



# **Budget and PUA Workshop**

**April 24, 2014**

**HOUSTON INDEPENDENT SCHOOL DISTRICT**

# Becoming #GreatAllOver

## OUR VISION

DRIVERS TO ACHIEVE OUR VISION

CULTURE OF EXCELLENCE



ENGAGED  
STAKEHOLDERS



RIGOR AND  
ACCOUNTABILITY



21<sup>ST</sup> CENTURY  
LEARNING

DIGITAL TRANSFORMATION

# Agenda

1. Reminder: Background/History
2. Reminder: Budget Process Timeline
3. Reminder: PUA Levels
4. Reminder: Additional School Funding and Support
5. Current 2014-2015 Budget Outlook
6. Philosophical Questions in School Funding
7. Identified Priorities
8. Items for Consideration and Discussion
9. Summary Recommendations

# 1. Reminder: Background/ History

To understand the district's starting point for this year's budget process, it's important to recall key impacts and adjustments since the 2011 – 2012 state cuts

	<u>Amount (in millions)</u>
2011-2012 State Cut	\$ (75.0)
2012-2013 State Cut	(45.7)
<b>Total State Cut to HISD</b>	<b>\$ (120.7)</b>
<u>2011-2012 District Cuts</u>	
School PUA	\$ (40.0)
School Programs	(19.5)
Central Services	(18.2)
Other net changes	1.4
<b>Total 2011-2012 District Cuts</b>	<b>\$ (76.3)</b>
<b>Remaining Deficit from State Cuts</b>	<b>\$ (44.4)</b>
<u>2012-2013 District One-Time Funds</u>	
EduJobs	\$ (18.5)
Fund Balance	(8.9)
Debt Service Transfer	(17.0)
<b>Total 2012-2013 District <u>One-Time Funds</u></b>	<b>\$ (44.4)</b>



<b>Remaining Deficit from State Cuts going into 2013-2014</b>	<b>\$ (44.4)</b>
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# 1. Reminder: Background/ History *(continued)*

<b>Remaining Deficit from State Cuts going into 2013-2014</b>	<b>\$ (44.4)</b>
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<u>2013-2014 Increases Added at Adoption</u>		
Salary Increase	\$	(19.7)
Targeted Interventions		(16.5)
Reading / Math Interventions		(13.9)
<b>Total 2013-2014 Increases Added</b>	<b>\$</b>	<b>(50.1)</b>
<b>New Deficit (including original remaining deficit from state cut)</b>		<b>\$ (94.5)</b>
<b>Funds from State</b>	<b>\$</b>	<b>57.0</b>
<b>Remaining Deficit</b>		<b>\$ (37.5)</b>
<b>3¢ tax rate increase</b>	<b>\$</b>	<b>32.6</b>
<b>Deficit at tax rate adoption</b>		<b>\$ (4.9)</b>
<b>Going into 2014-2015</b>		
<b>Loss of Tier 2 Funding</b>		<b>\$ (5.0)</b>
<b>Budget Deficit</b>		<b>\$ (9.9)</b>

## 2. Reminder: Budget Process Timeline

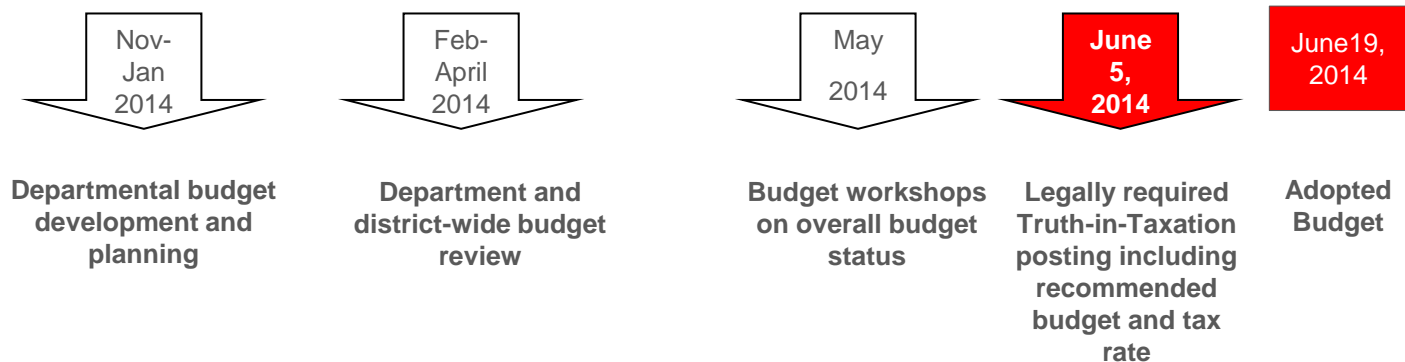


2014-2015

### Campus Process



### Central Office Process



### 3. Reminder: PUA Levels

While HISD's PUA is below the high level seen in 2011 before state funding cuts, the proposed PUA for the 2014-2015 school year represents a \$72 increase from 2013 levels.

Fiscal Year	ES PUA	MS PUA	HS PUA
2004	\$ 2,732	\$ 2,732	\$ 2,732
2005	\$ 2,802	\$ 2,802	\$ 2,802
2006	\$ 2,768	\$ 2,768	\$ 2,768
2007	\$ 2,857	\$ 2,882	\$ 2,871
2008	\$ 3,071	\$ 3,096	\$ 3,085
2009	\$ 3,257	\$ 3,282	\$ 3,246
2010	\$ 3,390	\$ 3,415	\$ 3,379
2011	\$ 3,485	\$ 3,510	\$ 3,474
2012 Prelim	\$ 3,257	\$ 3,282	\$ 3,246
2012 Final	\$ 3,342	\$ 3,367	\$ 3,331
2013*	\$ 3,341	\$ 3,366	\$ 3,330
2014	\$ 3,378	\$ 3,403	\$ 3,367
2015	\$ 3,413	\$ 3,438	\$ 3,402

\$95 increase to the PUA from 2010 to 2011

HISD was forced to cut the PUA \$228 in 2012 due to state funding cuts, however \$85 was restored the same year

\$37 increase to the PUA from 2013 to 2014

\$35 increase to the PUA proposed for 2014 to 2015

\*Decrease in 2013 was due to the creation of a new weight for migrant and refugee students

# 4. Reminder: Additional School Funding and Support

In addition to the PUA, central office also provides many schools with additional funding:

- High School Allotment - \$161 per ADA - \$8.5M
- Capital Outlay - \$10 per enrollment - \$2.0M
- Small School Subsidy (capped at 15% of base allocation or \$228,480) - \$6.6M
  - Elementary School – below 500 enrollment
  - Middle School – below 750 enrollment
  - High School – below 1,000 enrollment
- Magnet Allocation - \$20.2M
- Athletic and Department Chair Stipends - \$4.1M

## Centralized Services

- Employee benefits - \$829.76 per unit (\$186.4M)
- Special Education services - \$430.52 per unit (\$96.7M)
- Utilities - \$284.60 per unit (\$63.9M)
- Facility Services - \$208.99 per unit (\$46.9M)
- Targeted assistance for low performing students – \$207.6 per unit (\$46.6M)
- Transportation – \$187.96 per unit (\$42.2M)
- Custodial - \$161.95 per unit (\$36.4M)
- Technology Services - \$126.60 per unit (\$28.4M)
- ASPIRE - \$89.04 per unit (\$20M)
- Police Officers - \$49.99 per unit (\$11.2M)
- Bilingual, Special Ed, and Critical Shortage stipends - \$31.28 per unit (\$7M)
- School Offices - \$28.85 per unit (\$6.5M)
- Human Resources - \$27.14 per unit (\$6.1M)
- Crossing guards - \$15.56 per unit (\$3.5M)
- Long-term substitutes - \$9.14 per unit (\$2.1M)
- Procurement - \$9.52 per unit (\$2.1M)
- Payroll - \$3.14 per unit (\$700K)
- Accounts Payable - \$2.41 per unit (\$541K)



# 5. Current 2014-2015 Budget Outlook

<b>2014-2015 REVENUES</b>		<b>\$ 1,614,319,055</b>
<b>CARRYOVER APPROPRIATIONS 2013-2014</b>		<b>\$ 1,645,708,751</b>
<b>ANTICIPATED FALLOUT</b>		<b>(60,000,000)</b>
<b>CARRYOVER APPROPRIATIONS NET OF FALLOUT</b>		<b>1,585,708,751</b>
<b>BUDGET INCREASES/DECREASES WITH OFFSETTING REVENUE</b>		
North Forest annexation (net of transfer out for debt service)	46,161,877	
Capital outlay program	4,563,491	
TIRZ	660,779	
Transfers out to debt service	(12,816,681)	
<b>TOTAL INCREASES/DECREASES WITH OFFSETTING REVENUE</b>		<b>38,569,466</b>
<b>TOTAL APPROPRIATIONS NET OF FALLOUT</b>		<b>1,624,278,217</b>
<b>BUDGET SURPLUS / (DEFICIT)</b>	<b>Starting Point of Discussion at BOE Workshop on April 3</b>	<b>\$ (9,959,162)</b>
<b>INCREASE TO REVENUE</b>		
One-time funding for TRS		12,739,431
One-time funding for Pre-K		1,085,534
		<b>\$ 13,824,965</b>
<b>INCREASE TO APPROPRIATIONS</b>		
TRS Contribution	12,739,431	
Microsoft software licencing	2,200,000	
Middle College campuses	756,000	
PEIMS Certify Solution	378,000	
Texas Success Initiative	302,448	
AP/IB Testing	300,000	
Naviance contract	175,000	
Student Assessment-testing & scoring contracts & materials	150,000	
<b>TOTAL INCREASE TO APPROPRIATIONS</b>		<b>17,000,879</b>
<b>DECREASE TO APPROPRIATIONS</b>		
PRAT Review		<b>(2,500,000)</b>
<b>BUDGET SURPLUS / (DEFICIT)</b>	<b>Starting Point of Today's BOE Workshop</b>	<b>\$ (10,635,076)</b>

## 6. Philosophical Questions in School Funding

Are we funding the right things and at the right amount with our special population weights?

How much extra funding should a specialty school receive? Are there steps we can take to create more equity in magnet funding by magnet themes?

Should small schools receive additional funding? If so, how much funding should they receive and for how long?

If the district pushes more money to schools via the PUA should we earmark the funds to support district priorities?

Should struggling schools receive additional funding? Or should schools receive additional funding for struggling students?

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## 7. Identified Priorities

1. Comprehensive literacy plan that transforms HISD's approach to teaching reading and increases awareness across Houston.
2. Competitive teacher offering, ensuring our ability to compete with neighboring districts as well as attract teachers from other markets.
3. Funding mandatory increases and expenditures that will save the district money in the long term (e.g. Microsoft software licensing).

## 8. Items for Consideration and Discussion

### Systemic K-3 Guided Reading:

As part of the HISD's "Literacy by 3" plan, the district wants to implement a systemic approach to teaching reading in grades K-3 that would require an investment in reading instructional materials and professional development for teachers:

Item	Number of Schools	Cost
K-6 Leveled Book Room for Guided Reading (5,460 leveled books)	179 (English)	\$4,315,802
K-3 Dynamic Classroom Libraries for Independent Reading (500 leveled books)	140 (K-3 English) 140 (K-1 Spanish)	\$3,023,266
K-3 Read-Aloud Books (45 fiction and 45 non-fiction books)	179 (K-3 English) 140 (K-1 Spanish)	\$1,106,368
<b>Total</b>		<b>\$8,445,436</b>

+

<b>Professional Development for Leaders</b>
\$1,252,300

To fund the approximated **\$9.7M** cost of this systemic approach to reading, we ask that dollars be repurposed from the \$13.9M earmarked for intensive interventions.

# 8. Items for Consideration and Discussion

## Magnet Funding Proposal:

**There are opportunities to increase equity across the district's magnet programs that would also result in an overall savings that could then be used to offset identified priorities.**

### Guiding Principles

- Must satisfy Board's mandate for equitable funding while taking into account each program's unique theme and cost
- Establishes an allocation for other magnet-like programs as to simplify the funding strategy across schools (early colleges, Futures Academies, etc.)
- Funding amounts will be calculated on a per-student basis
- Funds will be allocated to schools based on the magnet structure and program theme
- Magnet funds will be used only for costs associated with implementing the magnet/program theme

### Funding Formula

- All programs get one position, which can be used to fund a magnet coordinator
- All programs get a per-pupil allocation based on the needs of each unique theme and school level (See chart below)
- Funds will be set aside for the purpose of starting new magnet/specialty programs

## 8. Items for Consideration and Discussion

### Magnet Funding Proposal *(Continued)* :

Aligned with the guiding principals and funding formula outlined, the following per-pupil allocations by theme are proposed:

Magnet Program Theme	Elementary Schools	Middle Schools	High Schools
Fine Arts	\$350	\$250	\$1000
IB	\$50	\$50	\$50
Vanguard	\$0	\$0	\$0
Montessori	\$350	\$350	
STEM	\$100	\$125	\$125
Languages	\$50	\$50	\$50
Early College			\$50
Futures Academy			\$1000
Medical Careers Program		\$200	\$1000
Criminal Justice Program			\$500
Other Career Program			\$50
All Other Programs	\$50	\$50	\$50

First run of numbers using this formula shows a potential savings of **\$3 Million**

# 8. Items for Consideration and Discussion

## Competitive Teacher Salary Proposal:

To better understand the competitive environment that the district now faces, below are some recent changes to starting salaries in neighboring districts:

REGION 4 ISDs and Dallas ISD: Starting Teacher Salaries for 2014-2015 SY

ISD	10M Teacher Starting Salary	Status	COMMENTS
Aldine	\$50,000	Approved	
Alief	\$50,000	Approved	
Clear Creek			
Conroe	\$48,700	Approved	
Cy-Fair	\$50,000	Proposed	
Deer Park			
Fort Bend	\$50,000	Approved	
Galena Park			
Goose Creek			
<b>HOUSTON ISD current</b>	<b>\$46,805</b>		
Humble	\$49,000	Proposed	
Katy	\$50,000	Proposed	+\$3500 increase to all remaining teacher steps
Klein	\$49,000	Proposed	
Pasadena	\$48,298	Proposed	2% increase to all teacher steps
Pearland			
Spring	\$47,800	Currently under review	Proposed starting salary under review in light of Aldine's starting salary of \$50K
Spring Branch	waiting on response		
Dallas	\$47,382	Proposed	3% increase to all teacher steps

## 8. Items for Consideration and Discussion

### Competitive Teacher Salary Proposal *(continued)*:

Models A & B are offered as proposals to address the district's ability to compete with neighboring districts while at the same time recognizing the limits of the district's current budget process. Model C is provided for reference only.

Model A	Model B	Model C
Increase step 1 to \$47,300 and calibrate on up.	Increase step 1 to \$48,000 and calibrate on up.	Increase step 1 to \$50,000 and calibrate on up.
No step advancement	Step advancement	Step advancement
Eliminate masters and doctoral salary lanes for new hires	Eliminate masters and doctoral salary lanes for new hires	Eliminate masters and doctoral salary lanes for new hires
<b>\$12 Million</b>	<b>\$20 Million</b>	<b>\$ 99 Million</b>



## 8. Items for Consideration and Discussion

### Other Items:

#### ASPIRE:

Repurpose a portion of ASPIRE funding to be used to fund other district priorities, including improved teacher salaries:

First run of numbers using this formula shows a potential savings of **\$6 Million**

#### Outdoor Education:

While the benefits of outdoor education to urban school students is undeniable, the current scope of our program is only funded to accommodate approximately half of our 5<sup>th</sup> grade students. For your consideration are the following three options:

Course of Action	Budgetary Impact
Maintain program “As Is”	\$ 3,196,977 cost
Expand scope to include all 5 <sup>th</sup> grade students	\$ 6,342,719 cost
Discontinue program and repurpose money for other district priorities	\$ 3,087,557 saving

## 9. Summary - Recommendations

### RECOMMENDED INCREASES TO APPROPRIATIONS

Teacher Salary Increase (\$52 per unit)	12,000,000	
Systemic K-3 Guided Reading	9,697,736	
College Board Pathways	750,000	
Technology support for Personalized Learning Pilots	689,645	
<b>TOTAL OTHER INCREASES TO APPROPRIATIONS</b>		<b>\$ 23,137,381</b>

### RECOMMENDED DECREASES TO APPROPRIATIONS

Intensive Interventions	(13,912,150)	
Transfers out	(12,551,956)	
ASPIRE	(6,000,000)	
Outdoor Education	(3,087,557)	
Magnet funding	(3,000,000)	
Bus Tiered-Bell Schedule	(1,000,000)	
<b>TOTAL OTHER DECREASES TO APPROPRIATIONS</b>		<b>\$ (39,551,663)</b>