

Budget Workshop #2

February 26, 2018



Development of the 2018-19 Budget

- Summer 2017
 - Creation of an Equitable Resource Delivery Method
 - Increasing Recapture
 - Magnet funding
 - Adopted budget deficit of \$106 million
- Fall 2017
 - Hurricane Harvey
 - Lower property values
 - Lower enrollment
 - Local Optional Homestead Exemption (LOHE) lawsuit

Starting Point for 2018-19 Deficit

- Assumptions:
 - 3% reduction in property values as a result of Harvey
 - Decreased enrollment of 1,500
 - No LOHE recognition
 - No state assistance (e.g., ADA, WADA, values)
 - Recapture payment increase
- These assumption (worst-case scenario) created the estimated \$208 million deficit

What Are All These Amounts?

- **\$106** million-Adopted 2017-18 budget deficit
- **\$208** million-Initial 2018-19 budget deficit
- **\$314** million-Estimated recapture payment in 2018-19 with no LOHE recognition
- **\$51** million-Estimated value of LOHE recognition that reduces recapture
- **\$14** million-Increase in revenue for every 1% reduction in the estimated decrease in property value (i.e., -3% to -2%)

Initial Budget Deficit Allocation

2018-19 Initial Budget Cuts

Departments	\$116,000,000	56%
Schools	\$ 92,800,000	44%
Total Cut	\$ 208,800,000	

2018-2019 FTE for Elementary

Elementary Schools	\$92.8M		\$45M	Principal Changes
Principals	1		1	
Teacher	PK	24:1	24:1	
Teaching Assistant	PK	24:.5	24:.5	
Teacher	K-4	22:1	22:1	
Teacher	5	26:1	26:1	
Fine Arts Ancillary/ PE	150:1		150:1	
Librarian	1		1	
Nurse	1		1	
Counselor, 10M	500:1		500:1	
Teacher Specialist 10M	NA		500:1	New Position
Administrative Assistant 12M	1		1	
Assistant Principal 11M	550:1		650:1	Increased Student Ratio
Student Information Rep 11M	1		1	
General Clerk II 11M	450:1		450:1	
Non - Salary - Discretionary	\$32		\$50	Increased Amount

Special Program Funding (GT, SCE, Bilingual) to meet State Minimum Spending

GT \$81 per GT count

SCE \$87 per at risk count & \$87 per econ. disadvantaged count

Bilingual \$168 per bilingual count

2018-2019 FTE for K-8

K-8, 6-12 Schools	\$92.8M	\$45M	Principal Changes
Principals	1	1	
Teacher	PK 24:1	24:1	
Teaching Assistant	PK 24:.5	24:.5	
Teacher	K-4 22:1	22:1	
Teacher	5 26:1	26:1	
Teacher	6-8 30:1	30:1	
Fine Arts Ancillary/ PE	150:1	150:1	
Librarian	1	1	
Nurse	1	1	
Counselor, 10M	500:1	550:1	Increased Student Ratio New Position
Teacher Specialist 10M	NA	500:1	
Assistant Principal 11M	550:1	550:1	
Administrative Assistant 12M	1	1	
Student Information Rep 11M	1	1	
Data Clerk (General Clerk II 11M)	1	1	
Registrar (only 9-12)	NA	1	New Position
IT Cust Service 12M	NA	1	New Position
General Clerk II 11M	450:1	450:1	
Flex Position (at Teacher Avg Sal)	NA	1	New Position
Non - Salary - Discretionary	\$ 32	\$ 65	Increased Amount
Special Program Funding (GT, SCE, Bilingual) to meet State Minimum Spending			
GT	\$81 per GT count		
SCE	\$87 per at risk count & \$87 per econ. disadvantaged count		
Bilingual Elementary	\$168 per bilingual count		
Bilingual Middle / High	\$110 per bilingual count		

2018-2019 FTE for Middle

Middle Schools	\$92.8M		\$45M	Principal Changes
Principals		1	1	
Teacher	6-8	30:1	30:1	
Librarian		1	1	
Nurse		1	1	
Counselor, 10M		500:1	550:1	<i>Increased Student Ratio</i>
Teacher Specialist 10M		NA	500:1	<i>New Position</i>
Assistant Principal 11M		550:1	500:1	<i>Decreased Student Ratio</i>
Administrative Assistant 12M		1	1	
IT Cust Service 11M		1	1	
Student Information Rep 11M		1	1	
Data Clerk (general Clerk II 11M)		1	1	
General Clerk II 11M		450:1	450:1	
Flex Position		NA	2	<i>New Position</i>
Non - Salary - Discretionary		\$32	\$70	<i>Increased Amount</i>

Special Program Funding (GT, SCE, Bilingual) to meet State Minimum Spending

GT	\$81 per GT count
SCE	\$87 per at risk count & \$87 per econ. disadvantaged count
Bilingual	\$110 per bilingual count

2018-2019 FTE for High

High Schools		\$92.8M	\$45M	Principal Changes
Principals		1	1	
Teacher	9-12	33:1	33:1	
ROTC Teacher		1-3	1-3	
Librarian		1	1	
Nurse		1	1	
Counselor, 11M		500:1	500:1	
Assistant Principal 11M		550:1	550:1	*Initial AP position is 12M
Administrative Assistant 12M		1	1	
Student Information Rep 11M		1	1	
Registrar		1	1	
IT Cust Service 12M (0-1000 students)		1	1	
IT Cust Service 12M (1001 - 2000 students)		NA	2	Added Position
IT Cust Service 12M (2000+ students)		NA	3	Added Position
Clerical (General Clerk II 11M)		450:1	450:1	
Flex Position (0-500 students)		NA	1	New Position
Flex Position (501-1000 students)		NA	2	New Position
Flex Position (1001-2000 students)		NA	4	New Position
Flex Position (2000+ students)		NA	6	New Position
Non - Salary - Comprehensive HS		\$ 32	\$ 83	Increased Amount
Non - Salary - Non-Comprehensive HS		\$ 32	\$ 75	Increased Amount

Special Program Funding (GT, SCE, Bilingual) to meet State Minimum Spending

GT \$81 per GT count

SCE \$87 per at risk count & \$87 per econ. disadvantaged count

Bilingual \$110 per bilingual count

Note: CTE will become centrally allocated like Special Education, therefore it is not presented in the FTE Model.

Adjusted Budget Deficit Allocation

As a result of the changes made to the initial FTE staffing model, the campus share of the cut was reduced by \$47.8 million.

2018-19 Budget Cuts (After FTE Changes)

Departments	\$163,800,000	78%
Schools	\$ 45,000,000	22%
Total Cut	\$ 208,800,000	

Adjusted Assumptions

- LOHE-Given that LOHE recognition is the law, and after discussing with legal counsel for the board, a decision's been made to budget 2018-19's recapture payment with LOHE recognition.

From a TEA presentation on February 9, 2018:

- Texas Education Code (TEC), §42.2523, provide a mechanism for districts to receive an adjustment to property values in the event of a disaster. This provision, however, is subject to a specific appropriation or funds otherwise made available.
- Commissioner will ask for an appropriation to provide funding for TY [tax year] 2018 declines in the 2018-2019 schoolyear. The TEA would use 2018 values instead of 2017 values when calculating state funding/recapture

New Deficit Estimate

Budget Deficit

LOHE Recognition and TEA Commissioner Adjustment

2018-2019 Deficit Without LOHE	(\$208.8)
Reduction in Recapture with LOHE recognition	\$51.1
TEA Commissioner Adjustment (Reduction in recapture)	\$42.1
2018-2019 Deficit	(\$115.6)

LOHE LAWSUIT

The LOHE lawsuit was filed by two districts after the TEA agreed to recognize half of the local homestead exemption given to property owners when it calculates HISD's recapture payment.

HISD's legal team feels strongly that the state will prevail in the LOHE lawsuit, which would reduce our recapture payment, and the deficit, by \$51 million.

-\$208 MILLION
+\$51 MILLION
-\$157 MILLION

TEA ADJUSTMENT

An anticipated adjustment to the property values by the TEA will reduce HISD's recapture payment and the deficit by \$42 million.



-\$157 MILLION
+\$42 MILLION
-\$115 MILLION

Moving Forward

- Several board budget workshops scheduled over the next few months
- Campus and department budgets amounts distributed in early March, 2018
- Budgets received, compiled, and entered into system by early April, 2018
- Budget adoption in May or June, 2018

To be continued.....

