school year, based on the school projections
- Special Population—G/T, CATE, Economically Disadvantaged, Multilingual, Homeless, and Refugee students receive additional weight in the resource allocation

Central Budget Committee for the 2020-2021 Budget

The Superintendent's cabinet will review and rank all central office budget recommendations, including requests for increased funding. The Cabinet's responsibilities include the following:

- Review all central-office initiatives, activities, and general programs for possible elimination, combination with another department, decentralization, or restructuring
- Review and rank all new central-office recommendations for increased funding
- Rank all central-office requests for increases in the Capital Acquisition Program
- Submit ranked recommendations for increases to the Chief Financial Officer and the Superintendent of Schools

Budget Monitoring

As budgeted funds are expended, periodic monitoring of the budget is conducted in accordance with responsible accounting as well as applicable laws and regulations. Each level of the district's organization is responsible for monitoring those budget items for which it is responsible. As the budget is prepared, spending plans are developed for use in budget monitoring. For example, as a principal and other resource planning group members develop a campus budget, the timing of planned expenditures is noted and documented. Thus, a principal and other district administrators have a tool to monitor expenditures during the fiscal year. The district accounting system normally generates expenditure and encumbrance information on a monthly basis. To review budget performance, this information is compared with campus spending plans by principals. Principals may in fact monitor budgetary performance on a transaction-by-transaction basis through access to the district's computerized accounting system, SAP. The HISD budget must also be submitted to TEA via the Public Education Information Management System (PEIMS) transmission process. TEA monitors for compliance at the district level only. This monitoring is a legal requirement to ensure mandatory expenditure levels in certain areas.

Similarly, district administrators monitor the entire district budget. The Chief Financial Officer and other district administrators use similar expenditure and encumbrance reports to monitor the budget compliance of programs and funds. Performance monitoring of the budget is also conducted regularly. This includes such items as comparing the planned effectiveness of educational programs with actual student achievement results, reviewing a particular department's effectiveness at using allocated resources to achieve specified results, and reviewing a school or department budget against standard ratios to monitor unusual expenditure patterns. This information is then periodically conveyed to the Board of Education, keeping the board apprised of issues that might affect the district's performance.

Evaluation

The last step in the budget process is evaluation, where performance data gathered in the monitoring phase are assembled and evaluated to determine individual units as well as overall-district performance for the fiscal year. This is usually accomplished in the summer as the budget for the next fiscal year is being developed. As the strategic management and planning methodology becomes more ingrained into HISD's culture, the performance data gathered will become more detailed and better aimed at the programs and processes that are most significant to the overall operational performance and will allow a better view of organizational performance over time.

The results of the evaluation phase in the budgeting cycle, output directly into the planning phase for the next budget year. The three main areas of evaluation include schools, programs, and stakeholder satisfaction. Schools and programs are evaluated for student achievement using such tools and measures as STAAR (State of Texas Assessments of Academic Readiness) tests, the Stanford 10 norm-referenced exams, attendance rates, drop-out and graduation rates, SAT and ACT test results, etc. Stakeholder satisfaction is measured through questionnaires, survey instruments, and indirect measures such as voter approval rates of bond elections, etc. Budgetary performance evaluation includes measures such as budget-to-actual or budget-to-projected actual comparisons of revenue, expenditures, cash flow, fund balance, and staffing levels.

Periodic evaluation or performance reports are issued to inform both district officials and the public of campus and district performance. The annual budget document will continue to serve as a primary vehicle for delivering evaluation results of the previous fiscal year and illustrating the underlying reasons for new budget allocations.

General Fund Revenues and School Finance

The 86th legislature made sweeping changes to the school finance system, resulting in a total biennial increased cost of \$11.6 billion over current law. House Bill 3 (HB3) amended the Education Code to transfer certain sections from Chapter 42 to chapter 48 and certain sections from chapter 41 to chapter 49. It revised formulas used to determine entitlement under the Foundation School Program (FSP).

Major HB3 highlights:

- Overall Cost \$11.6 billion
 - \$6.5 billion for public schools
 - \$5.1 billion for property tax relief
- Reduced recapture by \$3.6 billion over the biennium
- Basic Allotment was increased from \$5,040 to \$6,160, CEI repealed
- Minimum salary schedule was increased due to the basic allotment increase
- Increased salaries by requiring 30 percent of revenue gain for compensation increases for full-time employees (other than administrators). Of this amount:
 - 75 percent must be used for full-time teachers, counselors, nurses and librarians with priority for those with 5 years or more experience
 - 5 percent may be used for other full-time employees
- Created a college preparation assessment reimbursement allocation to reimburse the cost of college preparation assessments such as the SAT or ACT
- Provided incentive for additional instructional days for districts wishing to extend up to 30 days of halfday instruction for students in PK-5 based on ADA funding
- All Schools districts must provide full-day Pre-K for eligible 4-year old students
- Dyslexia Allotment - New allotment, weight of 0.10 multiplied by students served
- Early Education Allotment - HB3 created a new weight of 0.1 for each educationally disadvantaged student or ELL student in grades K-3
- Career and Technology Allotment - The bill extends current weighting to grades 7 and 8. The bill created an allotment of \$50 for each student in attendance at a campus designated as a P-TECH school or at a campus that is a member of the New Tech Network
- College, Career, or Military-Readiness Outcomes Bonus (CCMR) - The bill created a funding bonus based on the number of graduates that meet criteria numbers that exceed the 25th percentile threshold
- Dropout Recovery/Residential placement Facility Allotment - The bill created an allotment of \$275 per ADA at qualifying schools
- Compensatory Education Allotment - A new spectrum of weights from 0.225 to 0.275 is applied to counts of educationally disadvantaged students
- Bilingual/ Dual language Allotment - HB3 maintained the current 0.1 weight for limited English proficient students in traditional bilingual and ESL programs. It created a weight of 0.15 for limited English proficient students in programs using dual language immersion. A new weight of 0.05 for a student that is not limited English proficient in a dual language immersion program

- Teacher Incentive Allotment - For classroom teachers with a designation of “master”, “exemplary”, or “recognized,” based on an optional, local appraised system which qualifies, a district is entitled to an allotment of from \$3,000 to \$3,200 based on the designation and place of work of the teacher
- Mentor Program Allotment - The commissioner is authorized to establish a formula to distribute funds to support mentoring programs for teachers with less than two years of experience

2020-2021 Tax Rate

To support the approved 2020–2021 budget and to make required expenditures, the Houston Independent School District (HISD) must adopt a tax rate that will provide revenue through the property tax as provided by law. The rate to be adopted must include the necessary revenue for payment of maintenance and operations expenses and for debt service.

At the time of budget adoption, the district had not received its Maximum Compressed tax rate (MCR), which under HB3 is calculated by the Texas Education Agency in July. The adopted budget tax rate of \$1.1177 per \$100 of taxable value was recommended as the HISD 2020 tax rate to be adopted by the Board of Education. This rate includes a maintenance and operations component (M&O) of \$0.9510 and a debt-service component of \$0.1667 cents. This is a decrease of \$0.0019 cents from the previous year.

Prior Year Actuals

Prior year actual revenues and expenditures are reflected in the charts below.

General Fund Budget to Actuals Comparison

Revenues	Adopted Budget 2019-2020	Actual Revenues 2019-2020
General Fund	\$ 1,940,675,482	\$ 2,055,710,548

Appropriations	Adopted Budget 2019-2020	Actual Expenditures 2019-2020
General Fund	\$ 1,963,877,171	\$ 1,906,804,204

Actual revenues over the adopted budget are primarily due to an increase in Foundation School program revenue, carryover encumbrances, an increase in Early Education Allotment to be compliant with HB3, increase in State Compensatory expenditures, increases in capital lease recognition, and increase for various facility improvements.

Actual expenditures under the adopted budget are primarily due to under budget in salaries and related due to vacancies not filled and overtime/extra pay not needed during COVID-19 pandemic closure of buildings, decrease in utilities and maintenance during COVID-19 pandemic closure of buildings, technology related expenditures including devices postponed to fiscal year 2021.

2020-2021 General Fund Revenues

The adopted budget reflects the allocation of revenues and appropriations to support educational programs and services defined by the district's purpose, goals, strategic intent, and core values. Projected revenues for the 2020-2021 General Fund are \$1,994,554,361, which is a 2.78 percent increase over the original 2019-2020 budgeted revenues. Revenues for the General Fund and other financing sources are primarily generated through local property taxes and state aid, but include other sources. A description of the methodology for calculating state formula revenue in detail is included in the Informational Section of this document.

General Fund Revenue Assumptions

The 2020-2021 state revenue projections are based on an estimated average daily attendance (ADA) of 188,244,477 pupils, or weighted average daily attendance (WADA) of 265,559.429 pupils

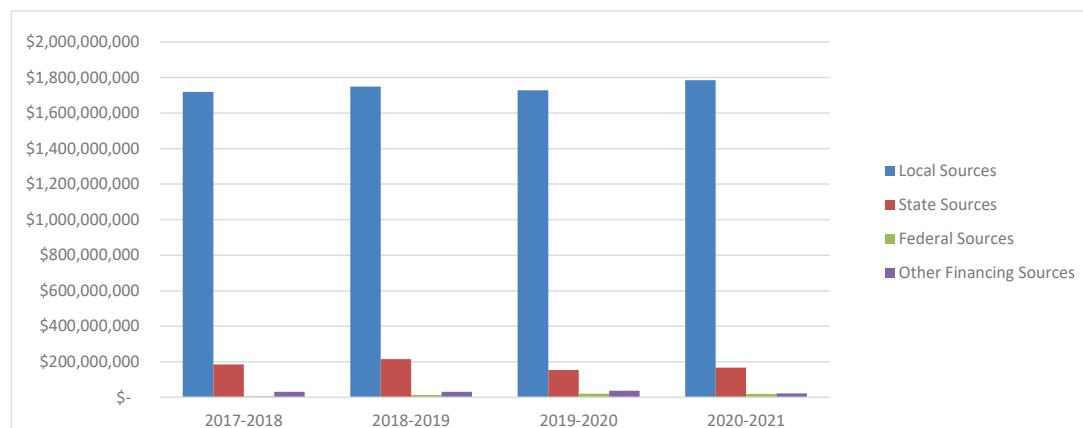
Property tax revenue is the district's largest revenue source in the amount of \$1,771,575,694, comprising 87.97 percent of all budgeted revenues. HISD is projecting an increase in local funding from the 2020-2021 original budgeted property tax levy of \$56.4 million, an increase of state funding of \$13.4 million, and projected decrease in revenues from other sources of \$15 million for a net increase of \$53.8 million in revenues.

Revenues percentages for the General Fund are generated from the following primary resources:

Total Revenue Sources for the General Fund

Revenue Sources	Adopted Budget 2017-2018	Adopted Budget 2018-2019	Adopted Budget 2019-2020	Adopted Budget 2020-2021
Local Sources	\$ 1,719,362,582	\$ 1,749,167,264	\$ 1,729,051,055	\$ 1,785,542,493
State Sources	185,036,762	215,146,388	153,313,693	166,787,686
Federal Sources	6,250,624	13,031,351	20,720,946	19,724,182
Other Financing Sources	30,400,000	30,400,000	37,589,788	22,500,000
Total General Fund Revenue	\$ 1,941,049,968	\$ 2,007,745,003	\$ 1,940,675,482	\$ 1,994,554,361

Revenue Sources by Year



The general fund revenue increase in local sources is primarily the result of an increase in property values.

Below is a chart of the district's roll values for the past 10 years:

Fiscal Year	Tax Roll Value	% Change
2011-2012	105,895,088,157	1.39%
2012-2013	111,568,771,772	5.36%
2013-2014	125,112,516,134	12.14%
2014-2015	139,580,407,554	11.56%
2015-2016	152,860,482,797	9.51%
2016-2017	165,861,644,665	8.51%
2017-2018	171,610,628,471	3.47%
2018-2019	173,923,630,109	1.35%
2019-2020	185,535,534,086	6.68%
2020-2021	197,185,763,513	6.28%

Note: 2019-2020 and prior are from the HISD Comprehensive Annual Financial Report, 2020-2021 is the Certified Estimated value from the Harris County Appraisal District.

The revenue projections used for 2020-2021 are based off the certified estimated roll value that the district receives in April of each fiscal year. The district works with the Harris County Appraisal District (HCAD) early in the year, usually around February, to determine a starting point for tax revenue projections. These projections are used to build early estimates of the district's budget resources and help with the planning and ranking of programs in the upcoming years. The district has traditionally taken a conservative approach in early revenue and projections and in the past has been able to fund projects on a ranked planning list.

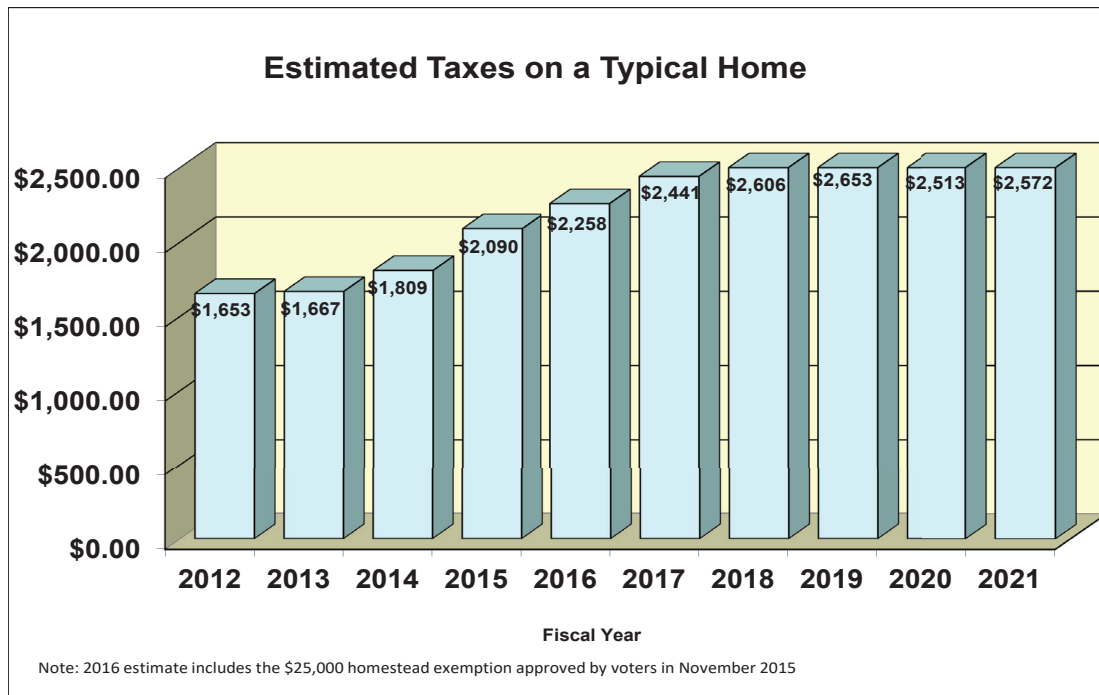
In the near-term, the district revenue projections are impacted by growth in property values, changes in student enrollment, and current state statute. District revenues are driven by local property taxes, and roll values are used to estimate revenues before the budget is adopted in June. In most cases, roll values increase as the year progresses, and the district does not need to make significant budget changes to address shortfalls during the middle of the budget cycle. Sudden declines in student population can impact the district's formula funding allotment, discussed in further detail in the Informational Section of this document, and per-student allocations budgeted at the school-level. Student population is monitored daily during September of each year, and the district responds immediately, preparing for allocation adjustments as necessary. The district then settles-up with campuses after the state's enrollment snapshot in October. The district's long-term revenue forecast is represented in more detail in the Informational Section of this document. This forecast makes several assumptions, estimating the future property tax roll values will grow at two percent annually.

HISD Local Tax Rolls and Estimated Taxes on a Typical Home

HISD's estimated assessed value for the 2020-2021 fiscal year, per the HCAD certified estimated roll in April 2020, was \$197,185,763,513, compared to the certified estimated value in April 2019 of \$185,976,365,389 during the same period. These are not final tax roll numbers; however, these values are used for original budget projections. The 2020-2021 value used for the 2020-2021 Adopted Budget does not reflect the changes that occur through the tax year or represent a final roll value. For the typical homeowner, taxes to fund programs and services for the 2020-2021 fiscal year will increase an estimated \$59.03. The resulting increase does not take into account exemptions for homeowners over 65, disabled homeowners, or surviving spouses over age 55.

The \$1.1331 tax rate adopted by the Board of Education on October 8, 2020 for 2020-2021 fiscal year decreased from the total tax rate of \$1.1367 adopted in 2019-2020. The tax rate assumes an average taxable value of a Houston-area home of \$241,942 in 2020-2021, and taxes on the average home of \$2,572.44. The tax bill in 2019-2020 for an average value home, \$232,235 was \$2,513.40. This average tax bill is calculated by taking the average market value, provided by HCAD, less a homestead exemption of \$25,000 approved by voters in 2015 and the 20 percent optional homestead exemption offered by the district, and excludes the additional exemptions for which homeowners may qualify.

The chart below illustrates the tax burden for the typical homeowner from 2012-2021, which has primarily increased as a result of property value growth.



Long Term Debt

The Debt Service Fund includes all accounts necessary to record transactions reflecting revenues collected from taxes and investment earnings and expenditures made for the payment of interest and principal on long-term, general debt obligations.

The tax rate for the Debt Service fund is levied to pay general obligation debt of the district. Less than 1 percent of the resources necessary to meet debt service needs are received in the form of state funds. Growth in the property tax rolls has decreased from double digit increases in prior years and is represented in more detail in the Introductory Section.

The debt service tax rate for 2020-2021 has remained the same from the previous year at \$0.1667 in the adopted budget. As of June 30, 2020, the district had total outstanding bonded debt principal of \$2.68 billion and other outstanding obligations of \$178.9 million for total debt principal outstanding of \$2.86 billion. The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the District's debt position.

The district's ratings include the "Aaa" long-term rating on the District's bonds by Moody's Investors Services, Inc. and "AAA" rating by Standard and Poor's Corporation for debt enhanced by the Texas Permanent Fund guarantee.

The unenhanced ratings by Moody's and Standard and Poor's are "Aaa" and "AA+" respectively. The latest review by the rating agencies was completed by Moody's in November, 2019 and Standard and Poor's in May, 2020. Lease revenue debt issued by the Houston Independent School District Public Facility Corporation received ratings of "As1" and "AA" by Moody's and Standard and Poor's respectively.

2020-2021 Appropriations

Appropriations included in the recommended budget for the General Fund total \$2,028,542,973, an increase of 3.29 percent from the 2019- 2020 original budget appropriations.

Increases/(decreases) to the General Fund budget include:

Important increases/decreases

- Salary Increases - \$33,360,747
- Recapture – \$12,083,891

Major increases/(decreases) with offsetting revenues include:

- Early Education Allotment compliance – \$24,300,000
- State Compensatory Education (SCE) - \$7,049,422
- Charter School Enrollment Increase - \$5,700,000
- Campus Enrollment Increase- \$3,358,555
- Property, Liability, Auto Insurance - \$2,500,000
- Information Technology (IT) Maintenance/Software Contracts - \$2,371,059
- Tax Increment Reinvestment Zone (TIRZ) - \$1,539,766
- Career & Technology Allotment -Middle School - \$1,284,873
- Harris County Appraisal District (HCAD - \$1,157,402
- Self Insurance- \$1,000,000
- CTE Certification reimbursement - \$367,028
- SAT reimbursement - \$189,000
- College, Career, Military Readiness (CCMR) - (\$1,056,471)
- Capital Lease Recognition - (\$15,089,788)

Mandatory (Contractual or legally required) increases/decreases include:

- Transfers out for debt service – (\$2,685,625)

Other major increases:

- Verizon Innovative Learning Support - \$864,527
- Federal & State Compliance - \$472,368
- Liberty HS lease, maintenance, and custodial - \$455,922
- Family & Community Engagement - \$387,762
- Chief Audit Executive - \$229,021

Major decreases:

- Vacant Salaries – (\$7,305,827)
- District-wide long-term subs (fallout) – (\$3,400,000)
- Utilities – (\$2,000,000)
- District-wide Benefits (Medicare, Workers' Comp) – (\$1,000,000)
- Reduction in temporary assignment positions (vacancies) - (\$835,077)
- Legislative Budget Board (LBB) Recommendation 1 – (\$412,078)
- LBB Recommendation 39 – (\$145,676)

One – Year Funding item:

- Compensation Study from 2019 – 2020 - (\$175,000)

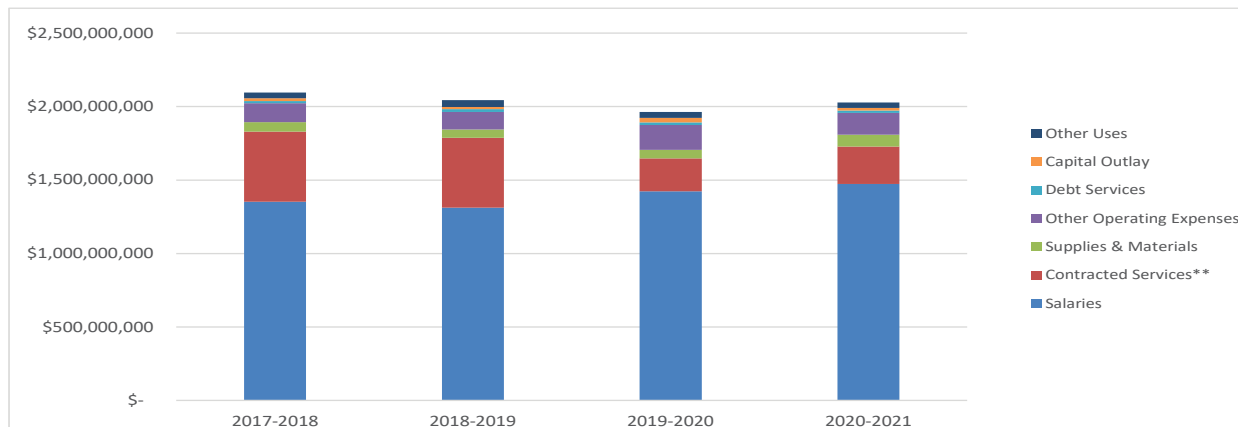
General Fund Budget Distribution

Below is a comparison of total General Fund expenditures, by object, for the fiscal years 2017-2018 to 2020-2021.

General Fund Expenditure by Object
(Comparison of Total Expenditures of Current and Previously Adopted Budgets)

Object	Adopted Budget 2017-2018	Adopted Budget 2018-2019	Adopted Budget 2019-2020	Adopted Budget 2020-2021
Salaries	\$ 1,352,289,472	\$ 1,313,217,802	\$ 1,423,013,217	\$ 1,473,980,106
Contracted Services**	477,823,873	474,291,467	225,159,211	254,085,255
Supplies & Materials	63,988,022	56,649,958	58,272,876	80,775,744
Other Operating Expenses	128,329,189	120,071,651	168,413,718	148,506,925
Debt Services	14,553,719	17,916,239	17,971,439	15,250,000
Capital Outlay	19,988,689	14,836,734	30,911,945	18,495,802
Other Uses	39,321,832	46,361,773	40,134,765	37,449,140
Total General Fund Expenditures	\$ 2,096,294,796	\$ 2,043,345,624	\$ 1,963,877,171	\$ 2,028,542,973

Adopted Budgets by Major Objects
2018 - 2021



Below is a chart representing where funds are budgeted within the district's organizational structure. HISD's organizational chart can be found in the Organizational Section of this document. Detail for each campus and department is located in the Informational Section.

2020 - 2021 Original Budget Report - General Operating Fund

	Payroll	Contracted Services	Supplies and Materials	Other Operating Costs	Debt Services	Capital Outlay	Other Uses	Total Allocation	Total Allocation % Total
Schools	\$1,069,558,410	\$131,775,446	\$49,252,152	\$8,555,255		\$7,567,310		\$1,266,708,573	62.4%
Superintendent of Schools	\$537,106	\$2,050	\$4,455	\$11,890				\$555,501	0.0%
Area Offices	\$7,012,527	\$35,000	\$109,500	\$129,700		\$20,000		\$7,306,727	0.4%
Chief of Staff	\$1,466,117	\$432,462	\$16,396	\$264,601		\$13,098		\$2,192,674	0.1%
Chief Communications Officer	\$2,503,550	\$175,500	\$105,619	\$54,200		\$15,000		\$2,853,869	0.1%
Chief Audit Executive	\$1,673,776	\$804,246	\$15,500	\$28,675		\$2,000		\$2,524,197	0.1%
General Counsel	\$1,915,713	\$3,306,671	\$31,711	\$39,887		\$8,420		\$5,302,402	0.3%
Chief Human Resource Officer	\$8,017,066	\$1,079,503	\$159,750	\$448,839		\$2,000		\$9,707,158	0.5%
Chief Financial Officer	\$12,060,960	\$2,645,544	\$199,961	\$271,713		\$29,714		\$15,207,892	0.7%
Chief Strategy and Innovation Officer	\$36,098,216	\$4,812,877	\$4,924,624	\$1,672,369		\$1,416,877		\$48,924,963	2.4%
Chief Technology Information Officer	\$19,576,436	\$22,198,633	\$471,456	\$676,837	\$15,250,000	\$3,124,685		\$61,298,047	3.0%
Chief Academic Officer	\$58,293,275	\$8,253,177	\$10,333,598	\$5,683,861		\$2,465,656		\$85,029,567	4.2%
Chief of Police	\$17,470,230	\$518,400	\$500,439	\$97,720		\$119,900		\$18,706,689	0.9%
Chief Operating Officer	\$133,790,960	\$36,584,989	\$14,524,133	\$646,703		\$327,693		\$185,874,477	9.2%
Districtwide Services	\$104,010,765	\$41,455,758	\$126,450	\$129,924,675		\$3,383,449	\$37,449,140	\$316,350,236	15.6%
GRAND TOTAL	\$1,473,985,106	\$254,080,255	\$80,775,744	\$148,506,925	\$15,250,000	\$18,495,802	\$37,449,140	\$2,028,542,973	100%

2020-2021 Other District Fund Appropriations

HISD operates other additional governmental funds:

The district adopted a **Debt Service Fund** budget of \$360,458,046 that provides for principal and interest payments for outstanding debt in accordance with generally accepted accounting principles for governmental entities.

All remaining unspent funds from the 2019-2020 **Capital Renovation Fund** budget will be carried forward into the 2020-2021 fiscal year to provide for costs for the construction and renovation of school sites in accordance with the district's 2012 HISD Bond.

The \$227,129,489 **Special Revenue Fund** budget provides for school-centered programs designed to support increased student achievement. The district continues to pursue additional dollars from non-traditional sources to support the educational delivery system. The primary sources of this fund is Title I, Title II, E-Rate, IDEA-B, and the Instructional Materials Allotment. Only awarded and known resources are presented in the adopted budget. The district will continue to make adjustments throughout the year as notice of grant awards and district carryover are approved.

The adopted **Nutrition Services Fund** budget is \$121,099,374 and reflects the ongoing activity of the nutrition services program. Revenue to support the nutrition service program is primarily derived from National School Breakfast and Lunch Program and state programs.

HISD operates two Enterprise Funds:

The **Marketplace Fund** budget of \$420,286 accounts for the financial operation of the restaurant-style cafeteria on the first level of the Hattie Mae White (HMW) Educational Support Center.

The district has a very active **Medicaid Fund** that provides Medicaid claiming services to other school districts throughout the state. This fund has a total budget of \$23,287,384 of which \$8,642,511, is for operational expenses and \$22,500,000 which will be transferred to the General Fund for the support of the instructional program.

HISD operates seven Internal Service Funds:

The **Health Insurance Fund** has a budget of \$174,063,240 accounting for the health insurance plan administered by the district.

The **Print Shop Fund** has a budget of \$9,045,674 accounting for the cost of printing, graphics, and mail services for the district.

The **Workers' Compensation Fund** has a budget of \$8,463,011 accounting for activities related to the district's workers' compensation program.

The **Alternative Certification Fund** has a budget of \$577,249 accounting for the recruiting, training, and supporting of qualified, degreed classroom professionals.

The **Athletics Fund** has a budget of \$5,742,677 accounting for the educational, social, moral and athletic skills of the student athlete in various sports, including football, basketball, track/field and soccer. The fund is also used to schedule athletic activities, transportation trips, game officials and to efficiently operate sports complex venues for HISD athletics competitions and events.

The **Special Education Shared Service Fund** has a budget of \$8,583,857 accounting for the Special Education evaluation and support services.

The **UIL (University Interscholastic League) Fund** has a budget of \$1,026,688 accounting for campus participation in UIL activities such as One-Act Play, Debate Cross-Examination, Marching Band, Concert Band, Choir, Orchestra, Solo-Ensemble, and Academics.

Below are charts representing the district's total revenues and appropriations in its various funds. Capital renovation revenues exclude bonds sold in prior years, and appropriations are estimated amounts to be spent during the year for capital projects.

Total Revenues				
Revenue Sources	Adopted Budget 2017-2018	Adopted Budget 2018-2019	Adopted Budget 2019-2020	Adopted Budget 2020-2021
Governmental Funds Types				
General Fund	\$ 1,941,049,968	\$ 2,007,745,003	\$ 1,940,675,482	\$ 1,994,554,361
Special Revenue Fund	223,828,239	168,821,603	175,563,099	227,129,489
*Nutrition Services Fund	-	-	145,534,146	108,269,874
Debt Service Fund	354,069,658	341,821,202	353,128,432	355,046,816
Capital Renovation Fund	35,282,500	40,858,000	38,186,974	34,535,375
Public Facilities Corporation	208,500	293,211	133,194	-
Total Governmental Fund Types	\$ 2,554,438,865	\$ 2,559,539,019	\$ 2,653,221,327	\$ 2,719,535,915
Internal Service Fund Types				
Health Insurance Fund	\$ 149,240,000	\$ 162,279,000	\$ 171,197,893	\$172,615,330
Workers' Compensation Fund	8,474,646	7,651,649	6,262,000	6,682,663
Athletics Fund	6,929,924	7,089,814	6,048,939	6,536,827
Print Shop Fund	8,689,894	8,825,736	8,587,000	9,032,832
Alternative Certification Fund	1,423,000	1,168,475	859,337	779,360
UIL Fund	1,050,404	1,098,254	1,029,839	1,024,094
Shared Services Fund	7,301,398	7,144,293	7,000,124	7,127,318
Total Internal Service Fund Types	\$ 183,109,266	\$ 195,257,221	\$ 200,985,132	\$ 203,798,424
Proprietary Fund Types				
Nutrition Services Fund	\$ 128,277,527	\$ 142,147,259	\$ -	\$ -
The Market Place	1,130,270	1,724,476	1,208,926	420,286
Medicaid Fund	30,712,683	30,911,319	32,733,967	25,358,354
Business Development Fund	5,181,276	-	-	-
Total Proprietary Fund Types	\$ 165,301,756	\$ 174,783,054	\$ 33,942,893	\$ 25,778,640
Total Revenues	\$ 2,902,849,887	\$ 2,929,579,294	\$ 2,888,149,352	\$ 2,949,112,979

Total Appropriations				
Appropriations	Adopted Budget 2017-2018	Adopted Budget 2018-2019	Adopted Budget 2019-2020	Adopted Budget 2020-2021
Governmental Funds Types				
General Fund	\$ 2,096,294,796	\$ 2,043,345,624	\$ 1,963,877,171	\$ 2,028,542,973
Special Revenue Fund	223,828,239	168,821,603	175,563,099	227,129,489
*Nutrition Services Fund	-	-	\$ 146,722,814	\$ 121,099,374
Debt Service Fund	350,704,553	341,658,611	353,060,948	360,458,046
Capital Renovation Fund	557,440,234	40,000,000	259,328,560	159,871,140
Public Facilities Corporation	25,000,000	12,000,000	11,354,000	-
Total Governmental Fund Types	\$ 3,253,267,822	\$ 2,605,825,838	\$ 2,909,906,592	\$ 2,897,101,022
Internal Service Fund Types				
Health Insurance Fund	\$ 154,125,623	\$ 164,182,020	\$ 174,272,249	\$ 174,063,240
Workers' Compensation Fund	10,171,851	9,306,963	9,605,638	8,463,011
Athletics Fund	7,626,757	6,743,255	6,048,939	5,742,677
Print Shop Fund	8,761,906	8,825,736	8,600,775	9,045,674
Alternative Certification Fund	1,423,000	1,168,475	859,337	577,249
UIL Fund	1,063,263	1,056,517	1,025,602	1,026,688
Shared Services Fund	7,301,398	7,144,293	7,119,293	8,583,857
Total Internal Service Fund Types	\$ 190,473,798	\$ 198,427,259	\$ 207,531,833	\$ 207,502,396
Proprietary Fund Types				
Nutrition Services Fund	\$ 127,441,026	\$ 139,945,266	\$ -	\$ -
The Market Place	1,101,541	1,708,215	1,279,715	420,286
Business Development Fund	5,069,812	-	-	-
Medicaid Fund	37,974,088	8,343,338	30,069,815	31,142,511
Total Proprietary Fund Types	\$ 171,586,467	\$ 149,996,819	\$ 31,349,530	\$ 31,562,797
Total Appropriations	\$ 3,615,328,087	\$ 2,954,249,916	\$ 3,148,787,955	\$ 3,136,166,215

*In 2019-2020 the Nutrition Services Fund is now in the Governmental Funds type section.

HOUSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BY MAJOR OBJECT - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS AND FORECAST

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Adopted	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Revenues								
5700 Local Sources	\$ 1,961,917,587	\$ 2,080,109,945	\$ 2,148,393,786	\$ 2,098,998,671	\$ 2,139,044,940	\$ 2,175,315,109	\$ 2,205,590,217	\$ 2,225,308,428
5800 State Sources	182,293,193	263,451,706	439,429,082	248,329,249	195,801,611	181,470,934	228,085,361	177,075,125
5900 Federal Sources	185,375,266	352,337,407	332,883,354	352,643,888	316,752,774	318,673,814	320,614,064	322,573,718
Total Revenue	2,329,586,046	2,695,899,058	2,920,706,222	2,699,971,808	2,651,599,325	2,675,459,857	2,754,289,642	2,724,957,271
Expenditures								
6100 Payroll Costs	1,386,001,098	1,557,200,230	1,497,674,020	1,567,075,192	1,653,846,024	1,720,921,402	1,750,016,923	1,716,465,907
6200 Professional and Contracted Services	402,290,522	561,215,465	576,174,311	381,630,367	303,707,609	322,715,684	327,601,668	323,802,585
6300 Supplies and Materials	82,474,652	154,814,941	146,959,467	157,936,441	187,669,978	200,124,766	201,624,318	203,101,335
6400 Other Operating Costs	85,773,177	91,080,894	97,719,985	90,152,609	162,148,752	173,436,322	176,369,892	172,686,201
6500 Debt Service	950,046,923	347,955,504	524,584,715	528,737,072	375,708,046	359,978,304	363,779,989	370,182,884
6600 Capital Outlay	640,368,282	654,927,098	359,081,664	347,406,279	168,584,022	107,388,589	45,607,359	39,722,942
Total Expenditures	3,546,954,834	3,367,194,132	3,202,194,161	3,072,937,960	2,851,664,432	2,884,565,066	2,865,000,150	2,825,961,853
Net Revenue Over (under)	(1,217,368,788)	(671,295,074)	(281,487,939)	(372,966,152)	(200,065,107)	(209,105,209)	(110,710,507)	(101,004,582)
Other Sources (Uses)								
7900 Other Resources	1,244,978,601	516,858,461	271,537,938	305,521,221	67,936,590	49,392,240	44,802,965	44,904,665
8900 Other Uses	(67,086,060)	(95,936,152)	(58,566,776)	(64,534,378)	(45,436,590)	(32,348,480)	(24,789,265)	(24,881,515)
Total other Financing sources (uses)	1,177,892,541	420,922,309	212,971,162	240,986,843	22,500,000	17,043,760	20,013,700	20,023,150
Net Change in fund balances	(39,476,247)	(250,372,765)	(68,516,777)	(131,979,309)	(177,565,107)	(192,061,449)	(90,696,807)	(80,981,432)
Beginning Fund Balance (Estimated)	1,917,823,857	1,878,347,610	1,627,974,845	1,559,458,068	1,427,478,759	1,249,913,652	1,057,852,203	967,155,396
Ending Fund Balance (Estimated)	\$ 1,878,347,610	\$ 1,627,974,845	\$ 1,559,458,068	\$ 1,427,478,759	\$ 1,249,913,652	\$ 1,057,852,203	\$ 967,155,396	\$ 886,173,963

HOUSTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS AND FORECAST

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Adopted	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
REVENUES								
Property taxes	1,605,550,897	1,710,326,173	1,747,189,582	1,715,002,326	1,771,575,694	1,805,916,638	1,827,402,238	1,839,678,568
Earnings on investments	5,312,450	10,408,645	19,083,204	14,027,724	5,000,000	2,500,000	2,500,000	2,500,000
Miscellaneous local sources	14,717,701	18,246,935	15,082,252	9,972,928	8,966,799	8,966,799	8,966,799	8,966,799
State sources	159,771,752	243,073,835	399,872,504	218,933,263	166,787,686	152,195,721	198,546,246	147,269,469
Federal sources	6,983,840	8,381,410	19,372,818	23,877,840	19,724,182	19,724,182	19,724,182	19,724,182
Total revenues	1,792,347,640	1,980,436,988	2,200,600,360	1,981,814,081	1,972,054,361	1,985,303,240	2,057,139,465	2,018,139,018
EXPENDITURES								
Current								
Instruction	985,581,537	1,054,217,502	970,793,048	996,399,361	1,151,970,226	1,161,922,345	1,161,922,347	1,161,922,347
Instructional resources and media services	8,734,256	9,246,603	9,822,477	7,798,643	10,117,415	10,028,295	10,028,295	10,028,295
Curriculum development and instructional staff development	21,080,905	27,141,888	29,267,000	29,215,532	35,578,973	35,377,872	35,377,872	35,377,872
Instructional leadership	22,841,523	20,307,711	20,820,355	20,983,417	27,238,328	27,142,500	27,142,500	27,142,500
School leadership	130,484,567	148,686,990	142,326,291	149,489,190	151,622,019	150,309,917	150,309,917	150,309,917
Guidance, counseling, and evaluation services	40,486,806	47,489,488	50,299,761	60,053,228	64,146,508	63,675,015	63,675,015	63,675,015
Social work services	1,990,502	1,699,752	8,429,482	12,142,590	17,783,562	17,684,166	17,684,166	17,684,166
Health services	17,186,897	18,657,747	19,312,797	21,317,891	21,852,470	21,618,499	21,618,499	21,618,499
Student (pupil) transportation	65,865,235	69,146,802	59,243,844	53,629,143	62,374,366	62,261,533	62,261,533	62,261,533
Food services	-	-	-	234,114	-	-	-	-
Extracurricular activities	16,043,694	19,493,953	15,549,148	16,107,773	13,016,782	13,016,782	13,016,782	13,016,782
General administration	40,722,954	37,861,920	41,097,974	32,135,554	39,549,734	39,414,051	39,414,051	39,414,051
Facilities maintenance and operations	181,129,238	226,626,540	195,853,168	192,498,074	200,224,409	199,285,540	199,285,540	199,285,540
Security and monitoring services	24,459,246	25,073,050	22,606,971	24,179,218	28,554,805	28,441,581	28,441,581	28,441,581
Data processing services	69,999,727	64,635,676	54,951,868	62,025,501	56,322,728	56,787,407	56,787,407	56,787,407
Community services	2,111,054	2,294,499	2,135,207	3,828,274	3,008,827	2,991,987	2,991,987	2,991,987
Juvenile justice alternative education programs	792,117	792,000	792,000	792,000	792,000	792,000	792,000	792,000
Tax increment zone payments	55,616,783	56,170,397	58,465,450	61,321,789	63,066,742	66,537,850	66,537,850	66,537,850
Contracted instructional services between public schools	-	-	-	-	-	-	-	-
Contracted instructional services	13,995,353	13,814,336	14,990,752	14,980,471	16,505,000	17,105,000	17,705,000	18,305,000
Tax appraisal and collection	93,080,703	204,404,117	265,231,840	80,843,995	12,083,891	131,944,305	171,508,779	128,836,503
Chapter 41/Purchase of WADA	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Principal	13,236,011	14,216,599	8,764,959	14,420,016	14,500,000	14,500,000	14,500,000	14,500,000
Interest and fiscal charges	905,659	498,626	161,903	575,307	750,000	750,000	750,000	750,000
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Total expenditures	732,839	21,463,684	269,834	8,635,291	37,848	37,848	37,848	37,848
Excess (deficiency) of revenues over (under) expenditures	1,807,057,796	2,084,342,080	1,991,206,129	1,863,604,372	1,991,093,833	2,121,624,493	2,161,788,969	2,119,716,693
OTHER FINANCING SOURCES (USES)								
Transfers in	-	(83,905,082)	209,394,231	118,209,709	(19,039,472)	(132,321,253)	(104,649,503)	(101,577,675)
Transfers out	30,400,000	29,274,879	26,000,000	22,500,000	22,500,000	20,000,000	20,000,000	20,000,000
Capital leases	(52,649,042)	(88,500,216)	(62,214,349)	(43,199,832)	(37,449,140)	(19,020,390)	(19,020,390)	(19,020,390)
Issuance of bonds and other debt	562,012	23,481,683	-	35,099,520	-	-	-	-
Premium on the sale of bonds	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	40,478,727	23,135,252	16,296,947	-	-	-	-
Net change in fund balances	(21,687,030)	4,735,073	(3,079,097)	30,696,635	(14,949,140)	979,610	979,610	979,610
Fund balances, beginning	738,245,865	(89,170,009)	206,315,134	148,906,344	(33,988,912)	(131,341,644)	(103,669,893)	(100,598,065)
Fund balances, ending	701,848,679	701,848,679	612,676,670	818,993,804	967,900,148	933,911,536	802,569,892	698,899,998
Fund balances, ending	701,848,679	612,676,670	818,993,804	967,900,148	933,911,536	802,569,892	698,899,998	598,301,933

Budget Projection Assumptions

Tax roll increase at .8 percent, 2 percent, and 2 percent respectively.
No salary projections included in estimates
Average Daily Attendance is reduced by 6,444 in 2021-2022, and kept level thereafter.
Maintenance and Operations tax rate declines as property value's increase based on tax compression.
No projections or assumptions included for legislative session beginning in 2021
See the discussion in the executive summary on school finance from the 86th legislative session.
Debt/Principal and Interest is primarily the Power Up Program.

Excess Revenue (Previously called Recapture)

The recapture calculation was changed in the legislative session and became excess revenue. District revenue is calculated as total revenue less total expenditures and other funding. For HISD, other funding is the Tax Increment Reinvestment Zone pass through funding.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS AND FORECAST**

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Adopted	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
REVENUES								
Earnings on investments	-	-	-	-	-	-	-	-
Miscellaneous local sources	12,951,715	17,290,516	28,108,792	22,436,554	8,896,456	8,985,420	9,075,274	9,166,027
State sources	19,591,236	17,185,125	36,424,706	26,473,334	26,128,925	26,390,213	26,654,115	26,920,656
Federal sources	171,296,701	215,902,850	186,165,404	238,751,950	192,104,108	194,025,148	195,965,398	197,925,052
Total revenues	203,839,652	250,378,491	250,698,902	287,661,838	227,129,489	229,400,781	231,694,767	234,011,735
EXPENDITURES								
Current								
Instruction	113,456,241	141,961,026	128,890,137	206,376,524	147,403,135	148,877,166	150,365,938	151,869,597
Instructional resources and media services	228,899	189,630	130,971	42,674	6,649	6,715	6,782	6,850
Curriculum development and instructional staff development	33,080,183	41,413,560	32,077,044	28,372,315	21,984,244	22,204,086	22,426,127	22,650,388
Instructional leadership	10,510,608	9,628,713	13,418,172	12,531,435	11,446,720	11,561,187	11,676,799	11,793,567
School leadership	1,609,913	2,822,315	3,763,360	1,515,175	952,614	962,342	971,965	981,685
Guidance, counseling, and evaluation services	15,089,639	14,840,742	14,454,996	18,030,085	14,610,521	14,756,626	14,904,192	15,053,234
Social work services	1,439,687	1,338,918	1,316,098	2,229,676	2,442,462	2,468,887	2,491,556	2,516,472
Health services	4,101,408	2,968,385	4,485,024	3,526,432	3,252,412	3,284,936	3,317,785	3,350,963
Student (pupil) transportation	4,831,726	3,430,622	4,233,359	5,174,915	6,728,400	6,795,684	6,863,641	6,932,277
Food services	13,090	45,849	-	15,757	-	-	-	-
Extracurricular activities	2,345,272	1,906,714	919,041	4,441,246	695,490	702,445	709,469	716,564
General administration	1,884,735	1,979,983	3,864,618	2,177,550	6,819,721	6,887,918	6,956,797	7,026,365
Facilities maintenance and operations	813,453	13,866,210	1,663,961	647,740	25,246	25,498	25,753	26,011
Security and monitoring services	382,545	968,393	1,749,094	738,634	90,713	91,620	92,536	93,461
Data processing services	3,362,448	6,294,379	5,223,578	3,686,402	1,318,141	1,331,322	1,344,635	1,358,081
Community services	5,368,558	5,921,673	5,944,654	10,862,096	9,352,714	9,446,241	9,540,703	9,636,110
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	28,445	130,577	49,242	18,080	107	108	109	110
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Intergovernmental charges	-	-	-	-	-	-	-	-
Fiscal agent/member districts of shared services arrangements	2,911,732	3,045,173	3,719,430	3,598,894	-	-	-	-
Total expenditures	201,438,582	252,752,862	225,902,779	304,023,630	227,129,489	229,400,781	231,694,767	234,011,735
Excess (deficiency) of revenues over (under) expenditures	2,401,070	(2,374,371)	24,796,123	(16,361,792)	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	25,858,259	-	282,067	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-
Issuance of bonds and other debt	-	-	-	-	-	-	-	-
Premium on the sale of bonds	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	25,858,259	-	282,067	-	-	-	-
Net change in fund balances	2,401,070	23,483,888	24,796,123	(16,079,725)	-	-	-	-
Fund balances, beginning	34,657,380	37,058,450	34,684,079	59,480,202	43,400,477	43,400,477	43,400,477	43,400,477
Fund balances, ending	37,058,450	60,542,338	59,480,202	43,400,477	43,400,477	43,400,477	43,400,477	43,400,477

Budget Projection Assumption

The district continues to seek out and obtain grant funding for supplemental services for students.

The state of Texas has projected growth of 1.3 percent in the education and health industry and HISD is projecting a 1 percent growth rate in funding.

In 2020-2021 the district will seek other federal funds to replace the Furr XQ, Teacher School Leader and Music Educators grants with other funding opportunities.

Notes:
1. The 2019-2020 budget is based on the planning amounts from the previous year. The budget amounts will be adjusted throughout the year based on amendments and grants received and submitted to TEA for each grant.
2. In 2018-2019 the beginning fund balance was adjusted by \$25,858,259 as a result of the change of the Nutrition Services Fund to be a Governmental Fund.
3. Nutrition Services schedule totals are combined with Special Revenue revenues, expenditures, and changes in fund balance due to reclassification of Nutrition Services fund as a Governmental Fund.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS - NUTRITION SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS

	2016-2017 Actual	2017-2018 Actual
REVENUES:		
Food sales	7,816,438	4,935,531
Miscellaneous local sources	63,319	189,099
Total revenues	7,879,757	5,124,630
EXPENDITURES		
Current		
Food services	127,600,842	124,044,956
General administration	882,156	725,685
Plant maintenance and operations	530,232	157,596
Total expenditures	129,013,230	124,928,237
NONOPERATING REVENUES (EXPENSES)		
Earnings on investments	312,024	645,193
Grants from federal agencies		
Child nutrition program	107,814,878	115,138,622
Child and Adult Care Program	2,174,821	-
Summer food program	3,629,092	-
Donated Commodities	7,399,764	5,806,938
State matching and other	1,640,330	574,319
Capital asset contribution to Special Revenue Fund	-	-
Debt assignments to Special Revenue Fund	-	-
Total nonoperating revenue	122,970,909	122,165,072
Transfers out	-	-
Change in net assets	1,837,436	2,361,465
Total net assets, beginning	8,664,540	10,501,976
Reclassification of net position to fund balance	-	15,356,283
Net position - beginning restated	-	-
Total net assets, ending	10,501,976	28,219,724

Note: The Nutrition Services Fund was reclassified as a governmental fund effective fiscal year 2017-2018. Prior years actuals are presented as a Proprietary Fund for historical purposes only.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS - NUTRITION SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH FORECAST DATA

REVENUES	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
	Actuals	Actuals	Adopted	Forecast	Forecast	Forecast
Earnings on investments	988,639	588,540	112,500	112,500	112,500	112,500
Miscellaneous local sources	4,992,231	3,316,403	-	-	-	-
State sources	548,366	537,247	585,000	585,000	585,000	585,000
Federal sources	118,051,913	82,876,222	104,924,484	104,924,484	104,924,484	104,924,484
Donated Commodities	7,764,207	6,695,872	-	-	-	-
Total revenues	132,325,356	94,014,284	105,621,984	105,621,984	105,621,984	105,621,984
APPROPRIATIONS						
Food services	128,717,953	112,235,811	120,337,264	108,165,809	107,647,890	107,647,890
General administration	1,296	324	-	-	-	-
Facilities maintenance and operations	1,693,003	1,211,448	762,110	621,984	621,984	621,984
Capital outlay	-	-	-	-	-	-
Total expenditures	130,412,252	113,447,583	121,099,374	108,787,793	108,269,874	108,269,874
Excess (deficiency) of revenues over (under) expenditures	1,913,104	(19,433,299)	(15,477,390)	(3,165,809)	(2,647,890)	(2,647,890)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	2,647,890	2,647,890	2,647,890	2,647,890	2,647,890
Capital Leases	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	2,647,890	2,647,890	2,647,890	2,647,890	2,647,890
Net change in fund balances	1,913,104	(16,785,409)	(12,829,500)	(517,919)	-	-
Estimated fund balances--beginning	28,219,724	30,132,828	13,347,419	517,919	-	-
Estimated fund balances--ending	30,132,828	13,347,419	517,919	-	-	-

Budget Projection Assumptions

Assumptions are estimates only and are contingent upon actual results. Federal reimbursement amounts typically grow in relation to the CPI. Federal reimbursements are projected to increase due to district continuing increase in the rate of reimbursable meals and enrollment in 2022. In FY 2022-2024 enrollment and participation is remain constant from 2022 therefore resulting in revenues to remain constant.

Food cost are expected to increase projected for FY 2022-2024 in relation to CPI. Appropriations overall are projected to decrease FY 2021-2024 due to transition to Broadline distribution services. As a result, the payroll and operating expenses will decrease in FY2022 and gradually decrease and remain constant through FY 2024.

Note: The Nutrition Services Fund was previously a proprietary fund. It was reclassified as a governmental fund effective fiscal year 2017-2018. Therefore, for 2019-2020 the budget is presented in the governmental fund budget format.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS AND FORECAST**

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Adopted	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
REVENUES								
Local maintenance taxes	287,771,745	273,662,311	277,016,694	295,277,106	309,558,116	314,919,608	323,125,828	329,838,279
Earnings on investments	769,166	1,436,784	2,179,764	1,397,123	400,000	148,000	148,000	148,000
State sources	2,924,206	2,618,427	2,583,506	2,385,404	2,300,000	2,300,000	2,300,000	2,300,000
Federal sources	7,089,724	7,107,587	1,529,012	442,004	-	-	-	-
Total revenues	298,554,841	284,825,109	283,308,986	299,501,637	312,258,116	317,367,608	325,573,828	332,286,279
EXPENDITURES								
Debt service								
Principal	201,798,482	202,634,393	208,194,517	207,826,219	233,331,456	220,225,073	233,880,000	248,130,000
Interest and fiscal charges	132,347,037	130,606,885	145,333,336	136,967,532	127,126,590	123,526,926	113,366,520	105,833,551
Payment to escrow agents-current and advanced refunding	601,759,534	-	162,110,000	168,815,269	-	-	-	-
Total expenditures	935,905,053	333,240,278	515,637,853	513,609,020	360,458,046	343,751,999	347,246,520	353,963,551
Excess (deficiency) of revenues over (under) expenditures	(637,350,212)	(48,415,169)	(232,328,857)	(214,107,383)	(48,199,930)	(26,384,391)	(21,672,692)	(21,677,272)
OTHER FINANCING SOURCES (USES)								
Transfers in	39,086,060	39,936,152	53,750,302	56,414,421	42,788,700	26,744,350	22,155,075	22,256,775
Issuance of bonds and other debt	-	-	159,945,000	148,895,000	-	-	-	-
Issuance of refunding debt	531,575,000	-	-	17,082,670	-	-	-	-
Premium on the sale of bonds	-	-	2,650,288	-	-	-	-	-
Premium on the sale of refunding bonds	72,600,830	-	-	-	-	-	-	-
Payments to escrow agents - advance refunding	-	-	-	-	-	-	-	-
Total other financing sources (uses)	643,261,890	39,936,152	216,345,590	222,392,091	42,788,700	26,744,350	22,155,075	22,256,775
Net change in fund balances	5,911,678	(8,479,017)	(15,983,267)	8,284,708	(5,411,230)	359,959	482,383	579,503
Fund balances, beginning	123,124,995	129,036,673	120,557,656	104,574,389	112,859,097	107,447,867	107,807,826	108,290,209
Fund balances, ending	129,036,673	120,557,656	104,574,389	112,859,097	107,447,867	107,807,826	108,290,209	108,869,712

Budget Projection Assumptions
Assumptions are estimates only and are contingent upon actual results. For example the required tax rate is largely contingent upon the realization of estimated roll value increases.
Roll value increases 2 percent in each fiscal year.
Debt tax rate does not change from the current \$0.1667 in subsequent years.
No new bonds are sold through 2023-2024. Variable rate principal payments scheduled each year would be available for new debt service if necessary.

**HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CAPITAL RENOVATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS AND FORECAST**

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Adopted	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
REVENUES								
Property taxes	-	-	-	-	-	-	-	-
Earnings on investments	6,353,995	12,973,017	18,417,781	8,257,162	3,449,578	1,766,244	1,259,578	898,255
Miscellaneous local sources	28,250,666	29,726,832	34,928,738	28,654,613	31,085,797	32,000,000	33,000,000	34,000,000
Total revenues	34,604,661	42,699,849	53,346,519	36,911,775	34,535,375	33,766,244	34,259,578	34,898,255
EXPENDITURES								
General Administration	-	-	-	3,563,383	4,890,744	4,000,000	4,000,000	4,000,000
Facilities Maintenance and Operations	-	-	-	1,277,000	-	-	-	-
Data processing services	-	-	-	1,432,817	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Total expenditures	566,868,571	560,551,102	338,763,270	271,011,962	146,992,946	81,000,000	16,000,000	10,000,000
Excess (deficiency) of revenues over (under) expenditures	566,868,571	560,551,102	338,763,270	277,285,162	151,883,690	85,000,000	20,000,000	14,000,000
	(532,263,910)	(517,851,253)	(285,416,751)	(240,373,387)	(117,348,315)	(51,233,756)	14,259,578	20,898,255
OTHER FINANCING SOURCES (USES)								
Transfers in	28,000,000	56,000,000	6,057,096	5,000,000	-	-	-	-
Transfers out	(14,437,018)	(7,435,936)	(7,593,049)	(7,637,546)	(7,987,450)	(10,371,850)	(5,768,875)	(5,861,125)
Issuance of bonds and other debt	488,670,000	261,575,000	-	-	-	-	-	-
Premium on the sale of bonds	53,599,739	40,253,761	-	-	-	-	-	-
Insurance proceeds on sale of capital assets	494,960	-	1,240,622	1,302,706	-	-	-	-
Total other financing sources (uses)	556,317,681	350,392,825	(295,331)	(1,334,840)	(7,987,450)	(10,371,850)	(5,768,875)	(5,861,125)
Net change in fund balances	24,053,771	(167,458,428)	(285,712,082)	(241,708,227)	(125,335,765)	(61,605,606)	8,490,703	15,037,130
Fund balances, beginning	957,840,344	981,894,115	814,435,687	528,723,605	287,015,378	161,679,613	100,074,007	108,564,710
Fund balances, ending	981,894,115	814,435,687	528,723,605	287,015,378	161,679,613	100,074,007	108,564,710	123,601,840

Budget Projection Assumptions

- Remaining funds from prior projects and using other remaining funds for school renovations, maintenance and repairs.
- Bond sales for 2012 bond per original published plan

Other Assumptions and Notes

Expenditures-based on trends of other programs and the expectation of the pace increasing for Bond 2012 program with the program expected to be completed in 2021-2022.

HOUSTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE DATA FOR PRIOR YEARS AND FORECAST

	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-2020 Actual	2020-2021 Adopted	2021-2022 Forecast	2021-2022 Forecast	2023-2024 Forecast
OPERATING REVENUES:								
Charges for sales and services								
Sales to customers	23,433,802	23,419,076	22,490,440	23,602,141	24,431,011	24,675,321	24,922,074	25,171,295
Charges to employees or other funds	136,610,820	158,204,737	165,039,904	163,013,671	169,251,031	170,943,041	172,652,977	174,379,506
Miscellaneous	7,062,025	9,887,991	9,861,225	29,853,585	9,521,470	9,616,685	9,712,852	9,809,980
Total operating revenues	167,106,647	191,511,804	197,391,569	216,469,397	203,203,512	205,235,547	207,287,903	209,360,782
OPERATING EXPENSES:								
Payroll costs	13,603,961	15,233,356	15,972,981	14,970,471	15,659,004	15,815,594	15,973,750	16,133,487
Purchased and contracted services	8,038,577	12,650,227	12,003,956	18,967,818	15,984,367	16,144,211	16,305,653	16,468,709
Supplies and materials	2,181,386	2,377,594	1,468,140	1,597,661	1,452,135	1,466,656	1,481,323	1,496,136
Other operating expenses	1,830,825	1,231,993	1,630,705	1,450,415	1,486,801	1,501,669	1,516,686	1,531,853
Claims and judgements	147,983,254	146,449,690	174,769,438	162,250,830	172,848,591	174,577,077	176,322,848	178,086,076
Depreciation	185,075	229,637	294,756	1,914,213	19,564	19,760	19,957	20,157
Capital assets	7,543	-	-	-	51,934	52,453	52,978	53,508
Total operating expenses	173,830,621	178,172,497	206,139,976	201,151,408	207,502,396	209,577,420	211,673,194	213,789,926
Operating income (loss)	(6,723,974)	13,339,307	(8,748,407)	15,317,989	(4,298,884)	(4,341,873)	(4,385,292)	(4,429,144)
NONOPERATING REVENUES (EXPENSES)								
Earnings on investments	450,508	818,610	1,642,319	1,071,259	594,912	600,861	606,870	612,938
Interest	-	-	-	(292,620)	-	-	-	-
Gain (Loss) on sale of assets	(301,700)	-	-	-	-	-	-	-
Miscellaneous	-	73,517	27,250	-	-	-	-	-
Total nonoperating revenue	148,808	892,127	1,669,569	778,639	594,912	600,861	606,870	612,938
Income (loss) before transfers	(6,575,166)	14,231,434	(7,078,838)	16,096,628	(3,703,972)	(3,741,012)	(3,778,422)	(3,816,206)
Transfers in	-	-	-	-	-	-	-	-
Change in net assets	(6,575,166)	14,231,434	(7,078,838)	16,096,628	(3,703,972)	(3,741,012)	(3,778,422)	(3,816,206)
Total net assets, beginning	65,219,655	58,644,489	72,875,923	65,797,085	81,893,713	78,189,741	74,448,729	70,670,307
Total net assets, ending	58,644,489	72,875,923	65,797,085	81,893,713	78,189,741	74,448,729	70,670,307	66,854,101

Budget Projection Assumption

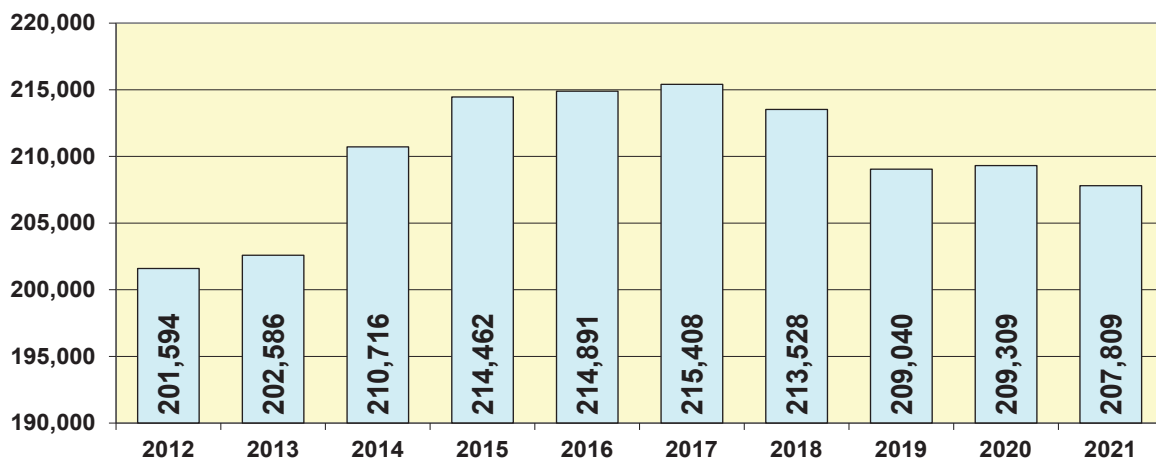
The state of Texas has projected growth of 1.8 percent in the education and health services industry. Accordingly, HISD is projecting a 1 percent growth rate in revenue and expenses.

Demographics and Student Enrollment

The Houston Galveston Area Council (H-GAC) has a population of more than 7 million, making it the fourth largest metropolitan area in the country. Demographically and economically, the region has rapidly diversified, transforming the city to a cosmopolitan, international center of business and industry. Over the last decade, the population of H-GAC has experienced significant growth, despite volatility in the oil and gas industry. As a result, the district must be prepared to meet the challenges of educating an increasingly heterogeneous student population. In light of the recent growth of service-sector jobs in the Houston area and U.S. economy, students must be prepared for careers requiring advanced skills in mathematics, science, and technology, in addition to strong reading and writing skills.

The net effect of Houston's growing population on HISD's student enrollment is difficult to ascertain, due to many complicating factors. In particular, the recent growth of state charter schools, private schools, and homeschooling, combined with central-city demographic shifts and economic conditions will mitigate the effect of the Houston metropolitan area's population increases, resulting in difficulty predicting the district's enrollment. Additional demographic information can be found in the Informational Section of this document, while a summary of district enrollment changes is presented below.

HISD Pupil Enrollment Trends



Personnel Allocation

The district continues to monitor staffing at all levels and finds ways to be more efficient. Central Office staffing levels are monitored closely and were extensively reviewed during the 2020-2021 budget development process to ensure the majority of district funds are directed toward classroom instruction and minimize the impact of necessary district budget cuts to schools. HISD consistently maintains an administrative cost ratio below state limits and peer districts, according to the Texas Schools Financial Integrity Rating System (FIRST).

The chart on the following two pages illustrates the staffing for the district, representing the various types of positions from fiscal years 2019-2021. As a result of the district's belief in site-based decision-making, principals have direct control over positions and employees listed in the campus category. Department positions include custodians, police officers, transportation employees, speech therapists, special education diagnosticians, special education teachers, and teacher aides who work at the campus-level, but who are managed and supervised by central office departments.

HISD Salaried Exempt and Non-Exempt FTE's for 2019 through 2021
(excludes All Hourly, Bus Drivers, and Substitutes)

Group Description	General Fund			All Funds		
	2019	2020	2021	2019	2020	2021
Assistant Principal	320.98	316.49	316.00	320.98	317.49	317.00
Assistant/Associate/Deputy	53.00	48.50	50.17	55.00	52.00	53.00
Associate School Psychologist	0.00	0.00	0.00	1.00	1.00	0.00
Athletic Director	0.00	0.00	0.00	6.00	6.00	6.00
Audiologist	0.50	0.50	0.50	3.00	3.00	3.00
Business Manager	1.00	1.00	2.00	1.00	1.00	2.00
Business Services Professional	73.85	75.95	77.95	142.00	145.00	145.00
Business/Finance	430.72	428.81	429.22	517.00	517.09	501.00
Campus Office/Clerical	1,427.22	1,320.46	1,378.28	1,523.72	1,422.96	1,486.78
Central Office/Clerical	135.08	139.68	150.17	161.88	162.88	174.37
Certified Interpreter	1.00	1.00	1.00	6.00	6.00	6.00
Certified Orientation and Mobility Specialist	6.00	6.00	6.00	6.00	6.00	6.00
Child Nutrition	0.00	0.00	0.00	592.00	588.00	397.00
Communications Professional	12.78	10.78	10.90	20.00	19.00	19.00
Counselor	186.10	208.24	235.14	224.33	255.24	283.14
Custodial	984.00	987.50	969.50	986.00	989.50	970.50
Department Head	66.00	68.00	67.00	66.00	70.00	69.00
Director of Personnel/Human Resources	1.00	1.00	1.00	1.00	1.00	1.00
District Instructional Program Director	25.50	30.00	37.00	28.00	35.00	42.00
Educational Aide	1,311.48	1,276.00	1,504.00	1,359.48	1,340.80	1,566.80
Educational Diagnostician	27.32	27.32	27.52	139.00	139.00	141.00
Electrician	31.00	31.00	31.00	37.00	37.00	37.00
Food Service Professional	0.00	0.00	0.00	25.00	27.00	17.00
Human Resources	28.00	28.00	19.00	30.00	30.00	20.00
HVAC	66.00	66.00	65.00	76.00	76.00	75.00
Information Technology	164.31	165.23	168.23	174.68	176.60	179.60
Internal Auditor	8.00	8.00	8.00	9.00	9.00	9.00
Librarian	83.07	71.09	66.49	83.07	71.09	66.49

HISD Salaried Exempt and Non-Exempt FTE's for 2019 through 2021
(excludes All Hourly, Bus Drivers, and Substitutes)

Group Description	General Fund			All Funds		
	2019	2020	2021	2019	2020	2021
Maintenance	572.00	570.00	634.00	610.00	608.00	671.00
Other	0.00	0.00	0.00	0.00	0.00	1.00
Other Campus Exempt Professional Auxiliary	253.29	358.54	451.99	284.29	379.54	468.99
Other District Exempt Professional Auxiliary	547.11	603.37	672.22	1,048.49	1,171.19	1,229.59
Other Non-Exempt Auxiliary	57.52	62.26	77.54	130.02	144.56	144.04
Painter	22.00	22.00	22.00	22.00	22.00	22.00
Plumber	24.00	24.00	24.00	26.00	26.00	26.00
Principal	270.00	272.00	270.00	270.00	272.00	270.00
Registrar	27.00	28.00	29.00	27.00	28.00	29.00
Safety/Security	267.00	266.00	265.00	282.00	281.00	278.00
School Nurse	250.03	254.88	265.87	255.03	260.38	270.87
School Psychologist	32.48	31.48	21.01	68.99	67.99	54.97
Security	3.00	6.00	6.00	3.00	6.00	6.00
Social Worker	17.50	16.00	12.00	38.50	41.00	44.15
Speech Therapist	74.97	74.17	74.17	94.47	91.67	91.67
Superintendent/Chief Administrator	2.00	2.00	2.00	2.00	2.00	2.00
Tax Assessor/Collector	1.00	1.00	1.00	1.00	1.00	1.00
Teacher	11,020.86	10,895.21	11,199.26	11,373.85	11,283.31	11,579.94
Teacher Facilitator	598.55	567.44	658.56	627.05	641.28	737.15
Transportation	160.50	167.50	161.50	162.00	169.00	163.00
Warehouse	51.00	50.00	49.00	137.00	144.00	110.00
Total FTE's	19,695.71	19,588.40	20,517.19	22,056.83	22,144.57	22,794.05

Summary

The 2019-2020 school year was a year like no other, due in no small part to the COVID-19 coronavirus pandemic. On March 13, 2020, HISD closed all schools and district offices and transitioned to online virtual learning due to the virus. Initially, students were to return to school on March 30, but the increase in cases led to an extended closure. During the extended closure, HISD provided students with essential academic services in line with TEA guidelines. A special coronavirus webpage with information and updates was created at HoustonISD.org/HealthAlerts. On March 31, the closure was extended indefinitely to comply with federal and state guidelines. Subsequently, the district launched HISD @ H.O.M.E. (Home-based Online Mobile Education), a distance learning plan to ensure students' academic and non-academic needs were met as the district remained closed due to COVID-19 precautions. Additionally, HISD @ H.O.M.E. TV provided instructional videos from 9-11 a.m. Monday through Friday in English and Spanish. The videos included lessons from teachers and teacher development specialists in several subject areas such as math, science, reading and writing, social studies, and fine arts. Segments were broadcast on HISD-TV (Comcast Channel 18 and Uverse Channel 99), as well as through Univision and Telemundo. Lessons were also available online via HoustonISD.org/LiveTV

Mental Health and Wellness

Emotional Supports Offered

Through the expansion of the district's mental health and social emotional supports for students, hundreds of HISD students at 15 campuses have direct access to school administrators trained in trauma, crisis, abuse, and suicide prevention. Schools participating in the initiative include Dogan, Hartsfield, and Rucker elementary schools; Attucks, Fleming, Holland, M.C. Williams, Sugar Grove, and Thomas middle schools; Liberty, Madison, Washington, Westside, Wisdom, and Yates high schools. Community partners in the initiative include Lyondell-Basell, Sewa International, WE, CapCityKids, University of Houston, and Menninger Clinic.

Wraparound Transformation Center Opens

Westbury High School celebrated the grand opening of a new Wraparound Transformation Center (WTC), an in-house community resource hub. The first WTC in the country offered high-risk students and their families comprehensive support services that may not have been previously accessible in their neighborhoods. These services addressed critical, non-academic issues that may impact students' ability to learn, like medical and mental health needs, food and clothing insecurity, lack of stable housing, and immigration services, by bringing together community partners and resources in one location and embedding them inside the school to support all aspects of a students' life before, during, and after school. The WTC features a laundry room, toiletry and food pantry, three classrooms, and dedicated spaces for service providers. WTC staff include wraparound resource specialists, Ascending to Men representatives, outreach workers, community advocates, and health educators. Select partners are Houston Community College Southwest, Kroger, Change Happens, City of Houston Health Department, and Workforce Solutions.

HISD launches 'Let's Stay Connected'

The "Let's Stay Connected" mental health hotline for students and parents provides emotional, social, and psychological support to students and parents who feel the need for assistance. The hotline opened May 26 with trained staff from HISD's Social and Emotional Learning Department available to offer counseling, mental health education, and referrals in English and Spanish.

Awards and Recognition

Top educators named

Eliot Elementary School Principal Zandra Aguilar was named Elementary Principal of the Year, and Washington High School Principal Carlos Phillips was selected as Secondary Principal of the Year. During a virtual HEB "Toast to Texas Teachers," Phillips received the news that he won the grocery chain's 2020 Secondary Principal Award with a \$10,000 cash prize and a \$25,000 grant for Washington High School. Rebecca Hiatt, a seventh-grade science teacher at Baylor College of Medicine Biotech Academy at Rusk, is Secondary Teacher of the Year. Rebecca Busse, a special education teacher at Bush Elementary School, is Elementary Teacher of the Year. Ronni Molare of Cook Elementary School, Tavarria Miller of Baylor College of Medicine Biotech Academy at Rusk, and Jennifer Simmons of Wisdom High School were named Beginning Teachers of the Year. The Ann Sledge Instructional Specialist Awards went to Chloe Dixon Batiste for districtwide instructional coach of the

year and Naomi Cruz of De Anda Elementary School as the campus instructional coach of the year. Celeste Cooper of Meyerland Performing and Visual Arts Middle School was named Librarian of the Year.

Interim Superintendent receives awards

The Houston Area Alliance of Black School Educators (HAABSE) selected Interim Superintendent Grenita Lathan as this year's recipient of its most prestigious award for educators and public servants who make significant contributions to the city's diverse educational, cultural, and social heritage. The Elaine Bailey Heart of HAABSE Award is an acknowledgement by the recipient's peers that the honoree has made exemplary contributions to the educational profession and community.

2019 National Blue Ribbon Schools

Field Elementary School and Project Chrysalis Middle School were designated 2019 National Blue Ribbon Schools by the U.S Department of Education. DeBakey High School for Health Professions and Carnegie Vanguard High School were named to Newsweek magazine's list of best science, technology, engineering and mathematics (STEM) high schools in the nation. DeBakey ranked 23rd on the list of the top 500 schools, and Carnegie Vanguard ranked 308th. Newsweek's list was compiled in partnership with STEM.org, a national education research and credentialing organization.

Children at Risk Rankings

Nearly two dozen HISD campuses ranked at the top of the regional Children at Risk list of best public schools. DeBakey High School for Health Professions and DeAnda Elementary School earned top spots, and 22 campuses placed in the top 10 on the annual list of best public schools in the eight-county region, with DeBakey continuing its streak as the number one high school. DeAnda was ranked number one on the regional list of Gold Ribbon campuses, which are schools that have high achievement rates despite high poverty rates. Sanchez Elementary School was ranked second on the list. Carnegie Vanguard High School was designated the third best public high school in the region, Eastwood Academy was fourth, Young Women's College Prep Academy was fifth, East Early College was sixth, North Houston Early College High School was eighth, Challenge Early College High School was ninth, and rounding out the top 10 was Houston Academy for International Studies. Kinder High School for the Performing and Visual Arts placed 11th. High School for Law and Justice was 13th on the list, Sharpstown International HS was 15th, and Long Academy was 18th. The regional list of best public middle schools included T.H. Rogers in second place, Project Chrysalis in fifth, Mandarin Immersion Magnet School in sixth, Energized for STEM Academy West Middle School in eighth, Lanier MS 14th, and Pin Oak Middle School 19th. The list of best public elementary schools in the area also included T.H. Rogers in second place. West University Elementary School in eighth, Mandarin Immersion Magnet School in ninth, Roberts Elementary School in 11th, Horn Elementary School in 12th, and River Oaks Elementary School in 14th. HISD had nine campuses in the top 20 on the regional Gold Ribbon Schools list.

Distinguished Schools Awards

North Houston Early College High School was one of about 70 campuses nationwide and one of only two in Texas to receive a Distinguished Schools award from the National Organization of Program Administrators who manage Title I and other federal funds. The HISD campus was selected from among thousands of schools across the country and was the only one in Texas to earn the distinction due to its significant progress in closing academic achievement gaps among diverse student groups. State education agencies select exceptional schools and submit their names to the National Association of ESEA State Program Administrators (NAESPA) for inclusion on the nation's Distinguished Schools list. North Houston Early was selected by the Texas Education Agency.

Superintendent Scholar Awards

The Superintendent Scholar Awards, which launched two years ago, continued this year. Thirty-five graduating seniors who overcame odds and adversity to achieve their academic goals, won \$2,000 scholarships. Interim Superintendent Grenita Lathan personally selected 10 HISD seniors to receive \$5,000 scholarships underwritten by the Coca-Cola Foundation.

National Merit Scholarship Awards

Three students received National Merit Scholarship awards, one of the nation's most competitive academic honors for graduating high school seniors. Lucy Ding and Yuanjing Yuan attended Bellaire High School and Yasin Y. Hamed attended Westside High School. They are among 1,000 distinguished high school seniors who have won corporate-sponsored National Merit Scholarship awards financed by about 160 corporations, com-

pany foundations, and other business organizations. Four more HISD graduating seniors received \$2,500 each from the National Merit Scholarship Corporation, which selected them from a pool of more than 15,000 outstanding students nationwide. Alexander T. Pantazopol attended Bellaire High School, Isabella K. Hsu and An-eesha Tadikonda attended Carnegie Vanguard High School, and Chloe R. Evered attended Kinder High School for the Performing and Visual Arts. In June, nine more seniors were awarded National Merit Scholarships.

NAEP Results Show Improvement

HISD eighth-graders moved up in rank by one scaled score on the math and reading portions of the 2019 National Assessment of Educational Progress (NAEP), showing progress compared to students in other large urban districts across the nation. The eighth-graders ranked 10th in math and 16th in reading. Fourth-graders maintained their ranking from 2017 to 2019 by coming in eighth place in math and 19th in reading. Overall, HISD students were able to maintain relatively stable performances, while their peers in public schools across the nation saw a decline. For instance, the national math score for eighth-graders decreased by one point, a statistically significant decline. The test is taken only by the nation's eighth- and fourth-graders every two years.

College and Career Readiness

Parent University and Other Programs

Year Two of Parent University kicked off Sept. 17, 2019, with sessions at all HISD schools for parents. After the initial event, Parent University workshops took place at geographically dispersed locations across the district on Oct. 15, Nov. 19, and Jan. 21. The events covered college admissions, financial aid, and scholarship processes, as well as career and military pathways. Dinner, interpretation services, and childcare were provided. During the month of October, College and Career Readiness also presented their annual Financial Aid Roadshow and Top-Tier College Night.

Miles Ahead Scholars

HISD officially launched a new initiative that aims to equip underserved boys with the tools they need to pursue higher education and earn college diplomas once they complete high school. The initiative is called Miles Ahead Scholars (MAS), and it was created due to the vision of Senator Borris Miles with the support of the Texas Education Agency. Male students in grades 9-12 were eligible to participate in the program and received tutoring, character development, and travel experiences to empower them to pursue academic careers at the nation's top colleges and universities.

HISD Dream Summit

College Readiness and Multilingual Programs hosted the Dream Summit for the fifth year in a row to educate and assist hundreds of students who may not be aware that opportunities exist to achieve their goal of attending college. Many students who attended the event were HISD DREAMers, DACA (Deferred Action for Childhood Arrivals) recipients, visa holders, permanent residents, refugees, and asylum grantees. Students and their families received hands-on instructions from HISD representatives regarding financial aid requirements and the college application process. The summit also gave students an opportunity to complete a free affidavit if they have been a Texas resident for at least three years, which is a college admissions requirement. Representatives from several Texas institutions of higher education were present to answer questions.

Career and Technical Education

HISD expanded virtual reality programs to advance Career and Technical Education training with significant technological advancements in the district's CTE program by providing additional virtual reality and augmented reality tools on select campuses. The \$400,000 purchase for products, services, and software represented a marked increase in HISD's current augmented reality and virtual reality offerings. The technology will be installed at Barbara Jordan Career Center and Austin and Yates high schools. Students studying CTE courses such as health science, welding, automotive, and maritime will use the technology to see 3-D images, giving them a 360-degree view of objects such as automotive parts, the human heart or underwater equipment. Also added were additional training services and equipment for the aviation program at Sterling Aviation Early College High School and the purchase of additional equipment and supplies for use districtwide in CTE cosmetology programs.

Senior Scholarship Offers Continue to Rise

Scholarship offers to graduating seniors continue to rise every year and were up to \$481.1 million this year from \$414.1 million last year. Hispanic students have seen the most growth in scholarship dollars awarded, with an 1,173 percent increase since 2007.

EMERGE

EMERGE continues to empower and prepare high-performing HISD students from underserved communities to attend and graduate from top colleges and universities across the nation. The EMERGE program serves over 1,000 students across 42 high schools in grades 10 to 12, who benefit from extensive programming, individualized support, and tailored resources. EMERGE program managers work closely with students and their families to complete college applications and succeed once they get there. Since its inception in 2011, over 2,000 students have graduated from the EMERGE program and are attending or have attended nearly 200 institutions across the nation.

AP Credit and Futures Academies

HISD students continue to earn college credit through Advanced Placement exams. The number of HISD high school students passing their AP exams with a three or above increased to 10,183 in 2019. A total of 10,183 students took the SAT test. The district's Futures Academies are specifically tailored to meet the current and future needs of Houston's thriving industries, which include medicine, shipping, energy, manufacturing, and computer technology. Futures Academy courses are offered at Furr, Jones, Kashmere, Scarborough, Sterling, Washington, and Westside high schools, as well as Jane Long Academy.

District Milestones

Resilient Outstanding Sisters Exemplifying Success (ROSES)

On August 29, 2019, HISD announced its newest student mentorship program, Resilient Outstanding Sisters Exemplifying Success (ROSES) at a kick-off event with elected officials, community partners, and educators. ROSES is the sister program of Ascending to Men Project (ATMP) and seeks to provide positive role models and advocates to underserved young women who need guidance and opportunities for educational, social, and professional growth. Nine hundred students from 30 schools were identified and personally invited by Interim Superintendent Grenita Lathan and Assistant Superintendent of Equity and Outreach Kenneth Davis to participate in the program. More than 130 individuals signed up to be a ROSES mentor. Students who joined ROSES participated in a tailored curriculum featuring workshops led by professional women from various industries, entrepreneurship tours, college visits, and a ROSES summit at the end of the year.

Project Principal

Some of Houston's most influential business leaders took part in Project Principal, during which executives spent the morning on nine campuses learning how they and their companies can help improve public education. The executives shadowed principals and engaged with students to better understand the mission of educating and empowering students to reach their full potential. Project Principal is a joint initiative between HISD and Leadership ISD, a non-profit public education advocacy group. Executives from Amegy Bank, Bank of America, CenterPoint Energy, Direct Energy, Ernst & Young, and Sapient digital firm, along with the president of Junior Achievement of Southeast Texas, participated in Project Principal. Business leaders were at Benavidez, Cornelius, Elrod, and Wainwright elementary schools, Lawson Middle School, and Austin, Kashmere, Madison and Worthing high schools.

International Baccalaureate Programs

Yates High School's became the district's latest International Baccalaureate (IB) World School, becoming the fifth high school campus to receive official authorization to offer the Diploma Programme. Yates will begin offering the IB Diploma Programme to juniors and seniors at the start of the 2020-2021 school year. The IB Diploma Programme is for students ages 16 to 19 and is currently offered at Bellaire, Chávez, Heights, and Lamar high schools. Yates is one of nine HISD schools supported by the district as part of Interim Superintendent Grenita Lathan's initiative to expand the number of IB campuses in geographically diverse areas across the city. HISD currently offers 28 IB Programmes across the district. Fifteen additional campuses are seeking IB Programme status, including Foster Elementary and Cullen Middle. Once authorized, Foster, Cullen, and Yates will create the first continuous IB feeder pattern for this school community.

BOND CONSTRUCTION

Bond and School Building Programs

HISD opened two new high school facilities at the start of the 2019-2020 school year—a new academic wing at Lamar High School and a renovated main building and new fine arts wing at Northside High School. Both projects were part of the voter-approved 2012 Bond Program, which calls for the rebuilding or renovation of 40 schools, including 29 high schools, across the district. By the end of the school year, school construction was nearly 90 percent complete with just three bond high schools—Austin, Bellaire, and Lamar—still undergoing active construction as part of their original scope of work. Once all bond projects are complete, the district will have one of the most modern portfolios of urban high schools in the U.S. Work also continued on a number of realignment projects—new, board-approved projects that are funded by surplus bond funds but not part of the original scope of work. Pools are under construction at Milby, Washington, and Yates high schools, and a fine arts wing has been added to Westbury High School. The district also continued rebuilding four elementary schools—Kolter, Braeburn, Scarborough, and Mitchell—that sustained significant damage from Hurricane Harvey.

Transportation

HISD Transportation Services launched Let's Talk! and SafeStop in August 2019, two new digital tools to track buses and improve customer service. Let's Talk! is a user-friendly, online program that streamlines communications by giving parents and school staff a central location where they can submit questions and concerns, track inquiries, and get answers quickly. SafeStop is a school bus tracking app that allowed parents to track their students' buses in real time. SafeStop offered a map that allowed parents to see exactly where their child's bus was along its route. It also provided expected arrival times for each stop.

Nutrition Services

HISD approved a collaborative food literacy program operated by HISD's Nutrition Services Department and the University of Houston in August 2019. The innovative program employed work-study college students to educate PreK through 12th-grade HISD students on making healthy food choices. Student workers utilized campus gardens, farmers markets, and lunchtime campaigns to teach HISD students. The program was at no cost to the district.



Grenita Lathan, Ph.D.
Interim Superintendent of Schools



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