

# Budget Development

## 2024-2025 Fiscal Year Budget

Date: 05/23/2024

Presenter:

Jim Terry, Ph.D., CPA, RTSBA

Chief Financial Officer



# Agenda



## Destination 2035 Vision

- Board Goals
- Houston ISD Key Actions



## HISD Revenue

- Enrollment
- Attendance
- Sources of Revenue
- Local Share & Recapture



## Expenditures

- General Fund
- Debt Service Fund
- Nutrition Services Fund

# Houston ISD Board Goals

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1. The percent of 3<sup>rd</sup> grade students in Houston ISD earning Meets Grade Level on the STAAR reading test will increase from 41% in June 2023 to 56% in June 2028.
2. The percent of 3<sup>rd</sup> grade students in Houston ISD earning Meets Grade Level on the STAAR math test will increase from 38% in June 2023 to 53% in June 2028.
3. The percent of students graduating TSI ready and with an industry-based certification (IBC) will increase from 11% for the 2021–2022 graduates to 26% for the 2026-2027 graduates.
4. Students in grades 4 through 8 who receive special education services that achieve growth as measured by the Domain 2 Part A of the state accountability system will increase from 63% in August 2023 to 78% in August 2028.

# Destination 2035 Vision



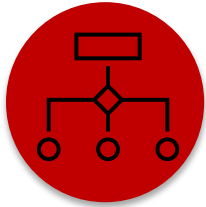
**New Education System**



**Reimagine the System**



**Quality of Instruction**



**Central Office Effectiveness**



**Innovative Staffing Model**



**Special Education**



**Leadership Density**



**Pre-K – 4<sup>th</sup> Grade Reading**



**Sunrise Centers**

# Houston ISD Key Actions

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1. Implement the New Education System in 45 additional schools
2. Explore asking the voters for a bond election; the need is over \$10 billion
3. Grow staff capacity to provide the highest quality instruction
4. Strengthen Principal and Executive Director Leadership
5. Improve Special Education instruction and service delivery
6. Improve Central Office systems and efficiency
7. Improve Reading Proficiency in grades K through 8
8. Begin the transformation of HISD's CCMR operations and systems
9. Expand HISD's Pre-K3 and Pre-K4 programs
10. Create a new teacher evaluation and compensation system

# Goals/Budget Alignment

BOARD GOALS ALIGNED TO KEY ACTIONS				
	Board Goal			
	1	2	3	4
Key Action 1 Add NES Schools	✓	✓		
Key Action 2 Ask for a Bond				
Key Action 3 Build staff capacity in quality instruction	✓	✓	✓	✓
Key Action 4 School & ED Leadership	✓	✓	✓	✓
Key Action 5 Improve Special Education				✓
Key Action 6 Improve Central Office efficiency				
Key Action 7 Improve Reading proficiency	✓	✓		✓
Key Action 8 Transform CCMR			✓	
Key Action 9 Expand Pre-K	✓			
Key Action 10 Create a new teacher evaluation system	✓	✓	✓	✓

# Houston ISD System of Schools



Innovative staffing model = High-quality instruction + Work-life harmony



Higher teacher and staff salaries



Unique instructional program + Resources + Supports



Art of Thinking = Critical-thinking + Problem-solving + Information literacy



DYAD = Fitness + Fine arts + Technology + Science + More



Student Travel = New experiences + Cultural exposure + Perspective

# Houston ISD System of Schools

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NES is the largest and most significant effort to transform K-12 education in the United States.

Offers traditional education models and a wide variety of unique schools and specialized programming



# Revenue: HISD Funded by Enrollment

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# Student Characteristic Weights

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Student characteristics are part of the criteria, including the number and type of students enrolled, used by TEA to determine the amount of money the district is entitled to receive.

# TEA Assigned Weights

Instructional Arrangement	Weight
1. Homebound	5.0
2. Speech Therapy	5.0
3. Residential Care and Treatment	4.0
4. Hospital Class	3.0
5. Resource Room	3.0
6. Self-Contained Severe/ Self Contained M/M Reg. Camp	3.0
7. State Schools	2.8
8. Off Home Campus	2.7
9. Compensatory Education Pregnancy Related Services	2.41
10. Vocational Adjustment Class	2.3
11. Non-Public Contracts	1.7
12. Mainstream ADA	1.15

*\* Non-Public Contracts and Mainstream ADA are not included in total*

# TEA Assigned Weights

Instructional Arrangement	Weight
13. Career & Tech Education (CTE)	1.1 – 1.47
14. State Compensatory Education Blocks	0.225 – 0.275
15. Bilingual – LEP in Dual Language Program	0.15
16. Gifted & Talented	0.12
17. Bilingual – LEP	0.1
18. Early Education Allotment (Gr. K thru 3)	0.1
19. Bilingual Non-LEP in Dual Language Program	0.05



# Attendance Makes a Difference

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Average daily attendance (ADA) or how often a student goes to school is part of determining the entitlement set by TEA.

Forecasting FY 2025 ADA  
at **93.5%**



# Attendance Makes a Difference

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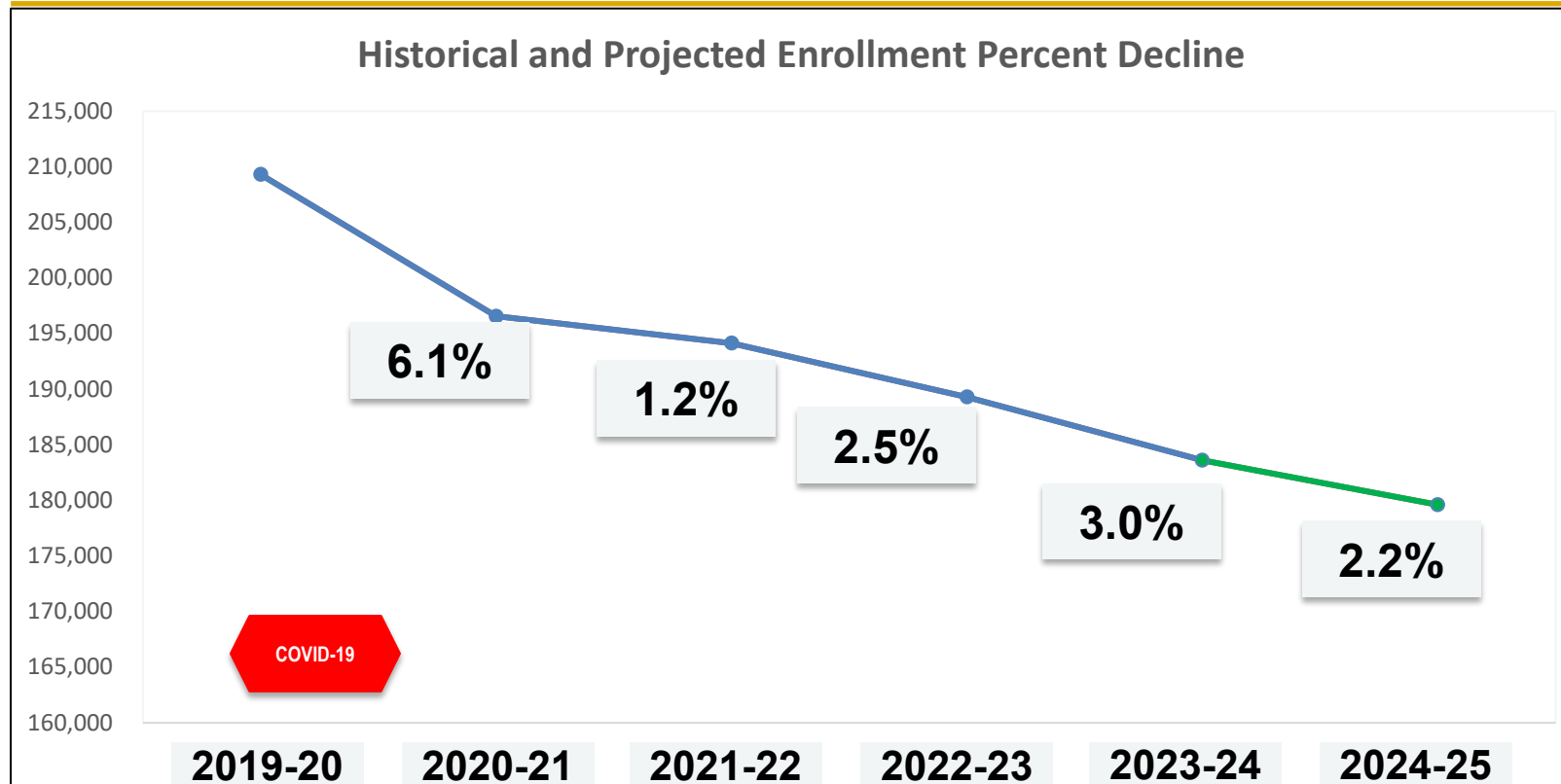
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# HISD 5-Year Enrollment Trends



Enrollment  
decrease of  
~31,000 students  
from FY20 to FY25  
(representing a  
**14.2% decline**).

HISD must consider  
the long-term budget  
implications.

# Entitlement

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How much local revenue are we entitled to receive?

Entitlement = weighted ADA runs through TEA's calculation formulas



# Property Values

How many dollars come from local taxes or state?

**Exemptions =**  
**\$86,214,116,818**

**Net Taxable Value**  
**= \$233,325,376,570**



**Average Houston Home Value = \$410,743**

**Average Taxable Value = \$266,927**

# Sources of Revenue: Local Share and Recapture

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When a local school district has excess local tax revenue that exceeds its entitlement, the district is required to share that revenue with other school districts. Those “excess” funds are “recaptured” by the State.

HISD has paid the state over \$1.1B in “recapture” funds since 2016-2017.



# All Sources of Revenue 2024-2025

**LOCAL FUNDS: \$2,022,562,115**

**Federal: \$157M**

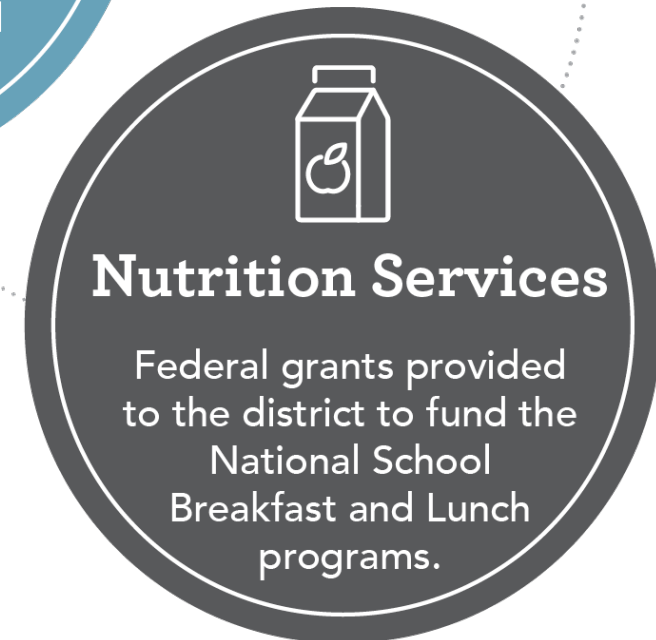
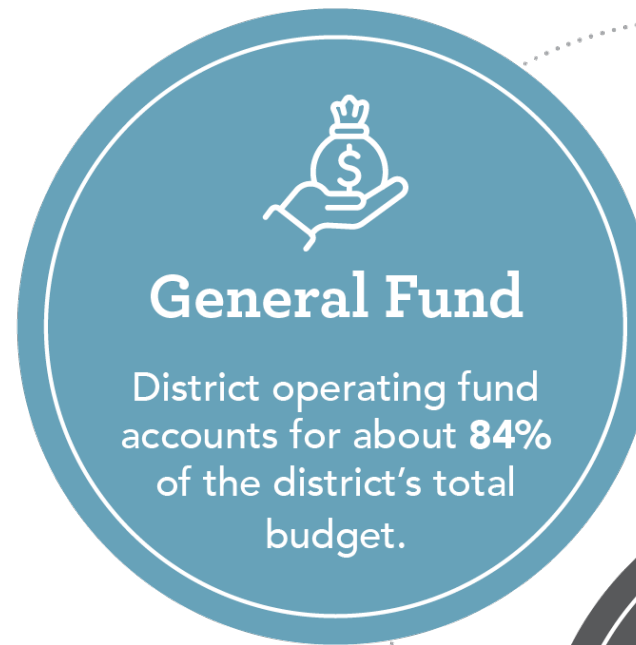


**State: \$242M**





# Three Funds Must Be Approved by the School Board



# General Fund (M&O) Budget



# Budget Challenges

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# Challenges of State Funding in Texas Education

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## **State Funding Shortfall**

- School districts in Texas are grappling with staff reductions and program cuts due to stagnant state investments.
- Over the past five years, state education funding has not kept up with inflation, resulting in a 20% decrease in purchasing power for districts.

## **Ranking in Education Spending**

- Texas ranks among the lowest 10 states in education spending according to a recent study by the Albert Shanker Institute, University of Miami, and Rutgers University.

## **District Budget Challenges**

- Several major Texas school districts are facing significant budget shortfalls:
  - Austin ISD: \$89 million deficit leading to 41 central office job cuts.
  - Spring Branch ISD: Eliminating 305 positions with central office cuts and program changes.
  - Frisco ISD: \$30.81 million shortfall impacting programs and services.

## **Legislative Action**

- Houston-area legislators urging the Texas Education Agency to utilize surplus funds to help districts facing budget gaps.

## **Call to Action**

- Executive Director of Texas School Alliance emphasizes the urgent need for increased state investment in public education to support teachers and students.

Source: Texas School Alliance (TSA)

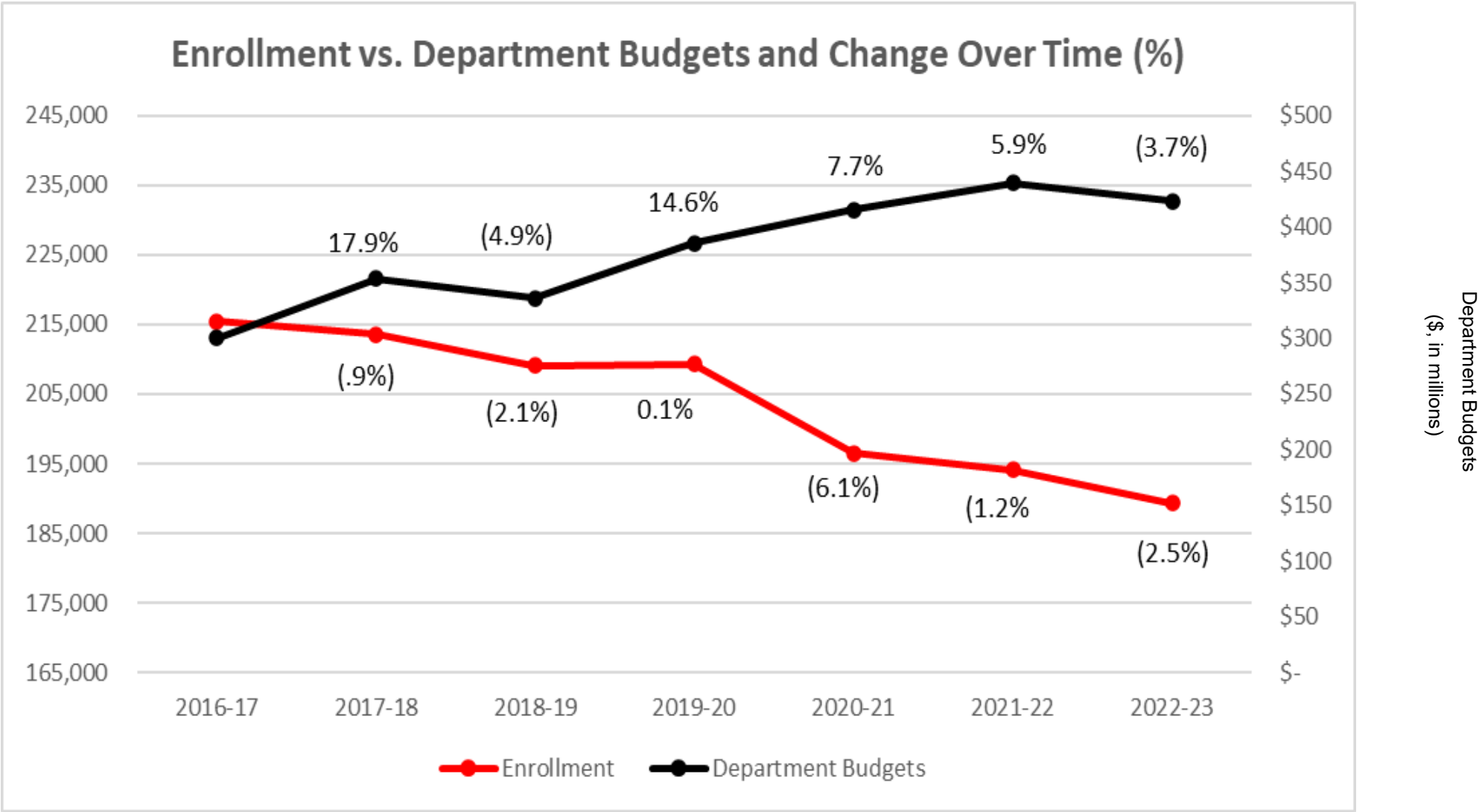
# Sources of Revenue

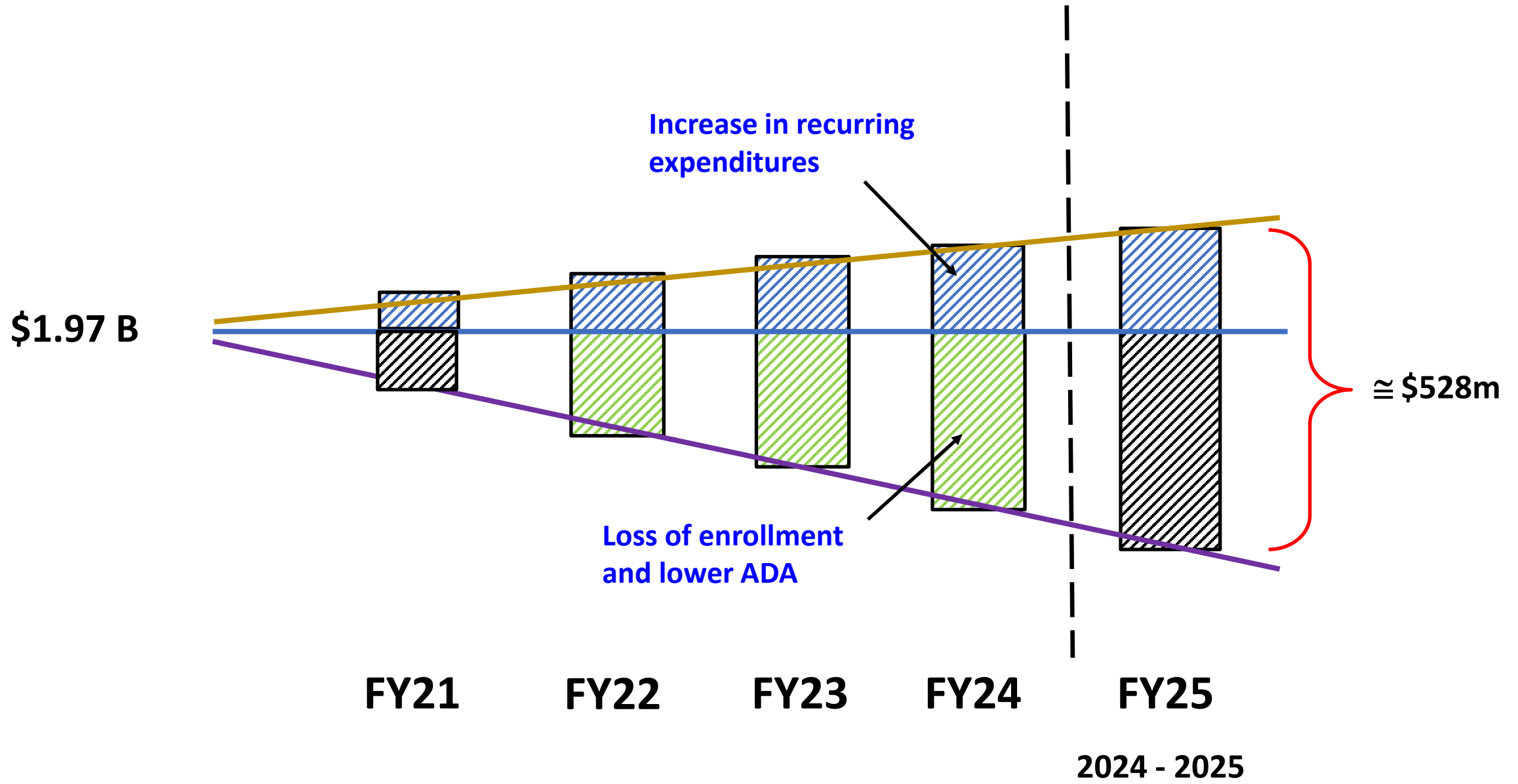
	Revenue 2024 Sources	Revenue 2025 Sources	Reduction in Funds
Local, State, Federal	\$ 1,942,464,983	\$ 1,888,577,811	
Other	90,000,000	97,000,000	
Use of the Fund Balance	<u>\$ 194,381,110</u>	<u>\$ 131,118,382</u>	
General Funds	2,226,846,093	2,116,696,193	
ESSA	284,526,675	\$190,378,484	
ESSER	<u>\$ 323,895,475</u>	<u>\$ -</u>	
Grant Funds	608,422,150	190,378,484	
<b>Total</b>	2,834,268,243	2,307,074,677	<b>\$ (528,193,566)</b>



# Historical Trends: Central Office Budget Per Student

Department budgets per student have increased by 61% since 2017





# Building the Budget:

## FY25 General Fund (M&O) Expenditures

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- The District budgeted for 130 NES schools
- The District prioritized the District Action Plan
- The District did not go below \$800 million fund balance
- Enrollment decreased by 4,000
- The State will not increase basic allotment in FY 2025
- ESSER funding will end
- The District must right size

# District Budget – Core Principles

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1. Keep cuts as far away from the classroom as possible
2. Invest in teachers and school leaders
3. Prioritize actions and initiatives outlined in the District Action Plan to achieve the District's goals
4. Cut inefficiencies and right size at the central office
5. To the extent possible, temper the cuts to schools that have control over their budgets

# Calculating non-NES Campuses

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- Budgets in 23-24 per student allocation for campuses was based on weights developed by the previous administration. This was the process in previous years.
- Budgets in 24-25 took the weighted per student allocation multiplied it by the campus projected enrollment and multiplied by average daily attendance (ADA).

## Example:

**Step 1.** The SY 23-24 per student allocation for a particular campus was \$7,000

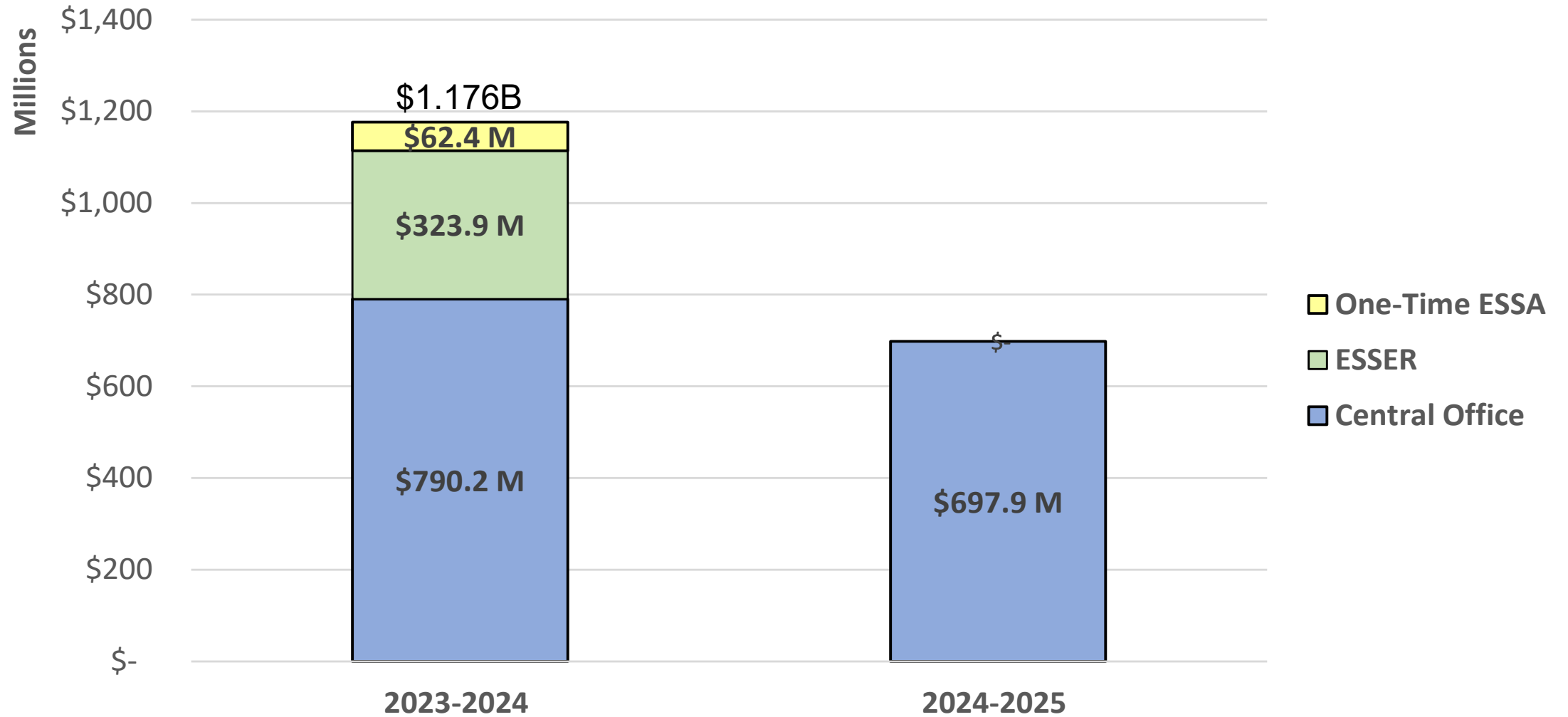
**Step 2.** For SY 24-25, the \$7000 was multiplied by the current enrollment (800 students) as of March 5, 2024. This would equal \$5,600,000.

**Step 3.** The result of step 2 was multiplied by the campus ADA percentage of 91.5%.

$$\text{\$5,600,000} * 91.5\% = \text{\$5,124,000}$$

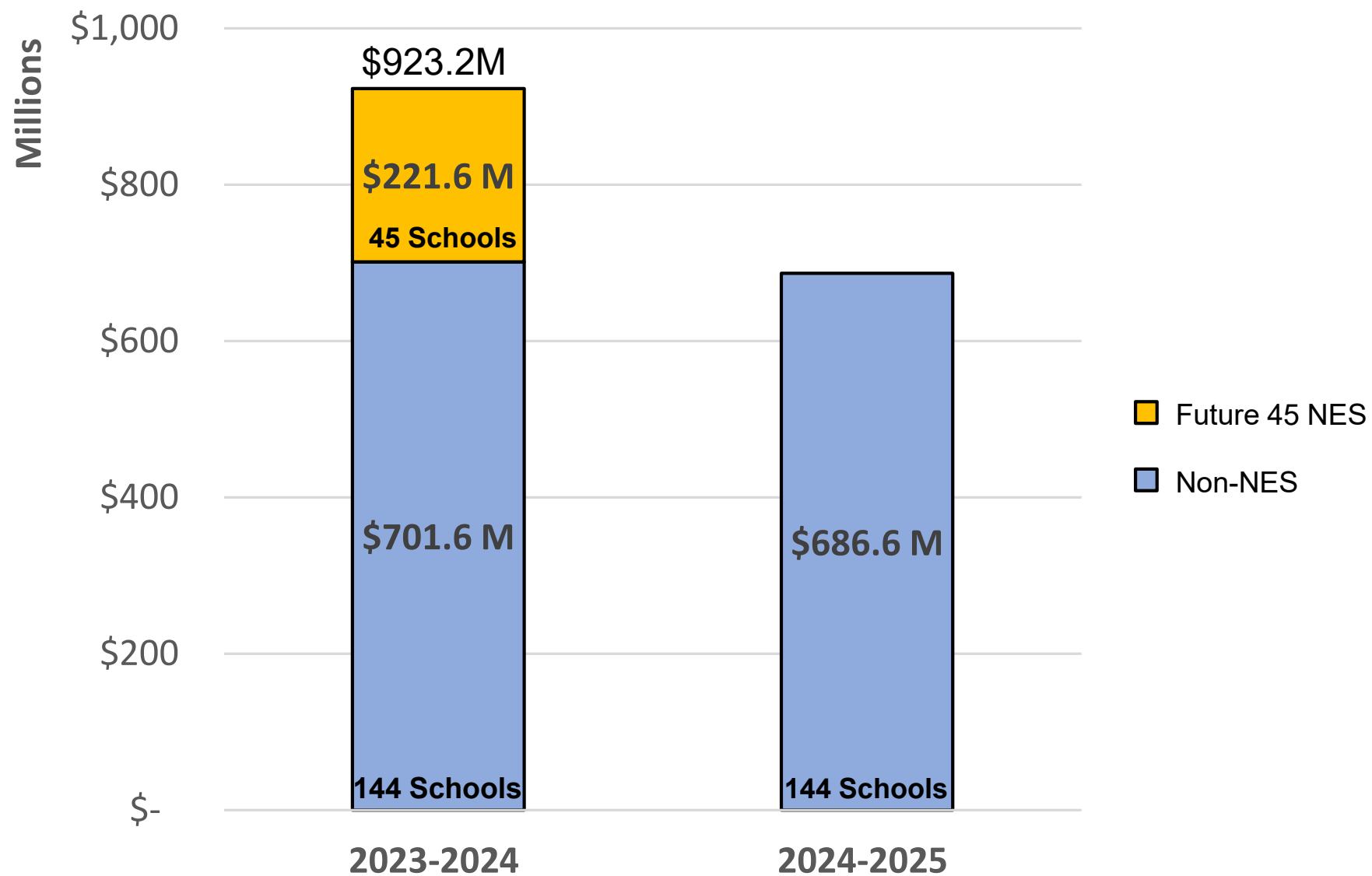
**Step 4.** The allocation in step 3 is an 8.5% reduction from the allocation calculated in step 2. If the reduction exceeded 12%, it was capped.

## Central Office Projected Budgets FY24 and FY25

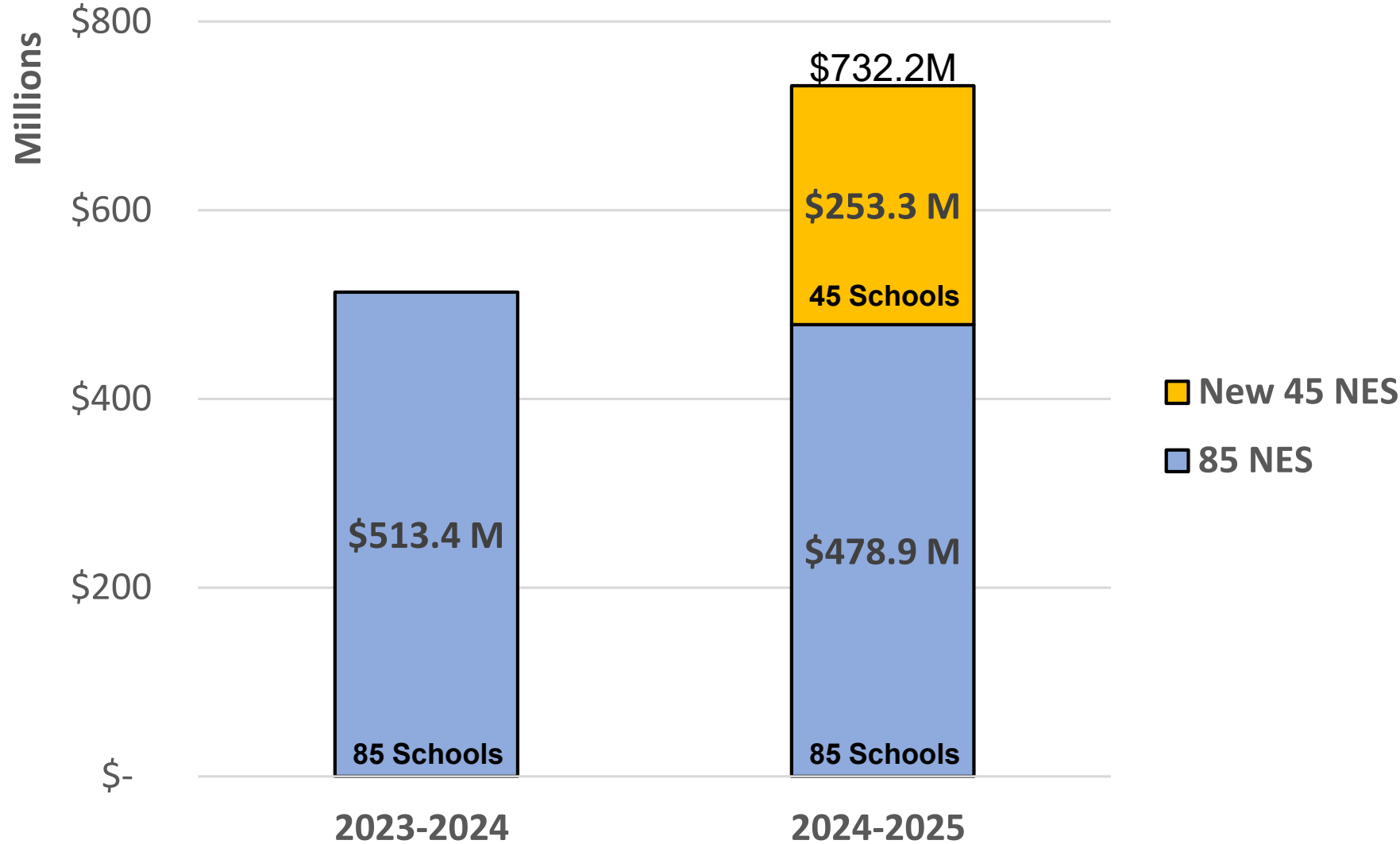


Note: these are central office expenditures – not allocated to campuses

## Non-NES Schools' Projected Budget

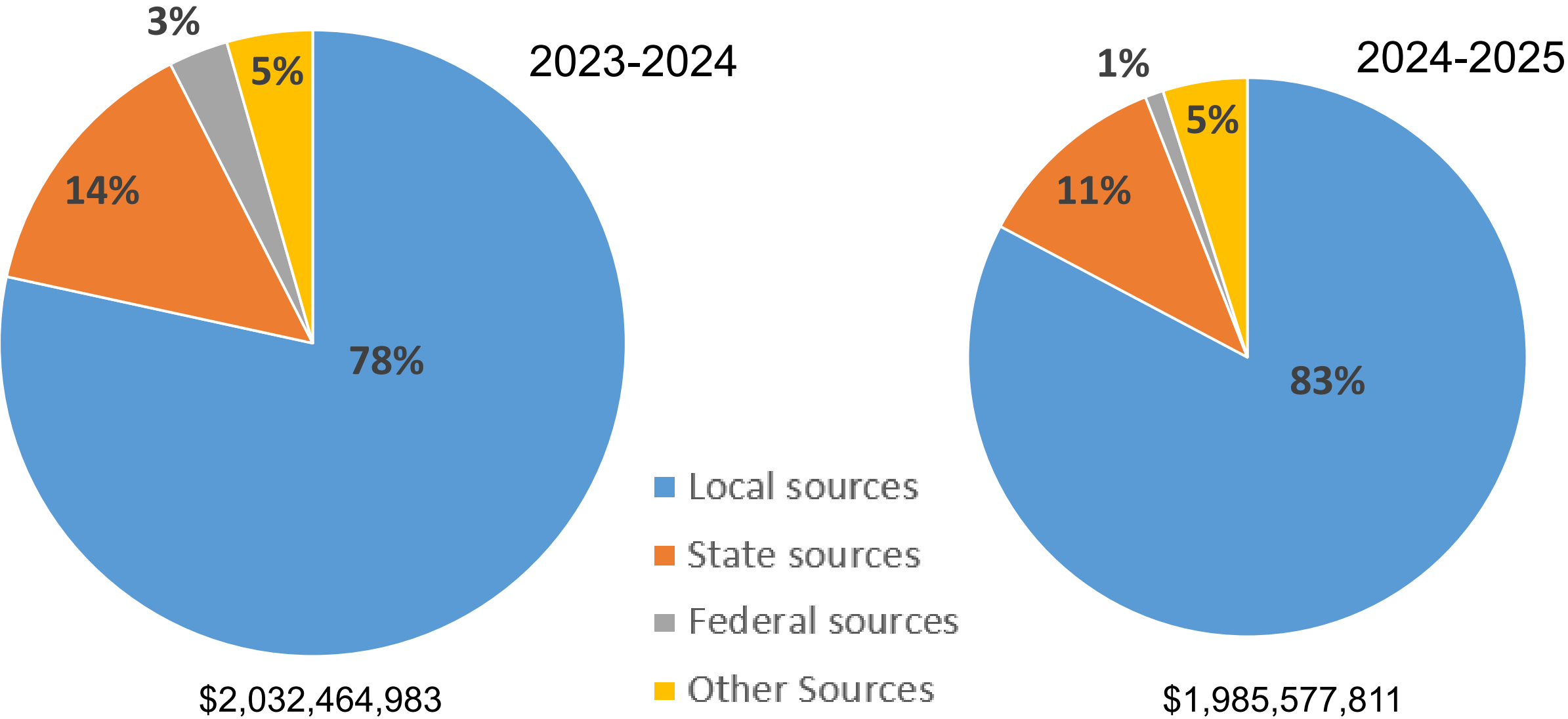


# Current and New NES Schools' Budget Projections -- FY24 and FY25





# General Fund Revenues & Other Resources



# FY25 Expenditures by Function

REVENUES		FY2024 Budget As of March, 2024		Projected FY2024 Budget		Projected FY2025 Budget	
	Local sources	\$	1,671,840,298	86%	\$	1,593,663,242	82% <sup>1</sup>
	State sources		205,590,595	11%		286,263,599	15% <sup>2</sup>
	Federal sources		62,538,142	3%		62,538,142	3% <sup>3</sup>
	Total revenues	\$	1,939,969,035	100%	\$	1,942,464,983	100%
APPROPRIATIONS							
11	Instruction	\$	1,190,707,130	54%	\$	1,189,391,424	54%
12	Instructional resources and media services		15,024,946	1%		14,326,838	1%
13	Curriculum development and instructional staff development		22,156,669	1%		27,491,719	1%
21	Instructional leadership		50,548,230	2%		63,016,887	3%
23	School leadership		180,395,029	8%		207,469,051	9%
31	Guidance, counseling, and evaluation services		69,059,904	3%		67,975,627	3%
32	Social work services		6,315,087	0%		5,754,286	0%
33	Health services		26,996,641	1%		26,397,133	1%
34	Student (pupil) transportation		60,799,302	3%		62,272,672	3%
35	Food services		178,161	0%		112,643	0%
36	Co-curricular/extracurricular activities		29,111,361	1%		25,850,585	1%
41	General administration		56,230,177	3%		58,966,264	3%
51	Facilities maintenance and operations		234,876,095	11%		237,174,335	11%
52	Security and monitoring services		32,509,651	1%		33,167,587	2%
53	Data processing services		72,867,909	3%		71,800,913	3%
61	Community services		11,318,040	1%		9,146,991	0%
71	Debt service		5,220,350	0%		5,204,350	0%
81	Facilities acquisition and construction		9,851,276	0%		10,166,103	0%
91	Contracted instructional services between public schools		41,868,578	2%		-	0%
95	Juvenile justice alternative education program		792,000	0%		792,000	0%
97	Payments to tax increment fund		77,304,451	3%		75,544,154	3%
99	Tax appraisal and collection		16,501,457	1%		18,610,882	1%
	Total expenditures		2,210,632,443	100%		2,210,632,443	100%
	Excess (deficiency) of revenues over (under) expenditures		(270,663,408)			(268,167,460)	
OTHER FINANCING SOURCES (USES)							
	Transfers in		30,000,000			90,000,000 <sup>4</sup>	17,000,000 <sup>8</sup>
	Sale of Property		-			-	80,000,000
	Transfers out		(16,213,650)			(16,213,650) <sup>5</sup>	(16,215,400) <sup>9</sup>
	Total other financing sources (uses)		13,786,350			73,786,350	80,784,600
	Net change in fund balances		(256,877,058)			(194,381,110)	(131,118,382)
	Estimated fund balances—beginning July 1, 2023 or 2024 <sup>(*)</sup>		1,127,068,920			1,127,068,919	932,687,809
	Estimated Fund balances—ending June 30, 2024 or 2025 <sup>(*)</sup>	\$	870,191,862		\$	932,687,809	\$ 801,569,428

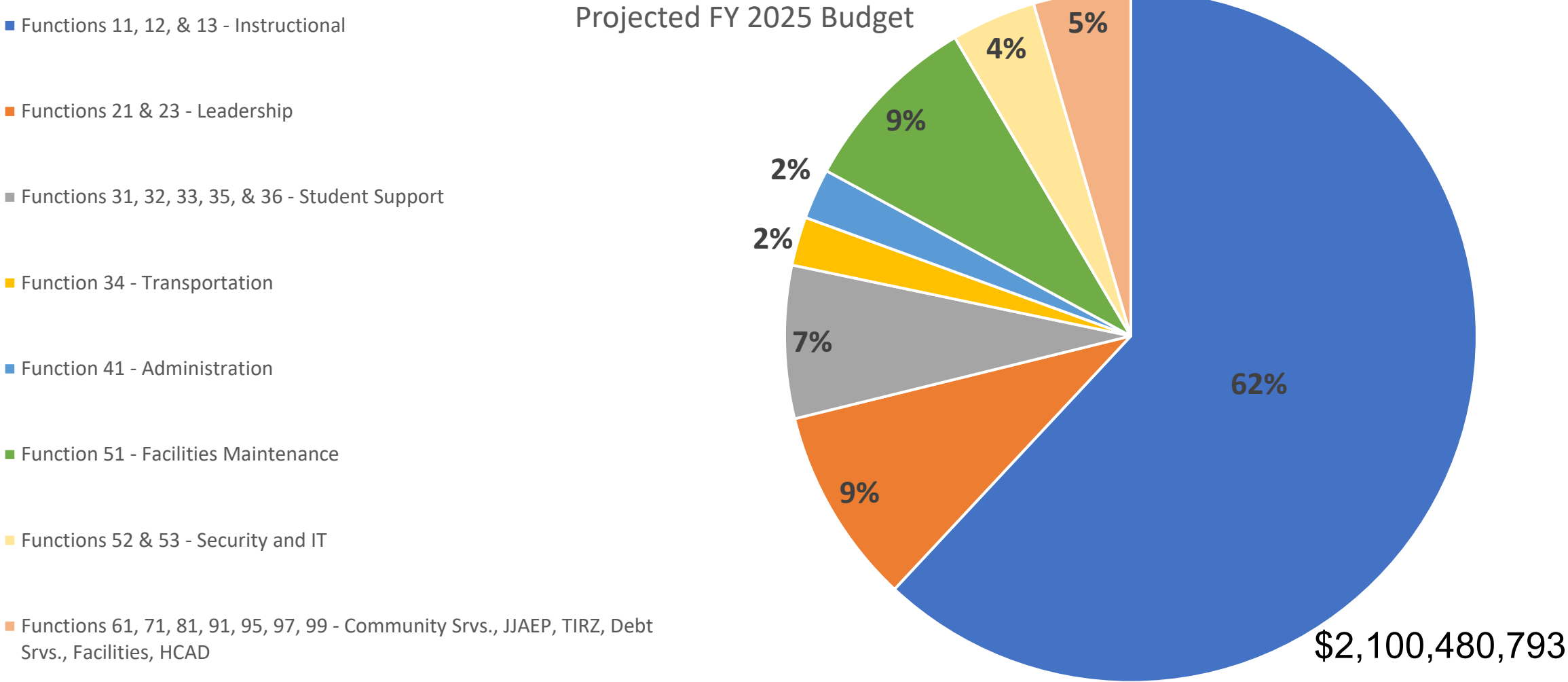
(\*) Fund balances will be updated once the 2023-2024 Annual Comprehensive Financial Report (ACFR) is complete.

# FY25 Expenditures by Function

	Function	Budget FY 2025
11	Instruction	1,280,564,092
12	Instructional resources and media	4,178,203
13	Curriculum development and instructional staff development	16,646,908
21	Instructional leadership	69,133,176
23	School leadership	124,162,984
31	Guidance, counseling, and evaluation	73,805,655
32	Social work services	8,393,508
33	Health services	31,956,756
34	Student (pupil) transportation	32,557,000
35	Food services	81,420
36	Co-curricular/extracurricular activities	35,472,581
41	General administration	49,443,546

	Function	Budget FY 2025
51	Facilities maintenance and operations	180,739,502
52	Security and monitoring services	30,759,067
53	Data processing services	52,266,719
61	Community services	7,054,647
91	Recapture	0
95	Juvenile justice alternative education	792,000
97	Payments to tax increment fund	57,155,963
99	Tax appraisal and collection	18,610,882
71	Debt service	6,170,050
81	Facilities acquisition and construction	5,441,396
	<b>Total expenditures</b>	<b>2,100,480,793</b>

# General Fund Expenditures by Function



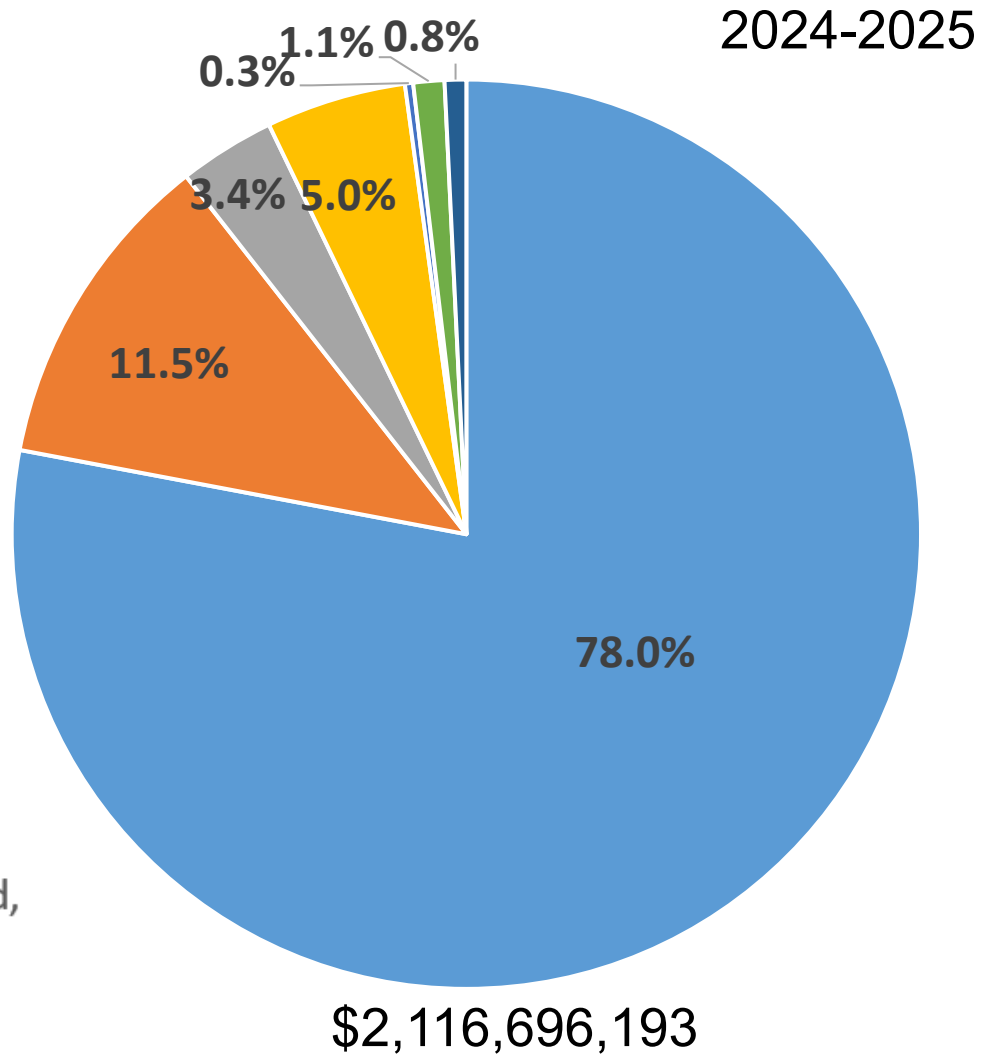
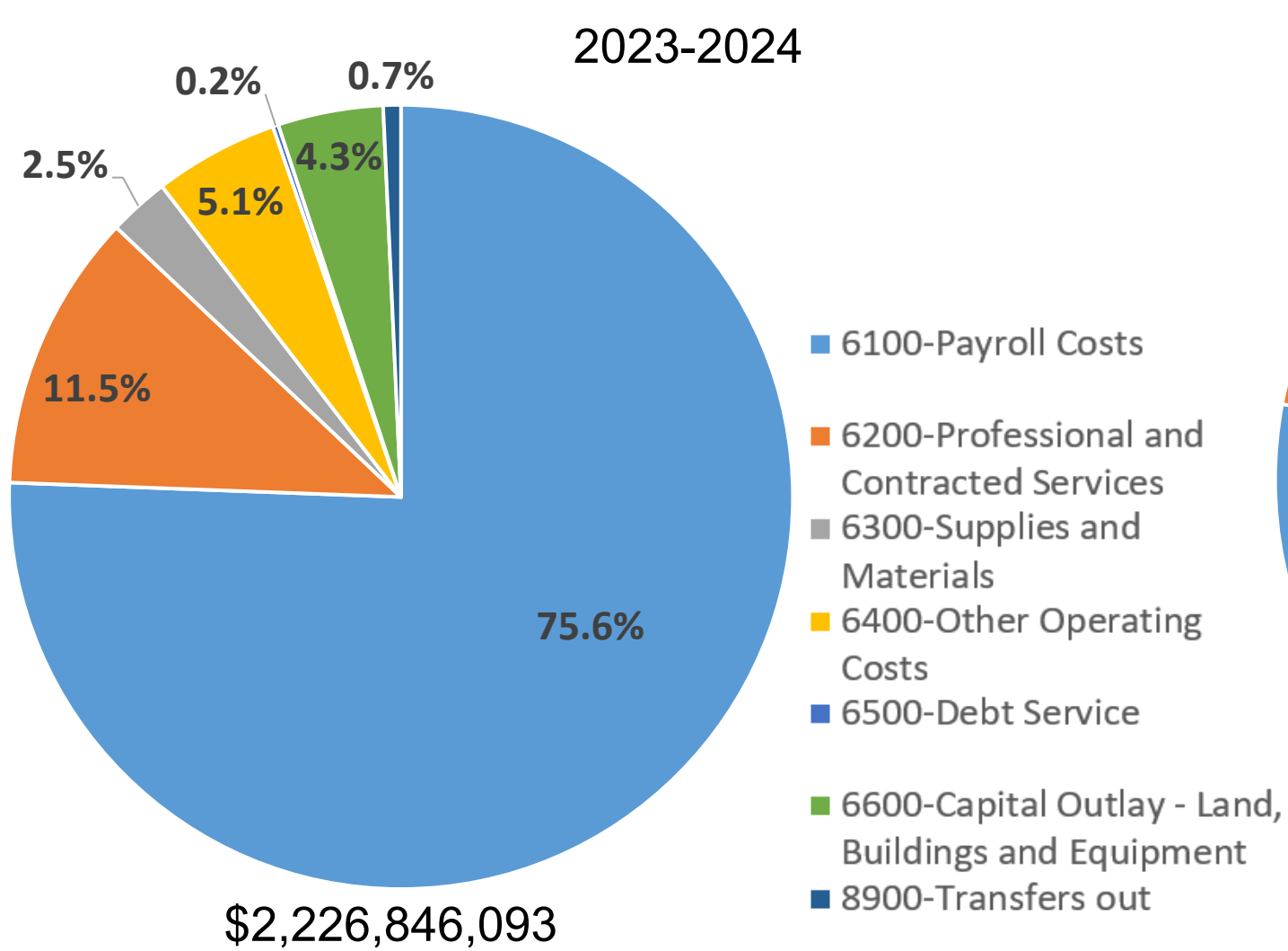
# FY25 Expenditures by Object

		FY2024 Budget As of March, 2024	Projected FY2024 Budget	Projected FY2025 Budget
<b>REVENUES</b>				
5700	Local sources	\$ 1,671,840,298	\$ 1,593,663,242	\$ 1,643,181,985
5800	State sources	205,590,595	286,263,599	224,295,456
5900	Federal sources	62,538,142	62,538,142	21,100,370
	Total revenues	<u>\$ 1,939,969,035</u>	<u>\$ 1,942,464,983</u>	<u>\$ 1,888,577,811</u>
<b>APPROPRIATIONS</b>				
6100	Payroll Costs	\$ 1,604,841,706	\$ 1,683,203,201	\$ 1,650,376,350
6200	Professional and Contracted Services	302,367,375	255,514,934	242,536,832
6300	Supplies and Materials	68,112,706	55,602,129	72,434,538
6400	Other Operating Costs	132,261,121	114,415,566	105,606,564
6500	Debt Service	5,220,350	5,204,350	6,170,050
6600	Capital Outlay - Land, Buildings and Equipment	97,829,185	96,692,263 <sup>(1)</sup>	23,356,459
	Total expenditures	<u>2,210,632,443</u>	<u>2,210,632,443</u>	<u>2,100,480,793</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>(270,663,408)</u>	<u>(268,167,460)</u>	<u>(211,902,982)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
7900	Transfers in	30,000,000	90,000,000	17,000,000
7900	Sale of Property	-	-	80,000,000
8900	Transfers out	(16,213,650)	(16,213,650)	(16,215,400)
	Total other financing sources (uses)	<u>13,786,350</u>	<u>73,786,350</u>	<u>80,784,600</u>
	Net change in fund balances	(256,877,058)	(194,381,110)	(131,118,382)
	Estimated fund balances—beginning July 1, 2023 or 2024 <sup>(2)</sup>	1,127,068,919	1,127,068,919	932,687,809
	Estimated Fund balances—ending June 30, 2024 or 2025 <sup>(2)</sup>	<u>\$ 870,191,862</u>	<u>\$ 932,687,809</u>	<u>\$ 801,569,428</u>

(1) Primarily due to one-time costs in 2023-2024 for NES technology, furniture and equipment

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

# General Fund Expenditures by Object





# FY25 General Fund 24-25 Budget by Chief & Division

## Expenditures:

Departments & Divisions	2024-2025			ESSER & ESSA Ending in 2023-2024
	2023-2024 Budget	Projected Budget	Add/(Subtract)	
Chief Academic Officer	\$ 105,562,146	\$ 117,922,864	\$ 12,360,718	\$ 81,393,527
Chief Communications Officer	\$ 4,117,146	\$ 3,836,896	\$ (280,250)	\$ 139,889
Chief Financial Officer	\$ 24,785,083	\$ 18,803,873	\$ (5,981,210)	\$ 82,069,187
Chief Human Resources Officer	\$ 12,577,684	\$ 12,310,925	\$ (266,759)	\$ 97,026,618
Chief Information Officer	\$ 70,506,386	\$ 48,789,731	\$ (21,716,655)	\$ 46,012,743
Chief of Leadership & Prof. Dev.	\$ 2,146,318	\$ 5,330,539	\$ 3,184,221	\$ 28,343,776
Chief of Police	\$ 26,875,564	\$ 26,165,334	\$ (710,230)	\$ -
Chief of Staff	\$ 13,985,483	\$ 11,159,704	\$ (2,825,779)	\$ -
Chief Operations Officer	\$ 180,598,677	\$ 121,450,156	\$ (59,148,521)	\$ 42,179,382
Office of Strategic Initiatives	\$ 101,057,849	\$ 92,299,767	\$ (8,758,082)	\$ 9,108,431
Division-Central	\$ 1,816,651	\$ 7,971,646	\$ 6,154,995	\$ -
Division-North	\$ 2,145,634	\$ 5,869,376	\$ 3,723,743	\$ -
Division-South	\$ 1,469,276	\$ 6,142,555	\$ 4,673,279	\$ -
Division-West	\$ 1,399,202	\$ 6,349,613	\$ 4,950,410	\$ -
General Counsel	\$ 6,236,148	\$ 5,899,439	\$ (336,709)	\$ -
Superintendent	\$ 1,806,629	\$ 1,711,351	\$ (95,278)	\$ -
	<u>\$ 557,085,876</u>	<u>\$ 492,013,769</u>	<u>\$ (65,072,107)</u>	<u>\$ 386,273,553</u>
District-Wide	\$ 366,096,073	\$ 258,359,205	\$ (107,736,868)	
NES	\$ 667,416,059	\$ 728,284,228	\$ 60,868,168	
Non-NES	\$ 594,845,499	\$ 568,588,520	\$ (26,256,979)	
Charter	\$ 29,391,902	\$ 55,911,867	\$ 26,519,965	
DAEP	\$ 7,231,471	\$ 8,137,471	\$ 906,000	
JJAEP	\$ 823,387	\$ 922,484	\$ 99,097	
Special Education	\$ 3,955,826	\$ 4,478,649	\$ 522,823	
Total for All Schools	<u>\$ 1,303,664,144</u>	<u>\$ 1,366,323,219</u>	<u>\$ 62,659,075</u>	
Total Budgets	\$ 2,226,846,093	\$ 2,116,696,193	\$ (110,149,900)	

# Fund Balance in the General Fund

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**Government Finance Officers Association (GFOA) and Texas Education Agency (TEA) recommend that school districts maintain 3 months of general operating expenditures as a fund balance.**

- During the first few months of the fiscal year, little to no tax revenue is received, resulting in the unassigned fund balance serving the needs for the district's cash flow.
- At the close of fiscal year end June 30, 2025, the estimated fund balance will be approximately \$801,569,428.



# General Fund

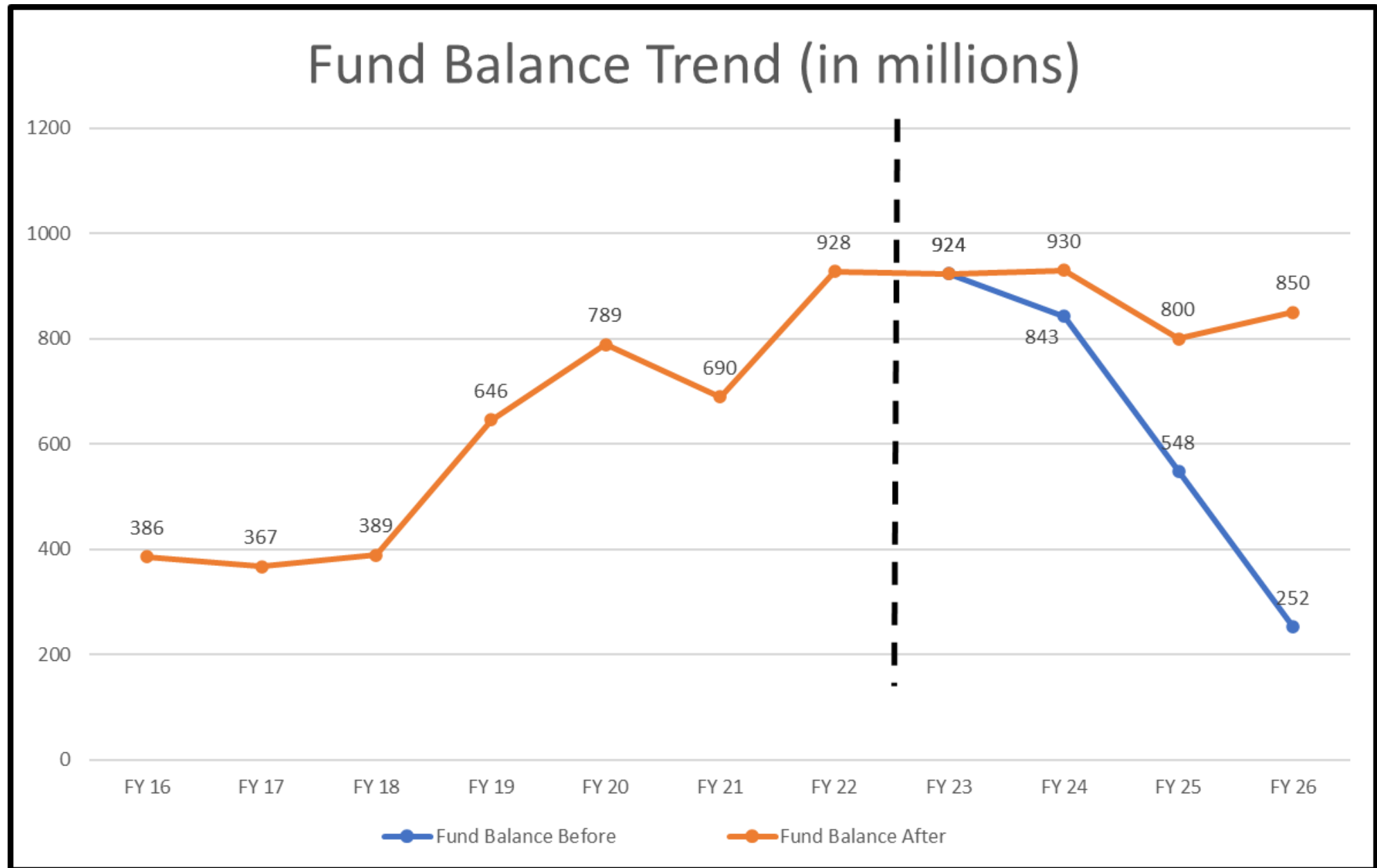
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**Insufficient fund balance  
can lead to several issues:**

- The need to borrow money
- Lower bond ratings



# Fund Balance Trend



# Projected General Fund Balance FYE 2025

REVENUES	Amount
2024-2025 revenues/ other sources	\$1,985,577,811
2024-2025 expenditures/ other uses	\$2,116,696,193
Net	(\$131,118,382)
Estimated beginning fund balance July 1, 2024	\$932,687,809
Estimated ending fund balance June 30, 2025	\$801,569,428

# Debt Service Fund (I & S) Budget

**Debt Service Fund pays back the district's principal and interest on long-term, general debt obligations.**

- Collection from property taxes
- The Interest & Sinking Fund (I&S) tax rate is .1667 (six years in a row)
- HISD's current bond ratings:
  - Moody's: AAA (highest possible rating)
  - Standard and Poor's: AA+



Total dollars to collect =

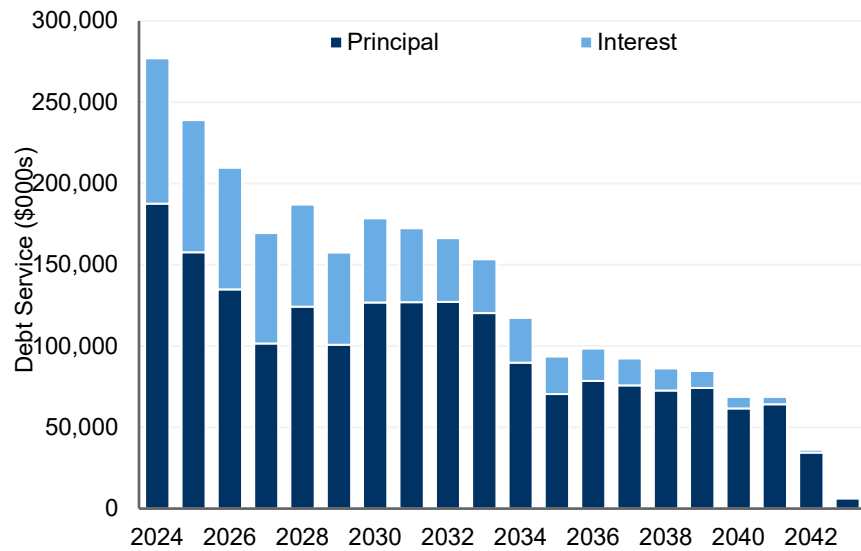
$$\left(\frac{\$233B}{100}\right) * 0.1667 * 97.5\%$$

# Debt Obligations Bond Profile

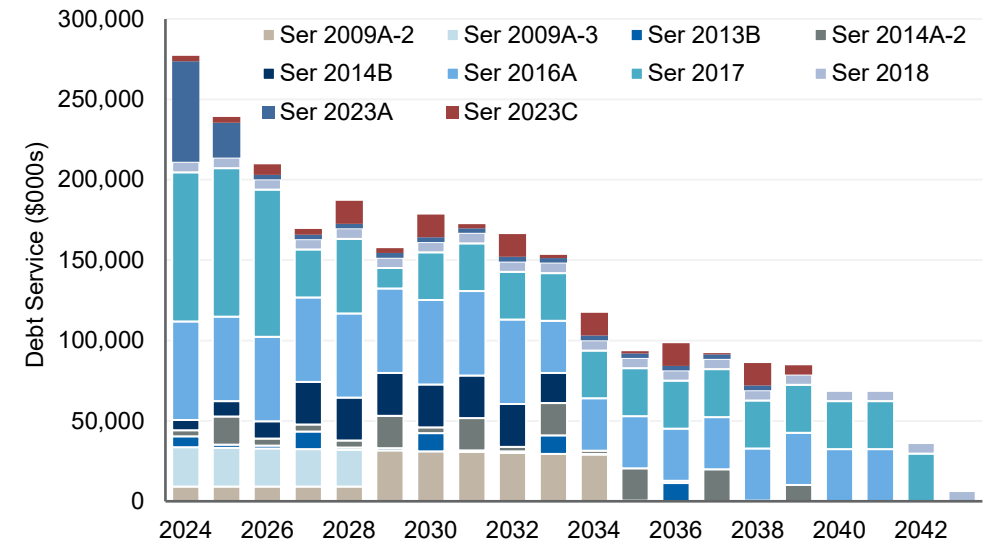
Houston ISD Debt Profile

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

Outstanding Unlimited Tax Debt by Principal & Interest



Outstanding Unlimited Tax Debt by Series



# FY25 Debt Service Fund - Revenues and Expenditures

REVENUES	FY2024 Current Budget	Projected FY2024 Budget	Projected FY2025 Budget
Local sources	\$386,709,784	\$368,403,295	\$371,396,035
State sources	\$1,910,080	\$18,384,423	\$17,168,780
Federal sources	\$0	\$0	\$0
<b>Total revenues</b>	<b>\$388,619,864</b>	<b>\$386,787,718</b>	<b>\$388,564,815</b>
<b>APPROPRIATIONS</b>			
Debt Service	\$410,694,639	\$408,862,493	\$409,542,715
<b>Total expenditures</b>	<b>\$410,694,639</b>	<b>\$408,862,493</b>	<b>\$409,542,715</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(\$22,074,775)</b>	<b>(\$22,074,775)</b>	<b>(\$20,977,900)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$22,074,775	\$22,074,775	\$20,977,900
Issuance of refunding debt	\$0	\$0	\$0
Premium on the sale of refunding debt	\$0	\$0	\$0
Payment of refunding bonds to escrow agent	\$0	\$0	\$0
<b>Total other financing sources (uses)</b>	<b>\$22,074,775</b>	<b>\$22,074,775</b>	<b>\$20,977,900</b>
<b>Net change in fund balances</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Estimated fund balances—beginning July 1, 2024	\$126,657,122	\$126,657,122	\$126,657,122
<b>Estimated Fund balances—ending June 30, 2025</b>	<b>\$126,657,122</b>	<b>\$126,657,122</b>	<b>\$126,657,122</b>



# Nutrition Services Fund - Budget

## **The Nutrition Services Fund accounts for the district's Child Nutrition Program costs**

- Primary sources of revenue are federal reimbursement and USDA commodities.
- HISD Child Nutrition is anticipated to serve over 34,000,000 meals in 2024-2025.
- All meals are served at no charge to most campuses through the USDA Community Eligibility Program (CEP).
- Reimbursement programs are included for site-based dinner and summer feeding.




# FY25 Nutrition Services Fund Statement of Revenues and Expenditures

REVENUES	FY2024 Current Budget	Projected FY2024 Budget	Projected FY2025 Budget
Local sources	\$7,821,040	\$8,823,232	\$7,984,095
State sources	\$537,594	\$458,239	\$458,239
Federal sources	\$126,413,769	\$139,100,431	\$136,185,504
<b>Total revenues</b>	<b>\$134,772,403</b>	<b>\$148,381,902</b>	<b>\$144,627,838</b>
<b>APPROPRIATIONS</b>			
Payroll Costs	\$52,519,058	\$52,553,875	\$53,529,642
Professional and Contracted Services	\$8,912,249	\$8,361,829	\$5,299,640
Supplies and Materials	\$73,748,560	\$75,329,071	\$74,564,792
Other Operating Costs	\$7,878,015	\$8,021,978	\$10,055,564
Capital Outlay - Land, Buildings and Equipment	\$6,335,872	\$6,706,016	\$816,300
<b>Total expenditures</b>	<b>\$149,393,754</b>	<b>\$150,972,769</b>	<b>\$144,265,938</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(\$14,621,351)</b>	<b>(\$2,590,867)</b>	<b>\$361,900</b>
Net change in fund balances	(\$14,621,351)	(\$2,590,867)	\$361,900
Estimated fund balances—beginning July 1, 2024	\$72,110,725	\$72,110,725	\$69,519,858
<b>Estimated Fund balances—ending June 30, 2025</b>	<b>\$57,489,374</b>	<b>\$69,519,858</b>	<b>\$69,881,758</b>



# Nutrition Services Meals Projection

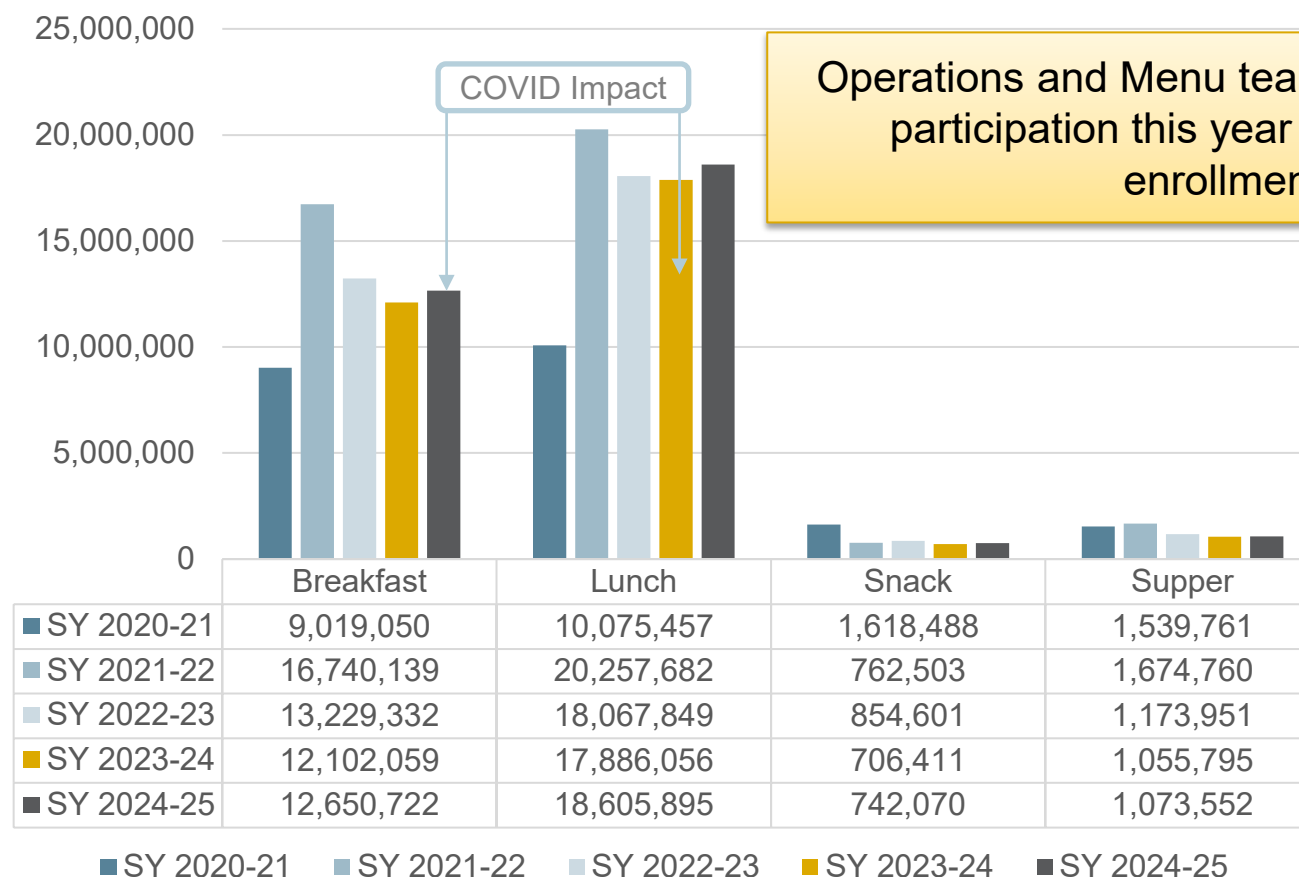
 Trending slight decrease in projected meals for SY 2023-24 due to:

- Enrollment decline
- Decrease in Breakfast Participation

Projected revenue decline compared to last year:

\$3,077,000 Breakfast  
\$791,000 Lunch  
\$173,000 Snack  
\$502,000 Supper

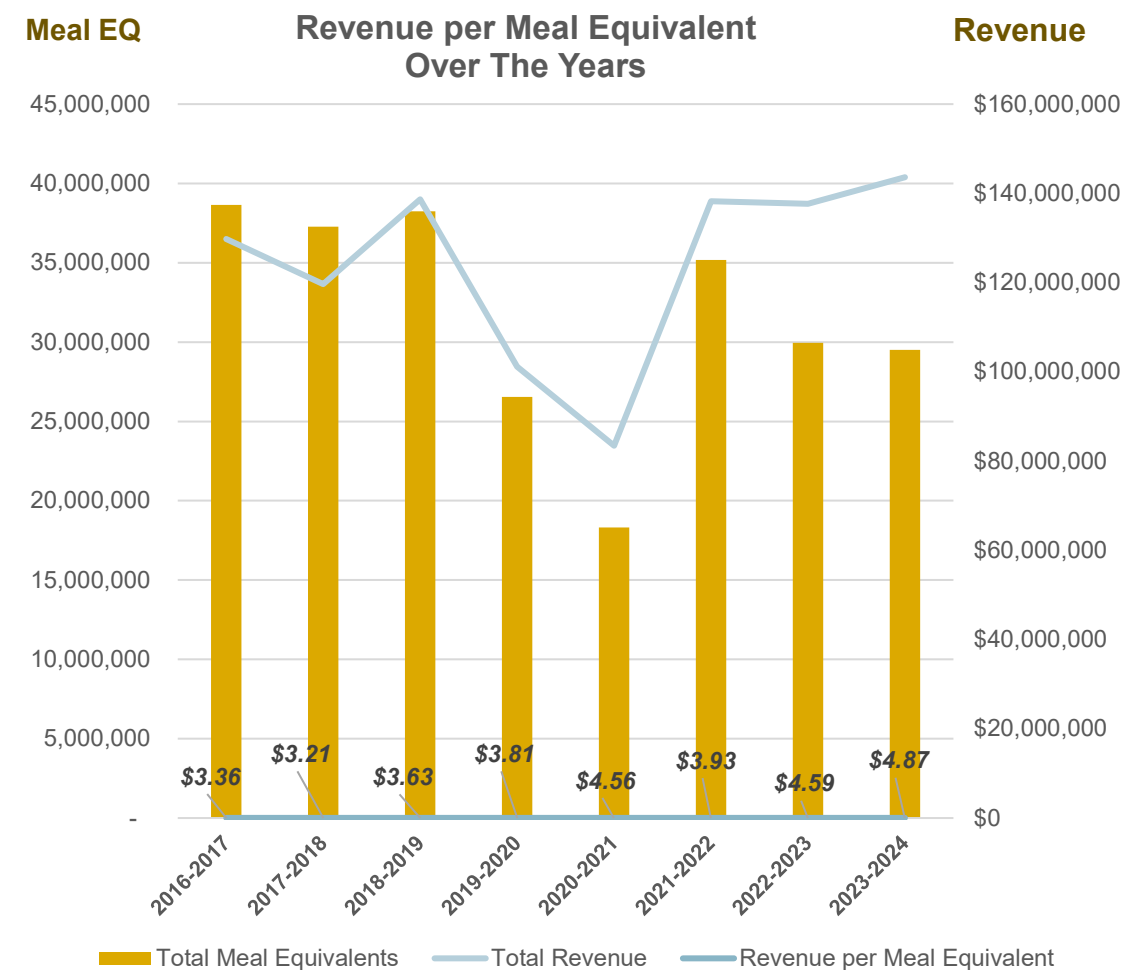
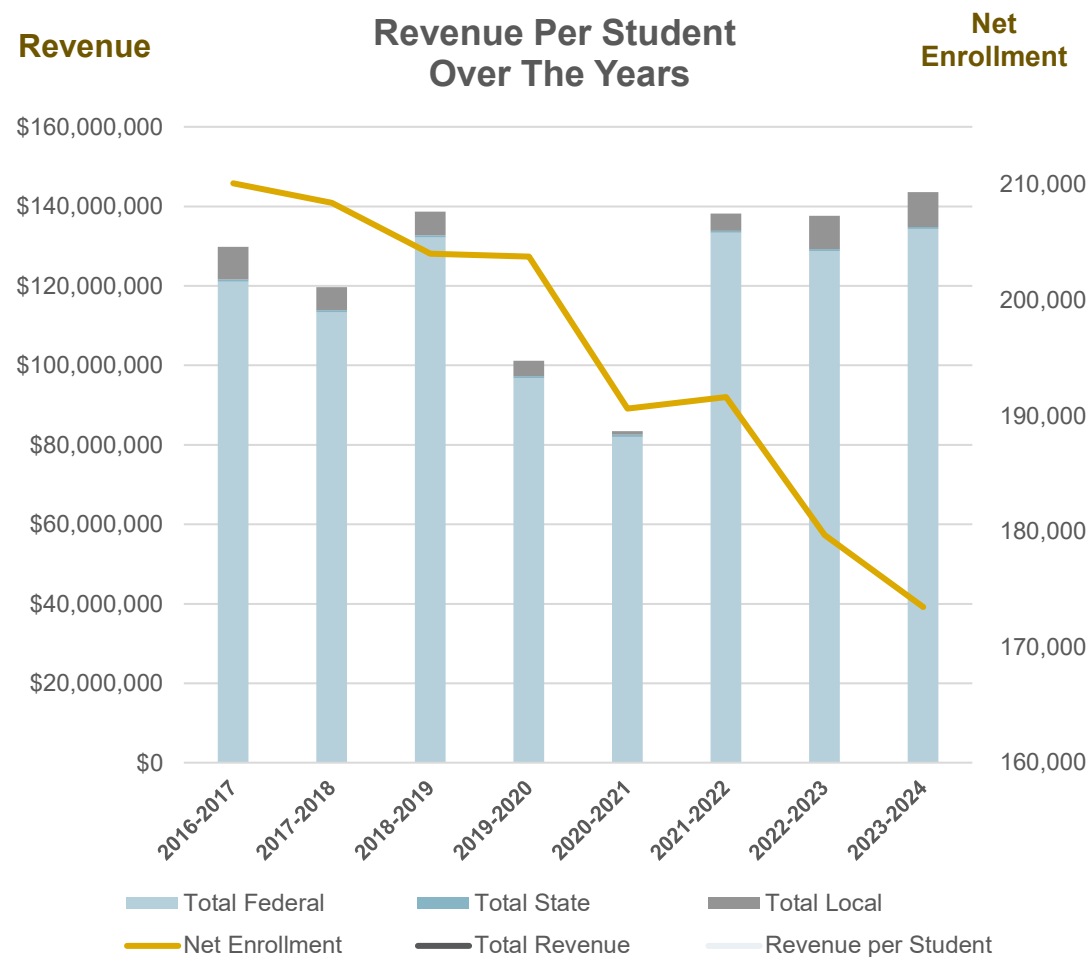
**Projected # of Meal Counts for SY 2023-24\*  
Compared to Previous Years**



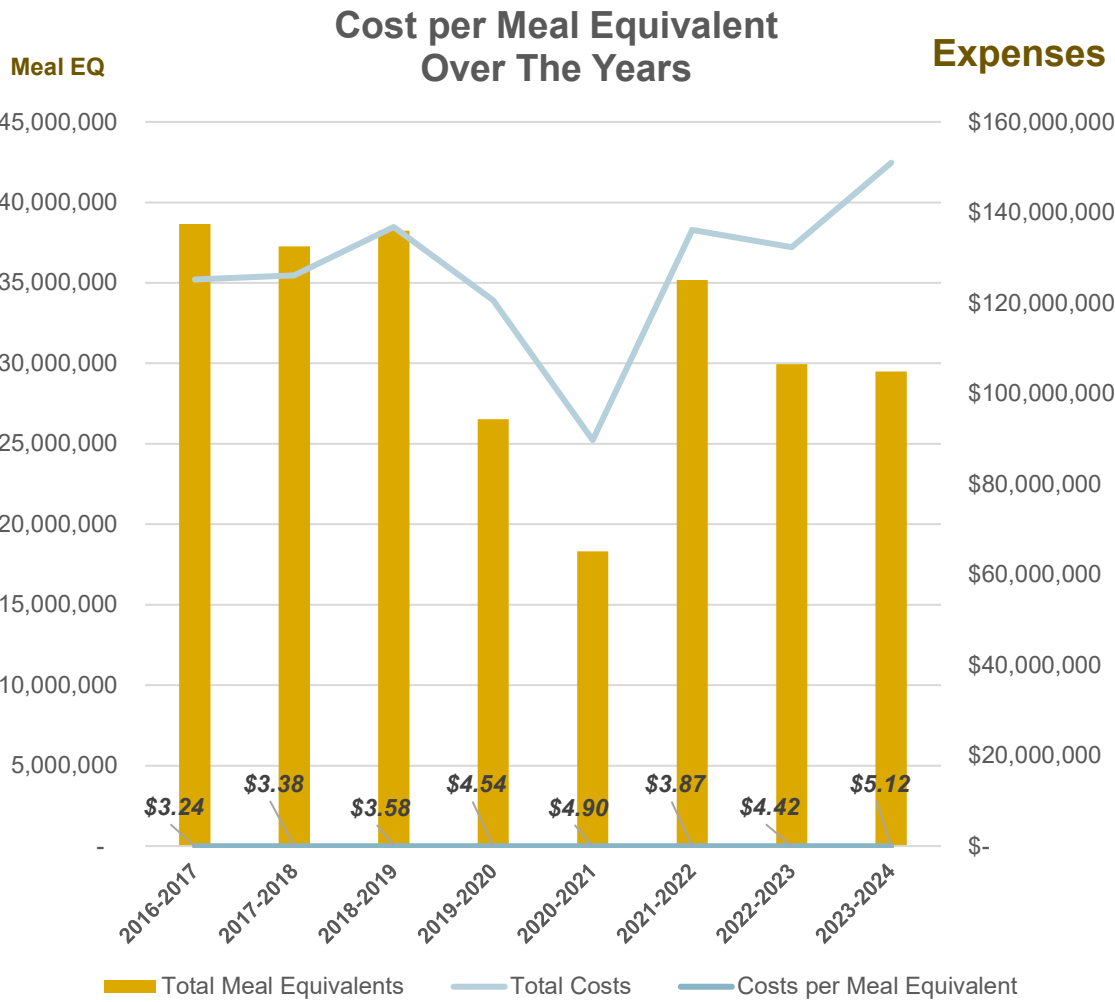
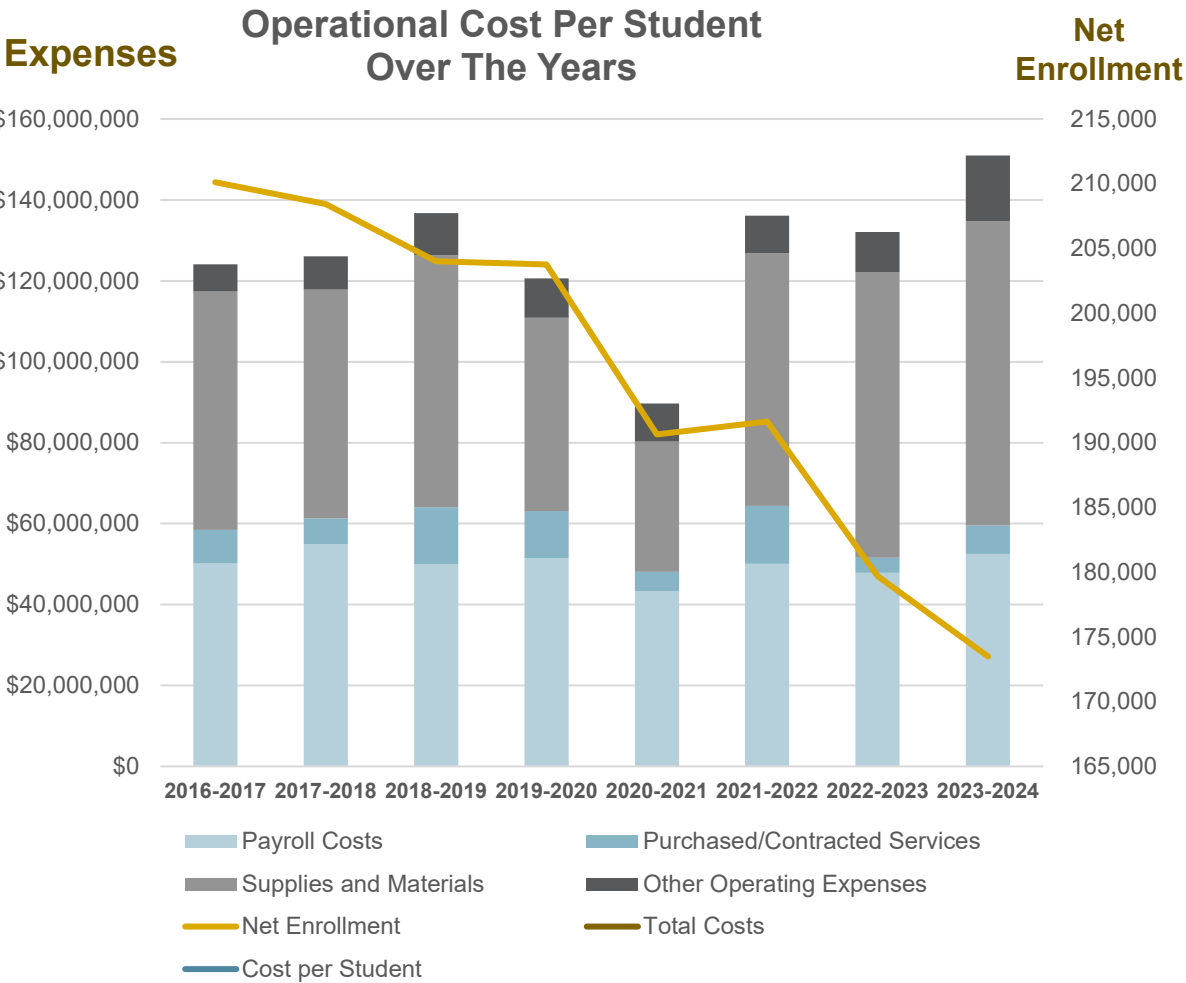
Operations and Menu team driving LUNCH participation this year despite lower enrollment

\*Projected as of meals served 4/29 (147 service days, expanded to 171 service days)  
Source PrimeroEdge

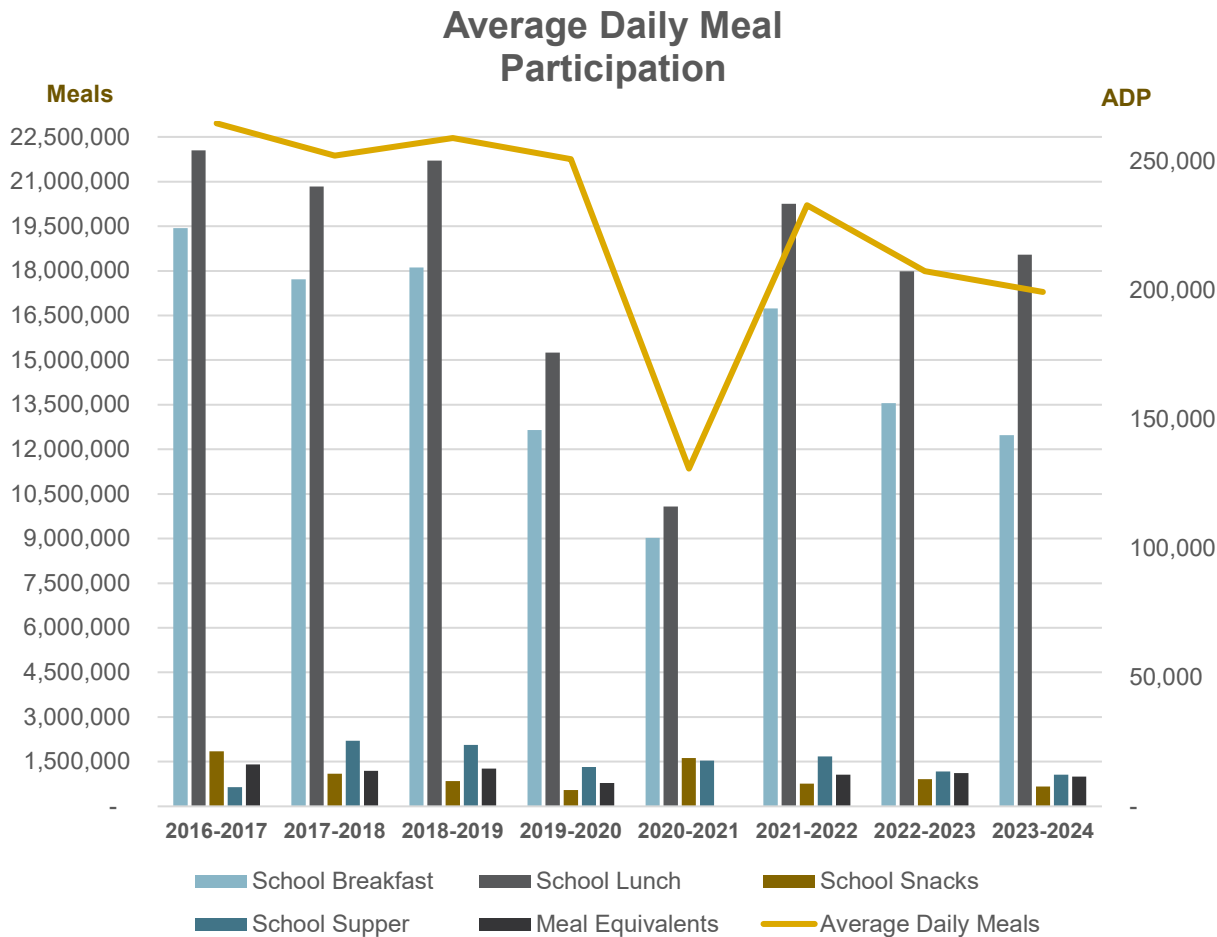
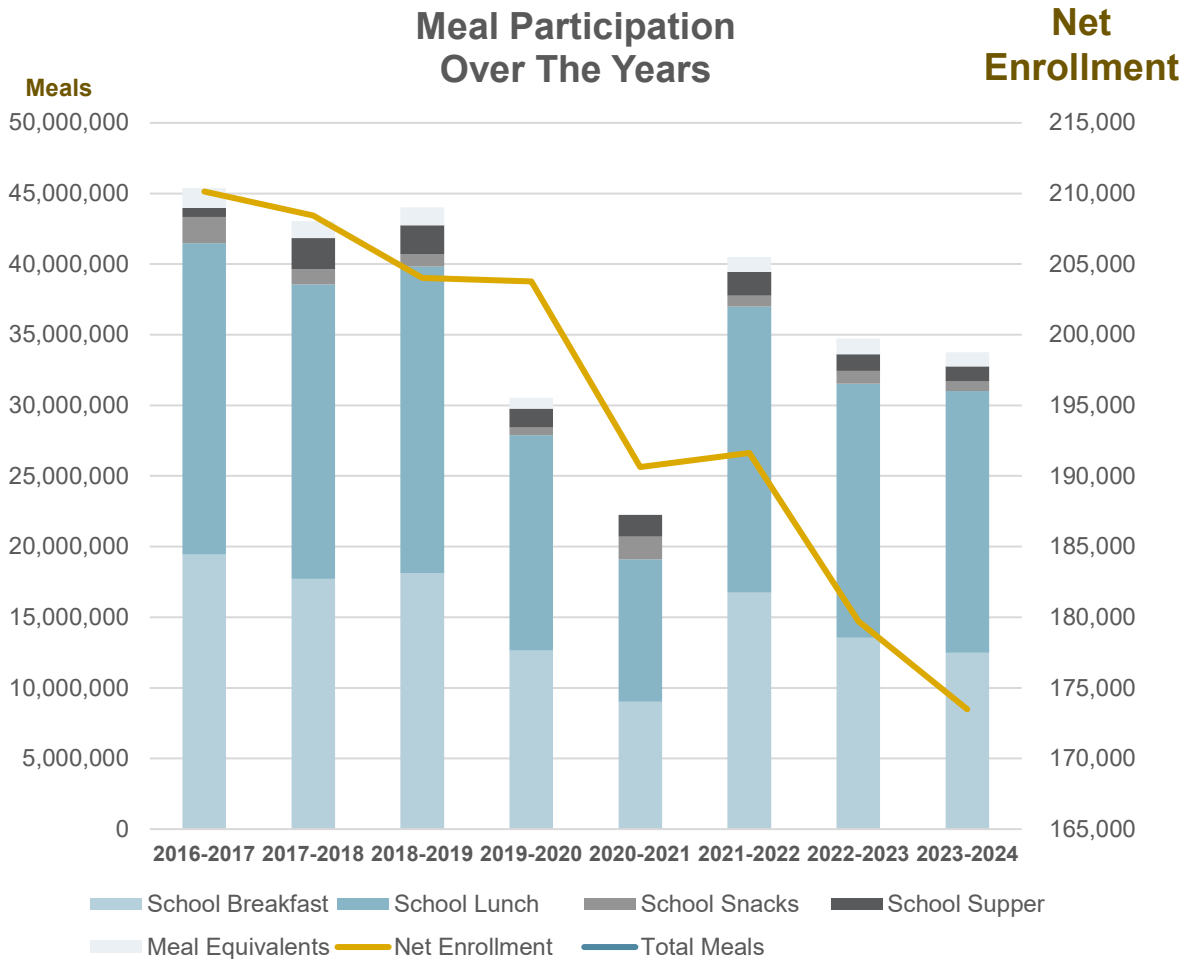
# Nutrition Services Revenue



# Nutrition Services Costs



# Nutrition Services Meals



# Nutrition Services Programs

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## Summary of Nutrition Services

The Nutrition Services Department oversees the preparation, distribution, and service of nutritious meals each day, fueling our students' academic performance and inspiring the development of life-long dietary health and wellness behaviors. This oversight includes the administration of multiple Federal, State and Local child nutrition programs such as:

- **School Breakfast Program (SBP)**
- **National School Lunch Program (NSLP)**
- **After School Care Program (ASCP)**
- **Fresh Fruit and Vegetables Program (FFVP)**
- **Farm to School Program (FTS)**
- **SMART Snack Program**
- **Child and Adult Care Food Program (CACFP)**
- **Summer Food Service Program (SFSP)**
- **Seamless Summer Option (SSO)**
- **USDA Foods Program**

# Preliminary Budgets To Be Adopted For FY 2024-2025

	General Fund	Debt Service Fund	Nutrition Services Fund
Total revenues	\$1 ,888,577,811	\$388,564,815	\$144,627,838
Total expenditures	\$2 ,100,480,793	\$409,542,715	\$144,265,938
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$211,902,982</b>	<b>\$20,977,900</b>	<b>\$361,900</b>
Total other financing sources (uses)	\$80,784,600	\$20,977,900	\$0
<b>Net change in fund balances</b>	<b>\$131,118,382</b>	<b>\$0</b>	<b>\$361,900</b>
Estimated fund balances—beginning July 1, 2024	\$932,687,809	\$126,657,122	\$69,519,858
<b>Estimated Fund balances—ending June 30, 2025</b>	<b>\$801,569,428</b>	<b>\$126,657,122</b>	<b>\$69,881,758</b>

# FY25 Preliminary Budgets To Be Adopted

REVENUES		General Fund	Debt Service Fund	Nutrition Services Fund
	Local sources	\$ 1,643,181,985	\$ 371,396,035	\$ 7,984,095
	State sources	224,295,456	17,168,780	458,239
	Federal sources	21,100,370	-	136,185,504
	Total revenues	\$ 1,888,577,811	\$ 388,564,815	\$ 144,627,838
APPROPRIATIONS				
11	Instruction	\$ 1,280,564,092	\$ -	\$ -
12	Instructional resources and media services	4,178,203	-	-
13	Curriculum development and instructional staff development	16,646,908	-	-
21	Instructional leadership	69,133,176	-	-
23	School leadership	124,162,984	-	-
31	Guidance, counseling, and evaluation services	73,805,655	-	-
32	Social work services	8,393,508	-	-
33	Health services	31,956,756	-	-
34	Student (pupil) transportation	47,651,737	-	-
35	Food services	81,420	-	141,778,443
36	Co-curricular/extracurricular activities	35,472,581	-	-
41	General administration	49,443,546	-	-
51	Facilities maintenance and operations	180,739,502	-	2,487,495
52	Security and monitoring services	30,759,067	-	-
53	Data processing services	52,266,719	-	-
61	Community services	7,054,647	-	-
71	Debt service	6,170,050	409,542,715	-
81	Facilities acquisition and construction	5,441,396	-	-
91	Contracted instructional services between public schools	-	-	-
95	Juvenile justice alternative education program	792,000	-	-
97	Payments to tax increment fund	57,155,963	-	-
99	Tax appraisal and collection	18,610,882	-	-
	Total expenditures	2,100,480,793	409,542,715	144,265,938
	Excess (deficiency) of revenues over (under) expenditures	(211,902,982)	(20,977,900)	361,900
OTHER FINANCING SOURCES (USES)				
	Transfers in	17,000,000	20,977,900	-
	Sale of Property	80,000,000	-	-
	Transfers out	(16,215,400)	-	-
	Total other financing sources (uses)	80,784,600	20,977,900	-
	Net change in fund balances	(131,118,382)	-	361,900
	Estimated fund balances—beginning July 1, 2025 <sup>(1)</sup>	932,687,809	126,657,122	69,519,858
	Estimated Fund balances—ending June 30, 2025 <sup>(1)</sup>	\$ 801,569,428	\$ 126,657,122	\$ 69,881,758

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



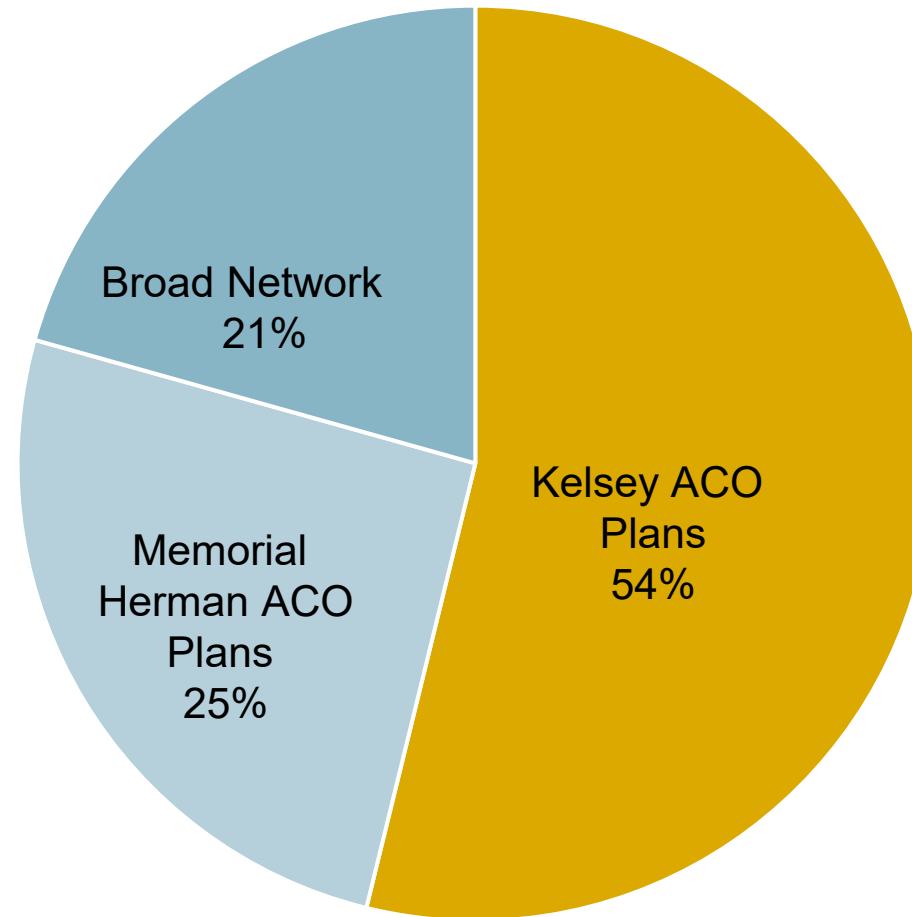
# **HOUSTON ISD MEDICAL PROGRAM**

## **MAY 2024**

# HISD Medical Plan Enrollment by Network

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- **Kelsey ACO Plans** – Houston Network with 40 local clinics and 850 providers
- **Memorial Herman ACO** – Broader Houston Network with access to over 900 primary care providers and over 5,000 specialists
- **Texas Medical Neighborhood** – Broad statewide network with access to most area providers contracted with Aetna



# FY2024 Health Service Fund Statement of Revenues and Expenditures

Revenues	FY2024 Current Budget	Projected FY2024 Budget
Employer Contributions	\$ 143,617,000	\$ 143,618,000
Employee Contributions	32,656,000	32,656,000
Transfers In		
Investment Earnings	1,350,000	1,615,184
Misc. Revenues	14,116,000	17,175,825
Total Revenue	191,739,000	195,065,009
<b>Expenses</b>		
Department Costs	2,216,719	2,190,432
Prof. Services – Medical Claims	126,542,024	129,670,795
Prof. Services – Pharmacy Claims	48,748,184	57,236,494
Prof. Services – Other Costs	10,105,792	9,989,127
Contracted Services <sup>1</sup>	8,453,497	7,451,000
Total Expenses	196,066,216	206,537,848
Operating Profit/(Loss)	(4,327,216)	(11,472,839)
Beginning Fund Balance	40,590,542	40,590,542
Ending Fund Balance	36,263,326	29,117,704

<sup>1</sup> Includes on-site and near-site clinics, benefits administration and consulting costs

# Health Insurance Fund

Five Year History

	Historical						Projected
	Fiscal Year						Fiscal Year
	2018-1019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	
OPERATING REVENUES:							
Charges for salaries and services							
Charges to employees and other funds	\$ 158,940,001	\$ 156,410,323	\$ 174,407,384	\$ 163,488,926	\$ 172,762,960	\$ 176,274,000	
Miscellaneous	\$ 9,064,010	\$ 29,536,798	\$ 10,404,470	\$ 23,277,088	\$ 13,545,288	\$ 17,175,825	
Total operating revenues	\$ 168,004,011	\$ 185,947,121	\$ 184,811,854	\$ 186,766,014	\$ 186,308,248	\$ 193,449,825	
OPERATING EXPENSES							
Payroll costs	\$ 1,525,418	\$ 1,429,319	\$ 1,432,835	\$ 2,488,575	\$ 2,049,113	\$ 1,872,740	
Purchased and contracted services	\$ 4,222,392	\$ 12,598,852	\$ 29,540,060	\$ 6,503,001	\$ 6,873,489	\$ 7,552,175	
Supplies and materials	\$ 17,402	\$ 8,181	\$ 5,996	\$ 17,731	\$ 33,049	\$ 206,689	
Other operating expenses	\$ 3,734	\$ 2,611	\$ 351	\$ 6,839	\$ 5,963	\$ 9,828	
Claims and judgements	\$ 167,962,262	\$ 159,217,608	\$ 160,631,112	\$ 162,739,590	\$ 185,428,427	\$ 196,896,416	
Depreciation and amortization				\$ -	\$ -	\$ -	
Total operating expenses	\$ 173,731,208	\$ 173,256,571	\$ 191,610,354	\$ 171,755,736	\$ 194,390,041	\$ 206,537,848	
% Change		-0.3%	10.6%	-10.4%	13.2%	6.2%	
Operating income (loss)	\$ (5,727,197)	\$ 12,690,550	\$ (6,798,500)	\$ 15,010,278	\$ (8,081,793)	\$ (13,088,023)	
NONOPERATING REVENUES (EXPENSES):							
Earnings on investments	\$ 496,432	\$ 244,112	\$ 47,309	\$ 43,008	\$ 1,233,561	\$ 1,615,184	
Interest					\$ -	\$ -	
Total nonoperating revenues (expenses)	\$ 496,432	\$ 244,112	\$ 47,309	\$ 43,008	\$ 1,233,561	\$ 1,615,184	
Change in net position	\$ (5,230,765)	\$ 12,934,662	\$ (6,751,191)	\$ 15,053,286	\$ (6,848,232)	\$ (11,472,839)	
Total net position - beginning	\$ 31,432,782	\$ 26,202,017	\$ 39,136,679	\$ 32,385,488	\$ 47,438,774	\$ 40,590,542	
Total net position - ending	\$ 26,202,017	\$ 39,136,679	\$ 32,385,488	\$ 47,438,774	\$ 40,590,542	\$ 29,117,703	
Average Enrollment	19,133	18,826	19,186	18,716	18,414	18,760	
Average Claims per member	\$ 8,779	\$ 8,457	\$ 8,372	\$ 8,695	\$ 10,070	\$ 10,496	

**Thank you  
Questions?**

