

HISD Budget Workshop

May 1, 2025
Workshop #4



Workshop 4 Outcomes and Agenda

Outcomes:

1. Review preliminary overall budget
 2. Review FMO update
 3. Provide timely updates from 89th Legislative Session
- Preliminary SY25-26 High-Level Budget Overview
 - Campus Budget Update
 - FMO Update
 - Legislative Update

Budget Workshop Scope and Sequence

Workshop Series Goals

- Socialize HISD’s approach to budgeting
- Connect the 25-26 budget to District goals and priorities
- Outline areas for proposed spending reductions
- Provide transparency into the department and school budget allocations

February 27 th	March 26 th	April 23 rd	May 1 st	May 22 nd June 12 th
<div>Overview of District Financial Position</div> <div>Overview of Best-in-Class District Budget Development Practices</div> <div>HISD’s School Year 25-26 Budget Approach and Timeline, Assumptions and Methodology</div>	<div>School Year 25-26 District Action Plan and Alignment to Board Goals</div> <div>School Budget Approach Preview</div>	<div>Central Office Department Budget Allocations</div> <div>PUA School Budget Overview</div> <div>NES Budget Overview</div>	<div>Preliminary high-level budget</div> <div>PUA NES Campus Budget Update</div> <div>Facilities Review</div>	<div>May 22: Proposed Budget Review + Board Discussion</div> <div>June 12: Budget Vote</div>

Development Timeline



School Year 25-26 Budget Goals

- **Prioritize district resources to sustain transformation:** Resource key district priorities to sustain early transformation progress, accomplish Board Goals
- **Align resources to enrollment to ensure sustainability:** Create central office department budgets and ensure direct-to-school budget allocations align to the Action Plan and account for enrollment decreases. Ultimately, these allocations aim to ensure minimal disruptions to programming.

Our Guiding Principles

1. **Keep cuts as far away from the classroom as possible.** We are ensuring that every school gets the per-pupil allowance they are supposed to receive. The District will provide the necessary resources to maintain high quality instruction and a safe and supportive school environment.
2. **Prioritize resources to meet District goals.** The District Action Plan provides an outline of the highest priority items that will help the District accomplish the School Board's goals and the District's mission.
3. **Make decisions now that will support long term financial sustainability.** The District will be one step closer to a balanced budget, will allocate necessary funds to accomplish Board Goals and actualize District vision while maintaining District fiscal stability.

REVIEW OF PRELIMINARY BUDGET

Key Reminder

- Building the district budget is an **iterative** process between January and June. All budget materials are drafts up to June 12th.
- Today's materials are revised from the pre-read to account for updates in budgeting process.



FY26 Budget Assumptions

Enrollment

- Projecting a loss of 6,500 students
- Total enrollment: 170,000

Average Daily Attendance (ADA)

- Remains similar
 - SY24-25: 94.1%
 - SY25-26: 94%

Weighted Average Daily Attendance

- Estimated ~2.8% decrease
 - SY24-25: 227,500
 - SY25-26: 223,000

Taxable Property Values

- \$241,143,766,896

State Basic Allotment

- Anticipated increase
 - SB2: \$220
 - HB2: \$395

General Fund Revenue Summary

Local and State Revenue is subject to change after tax information is provided and legislation has been approved

	Revenue 2025	Revenue 2026	Increase/ Decrease in Revenue
Local	1620.7 M	1585.3 M	-35.5 M
State	252.4 M	379.0 M	126.6 M
Teach Incentive Allotment	0.0 M	14.5 M	14.5 M
School Calendar Increased to 181 Days	0.0 M	17.0 M	17.0 M
Security Grant	0.0 M	11.7 M	11.7 M
Federal	26.7 M	21.7 M	-5.1 M
Other Sources	80.0 M	20.0 M	-60.0 M
SHARS	17.0 M	20.0 M	3.0 M
Disaster Relief Tax	0.0 M	22.0 M	22.0 M
General Funds	1996.8 M	2091.1 M	94.3 M



General Fund Expenditure Summary

	Expenditures 2025	Expenditures 2026	Increase/ Decrease in Expenditures
Departments	447.4 M	394.6 M	-52.8 M
PreK Expansion	0.0 M	5.0 M	5.0 M
Other District Action Plan	0.0 M	3.0 M	3.0 M
Salary increase CO	0.0 M	6.0 M	6.0 M
Special Education - Teachers and Teaching Assistants	170.2 M	180.0 M	9.8 M
Schools-Charter, DAEP, JJAEP, HCC Lifeskills, Community Services	71.0 M	78.0 M	7.0 M
Summer School	15.0 M	15.0 M	0.0 M
PUA	579.0 M	561.9 M	-17.1 M
PUA teacher salary increases	0.0 M	15.0 M	15.0 M
School Budgets (add back 10%)	0.0 M	1.3 M	1.3 M
NES	570.2 M	539.9 M	-30.4 M
NES teacher salary increases	0.0 M	20.0 M	20.0 M
Supplies and Materials NES	0.0 M	-2.5 M	-2.5 M
DYAD and Athletics	11.8 M	11.1 M	-0.7 M
Districtwide	291.5 M	301.7 M	10.2 M
Recapture	57.0 M	0.0 M	-57.0 M
Insurance, Utilities, Fuel	0.0 M	13.0 M	13.0 M
End of Retention Incentives	0.0 M	-9.0 M	-9.0 M
Health Insurance	0.0 M	5.0 M	5.0 M
Debt Payment for Tax Notes	0.0 M	8.0 M	8.0 M
One-Time	12.8 M	0.0 M	-12.8 M
Transfer Out	16.4 M	16.0 M	-0.4 M
Total	2242.2 M	2163.0 M	-79.2 M

General Fund Summary

	Revenue 2025	Revenue 2026	
Total Revenue	1996.8 M	2091.1 M	
	Expenditures 2025	Expenditures 2026	
Total Expenditures	2242.2 M	2163.0 M	
Net Change Revenue over Expenditures	-245.3 M	-71.9 M	
Beginning Fund Balance	1047.2 M	801.9 M	
Projected Ending Fund Balance	801.9 M	730.0 M	

PUA | NES BUDGET UPDATE



Funding by School Type

School Type	Amount	Enrollment	Average PUA*
PUA	\$561,861,857	93,884	\$5,985*
NES	\$539,861,378	64,999	\$8,306*
Difference in Average Spend per Pupil*			\$2,321*

*All numbers are **preliminary**. In the process of the budget reconciliation, the average PUAs for both NES and PUA will change as district-wide expenses and actual teacher salaries are included.

*Primary cost drivers for NES are hospital model teacher salaries and additional support positions (Teacher Apprentices and Learning Coaches).

Please note that an additional 11,239 students are coded charter/DAEP/JJAEP, and therefore are not included in the two school types on this slide.



Funding by School Type

School Type	Amount	Enrollment	Average PUA*
PUA	\$561,861,857	93,884	\$5,985*
NES <i>(excluding Teacher Apprentices, Learning Coaches, Hospital Model salaries)</i>	\$405,850,000	64,999	\$6,244*
Difference in Average Spend per Pupil*			\$259

*All numbers are **preliminary**. In the process of the budget reconciliation, the average PUAs for both NES and PUA will change as district-wide expenses and actual teacher salaries are included.

*Primary cost drivers for NES are hospital model teacher salaries and additional support positions (Teacher Apprentices and Learning Coaches).

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FMO UPDATE: PRIORITIZED HEALTH & SAFETY NEEDS

FMO Topics

- Objectives of the FY26 Capital Improvement Plan
 - Funded by Maintenance Tax Notes
- Prioritization of Critical Needs
- Implementation Plan and Timeline
- Proposed HVAC Projects
- Proposed Roofing Projects

Current State of District Infrastructure

- **Aging HVAC Systems**

- Many schools are struggling with outdated HVAC systems that hinder effective control, impacting learning environments.

- **Deteriorating Roofs**

- Deteriorating roofs contribute to leaks and safety hazards, impacting the overall safety and comfort of students and staff.

- **Impact on Learning Environment**

- The infrastructure challenges not only affect functionality but also the learning experience and well-being of students.

Objectives of Improvement Plan

- **Upgrading HVAC Systems**

- The plan focuses on upgrading HVAC systems to ensure they meet safety and comfort standards for students and staff. The prioritization is based on campus utilization, ensuring that campuses with the highest student counts are addressed first.

- **Roof Improvements**

- Improving roofs is essential for safety and energy efficiency to protect buildings from environmental elements. Campus prioritization is based on the severity of roof conditions, ensuring that the most vulnerable facilities receive attention first.

- **Enhancing Energy Efficiency**

- The plan aims to enhance energy efficiency to reduce costs.

- **Improving the Learning Environment**

- The goal is to create a better learning environment for all students and staff.

\$40M Allocation

\$40M Allocation Details

- **HVAC System Improvements**
 - Funding will address urgent HVAC system upgrades to enhance air quality and climate control in schools.
- **Roofing Needs**
 - Allocation will prioritize roofing needs to ensure schools are safe and energy-efficient.
- **Infrastructure Improvement**
 - Overall infrastructure improvements will lead to better learning environments for students and staff across the district.

Criteria for Prioritizing Schools

- **HVAC Systems Assessment**

- The facilities assessment and work order requests provided data for the condition of the HVAC systems.

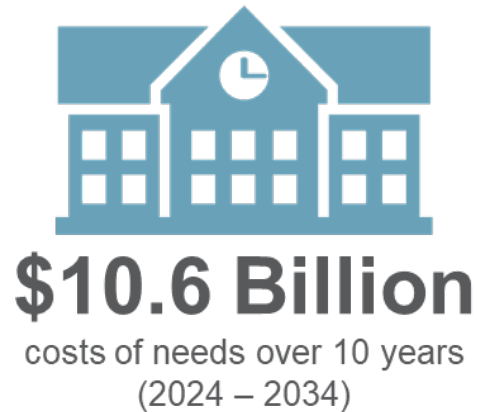
- **Roofing Condition Evaluations**

- Conducting roof evaluations and assessing work order data helped identify leaks and structural issues.

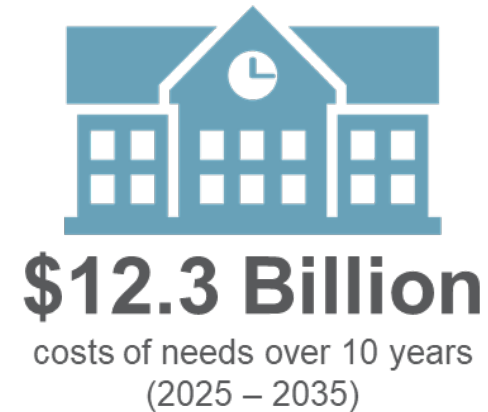
Assessment Review

- Average age of K-12 school buildings in the U.S. is 49 years
- More than 30% of Houston ISD schools are more than 50 years old
- Current building system deficiencies are extensive

2024 Projected Needs



2025 Projected Needs



Timeline for Completion

Establishing the Timeline

- A clear timeline will be created to outline all key deadlines and target dates for project phases.

Key Deadlines

- Identifying and communicating key deadlines is essential for keeping the project on track and stakeholders informed.

Minimizing Disruptions

- Adhering to the established timeline is crucial for minimizing disruptions to the learning environment during the project.

Project Start: July 2025

Projected Commissioning
Completion: April 2026

Projected Construction
(Installation) Completion:
January 2026

HVAC UPGRADES: PROPOSED PROJECTS

HVAC Proposed Projects

Campus	~Enrollment	Perm. Utilization	Scope of Work	Investment
Bell ES	563	80%	Chiller, Boiler, Controls Replacement	\$944,707
Benbrook ES	484	123%	Unit Ventilator, Floor Ventilator Replacement	\$435,186
Black MS	1,330	97%	Unit Ventilator, Chiller Replacement, Controls Installation	\$3,407,844
Bonner ES	595	85%	HVAC System Replacement (600 Wing only)	\$427,941
Brookline ES	663	111%	Chiller, Boiler, Controls Replacement	\$195,395
Browning ES	401	117%	(2) Chiller Replacement, Controls Replacement	\$902,757
Burbank ES	749	101%	Unit Ventilator Replacement	\$301,630
Chavez HS	2,585	88%	Chiller Replacement	\$241,107
Durkee ES	432	69%	Cooling Tower, Boiler, Unit Ventilator Replacement	\$983,690
Elrod ES	733	170%	Chiller, Boiler, Controls Replacement	\$301,763

HVAC Proposed Projects

Campus	~Enrollment	Perm. Utilization	Scope of Work	Investment
Harvard ES	668	104%	Chiller Replacement	\$678,278
Heights HS	2,498	121%	(2) Chiller Replacement	\$892,465
Hines-Caldwell ES	691	93%	Controls Replacement	\$721,321
Hobby ES	577	83%	Controls, Mechanical Equipment	\$905,425
Lanier MS	1,069	140%	Rooftop, Exhaust Fans, Chiller, Controls Replacement	\$2,350,801
MacGregor ES	433	84%	Chiller Replacement	\$287,035
Meyerland PVA MS	1,122	87%	HVAC System Replacement	\$651,812
Northside HS	1,168	73%	Chiller Replacement	\$572,040
Poe ES	831	100%	Controls Upgrade	\$525,000
Red ES	580	91%	Controls, Chiller, (2) Boiler Replacement	\$1,134,090

HVAC Proposed Projects

Campus	~Enrollment	Perm. Utilization	Scope of Work	Investment
Rogers, TH PE-12	1,058	82%	HVAC System Replacement	\$784,308
Sanchez ES	431	69%	Controls, Mechanical Equipment	\$625,343
Smith ES	789	90%	(3) Chiller Replacement	\$706,044
St. George Place PK-5	771	106%	Chiller, Controls Replacement	\$249,385
Twain ES	870	107%	(2) Chiller Replacement	\$486,319
Waltrip HS	1,651	85%	Roof Top Package Units Replacement	\$525,686
West Briar MS	1,027	72%	Chiller & Controls Replacement	\$606,470
West University ES	1,116	111%	Chiller Replacement	\$450,700
Total HVAC Investment			\$21,294,541	

ROOFING REPLACEMENTS: PROPOSED PROJECTS

Roofing Proposed Projects – Phase I

Campus	~Enrollment	Perm. Utilization	Scope of Work	Investment
Bell ES	563	80%	Roof Replacement	\$1,127,460
Chavez HS	2,006	78%	Partial Roof Replacement (Natatorium Metal Roof)	\$900,000
Crespo ES	525	73%	Roof Replacement	\$1,465,900
Hobby ES	477	83%	Roof Replacement	\$1,048,920
Kashmere HS	638	53%	Partial Roof Replacement (Gym Area)	\$900,000
Meyerland PVA MS	1,122	78%	Roof Replacement	\$3,243,520
Rice K-8	1,040	76%	Roof Replacement	\$3,670,880
Sutton ES	921	123%	Roof Replacement	\$1,360,400
Total Investment			\$13,717,080	

Roofing Proposed Projects – Phase II

Campus	~Enrollment	Perm. Utilization	Scope of Work	Investment
Bonham ES	985	93%	Roof Replacement	\$829,700
Briargrove ES	869	103%	Roof Replacement	\$2,084,660
Jefferson ES	333	117%	Roof Replacement	\$696,600
River Oaks ES	743	100%	Roof Replacement	\$1,252,640
Waltrip HS	1,651	82%	Roof Replacement	\$4,182,000
Total Investment			\$9,045,600	

LEGISLATIVE UPDATES



89th Legislative Session – In Progress

- **SB 260/HB 124 - School Safety Allotment**
 - Increases allotment from \$10-\$14 per pupil, and from \$15,000 to \$37,000 per campus.
 - *Senate has requested a conference committee to revise the bill. We anticipate the per pupil and per campus allotments to change.*
- **HB 2 - Comprehensive Education Finance Bill**
 - Increases Basic Allotment
 - Full day PreK funding
 - Hold Harmless added back
- **HB 500 - Supplemental Appropriations bill**
 - Appropriates \$934.5M for the School Health and Related Services Program (SHARS).

CLOSING

Workshop 5 Preview

- Proposed Budget Overview
- Overview of Department Adjustments
- Legislative Updates

APPENDIX

Student Characteristic Weight

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.

Instructional Arrangement	Current Weight
Homebound	5.0
Speech Therapy	5.0
Residential Care and Treatment	4.0
Hospital Class	3.0
Resource Room	3.0
Self-Contained Severe/ Self Contained M/M Reg. Camp	3.0
State Schools	2.8
Off Home Campus	2.7
Compensatory Education Pregnancy Related Services	2.41
Vocational Adjustment Class	2.3
Non-Public Contracts	1.7
Mainstream ADA	1.15

Student Characteristic Weight, Cont.

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.

Instructional Arrangement	Current Weight
State Compensatory Education Blocks	0.225-0.275
Bilingual – LEP in Dual Language Program	0.15
Gifted & Talented	0.12
Bilingual - LEP	0.1
Early Education Allotment (Grades K-3)	0.1
Bilingual Non-LEP in Dual Language Program	0.05