

HISD BUDGET WORKSHOP: FY 22 & 23

March 3, 2022

*Millard House II
Superintendent, Houston Independent School District*



Agenda

1. **Introduction and Session Goals**
2. **Financial Outlook**
3. **Budget Process & Next Steps**
4. **Compensation Model**
5. **ESSER Presentation**

Introduction and Session Goals

This is the first of three meetings where we will work to support HISD's commitment to building trust and reliability for our families and community in demonstrating its financial transparency and sustainability by:

1. Clearly conveying HISD's **current** fiscal status.
2. Providing a **financial overview** of how the compensation plan will impact the General Fund in SY 22-23.
3. Outlining budget processes underway and required for SY 22-23.
4. Supporting a dialogue and Q&A with the HISD Board.

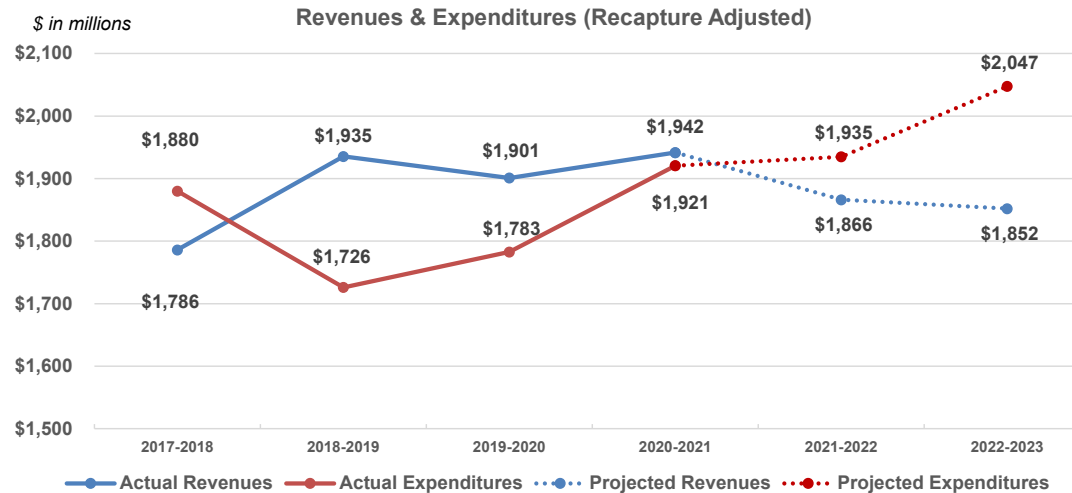
FINANCIAL OUTLOOK

Presented by:

Jim Grady, Alvarez & Marsal

HISD Revenue, Expenditure & Enrollment Trends

Enrollment is the primary revenue driver. As enrollment (and thus revenue) has decreased, expenditures have increased.

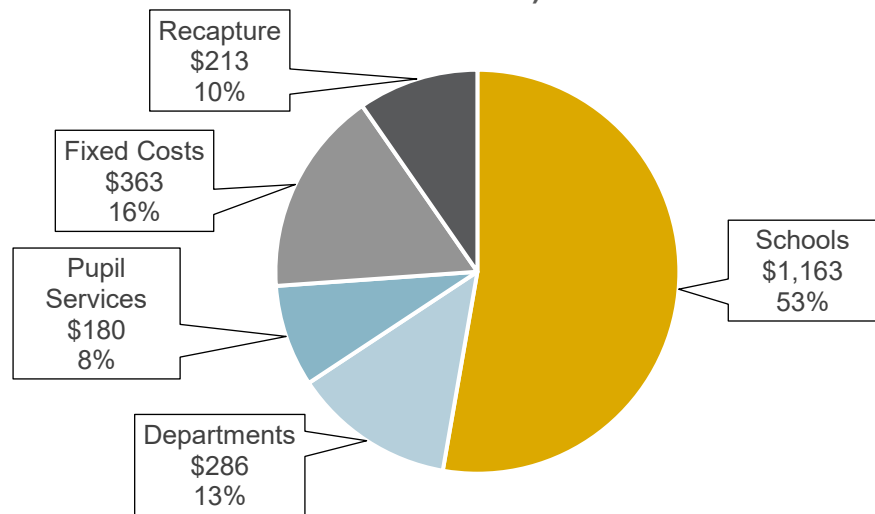


	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2017-2023 Change
Enrollment	213,528	209,040	209,309	196,943	194,607	194,113	(19,415)
% Change		(2.1%)	0.1%	(5.9%)	(1.2%)	(0.3%)	(9.1%)

General Fund Budget Summary FY 22: Uses

HISD's general fund budget is approved by the Board by function. Below is a breakdown of expenditures within the original adopted budget as of July 2021.

2021-2022 Adopted Budget Appropriations (In Millions)



EXAMPLES:

School Funds:

PUA Funds, Magnet, HS Allotment, Special Ed, Achieve 180

Department Funds:

Facilities & Custodial, Engagement, Transportation, Talent, Academics
General Counsel, Internal Audit, Accounting, Payroll, Information Technology

Pupil Services:

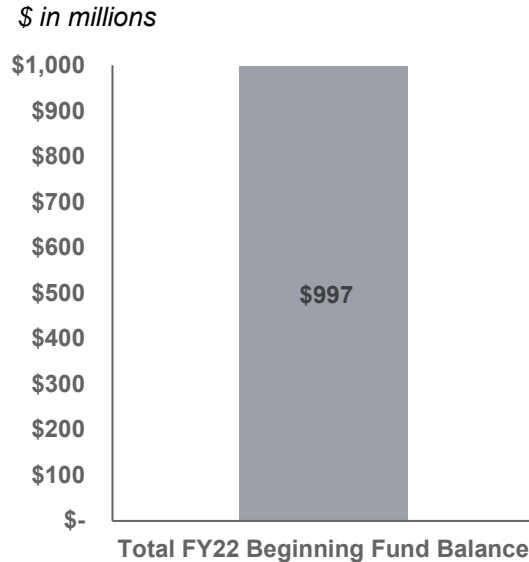
Wrap-around, College Career Advisors, Dyslexia, Speech

Fixed-Costs:

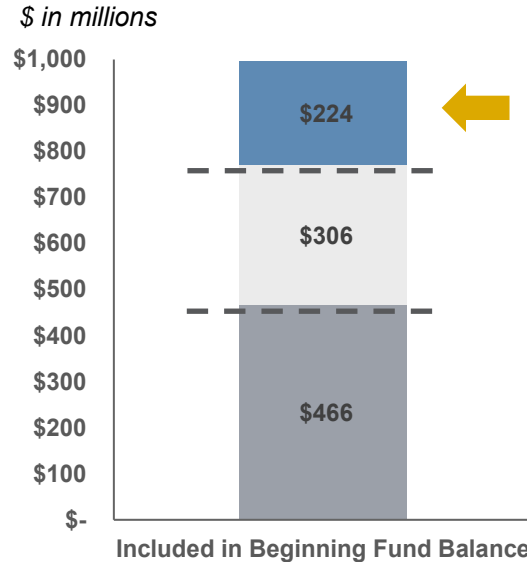
Teacher Retirement System (TRS) On-Behalf, Utilities, Insurance, Appraisal District Fees, Tax Increment Reinvestment Zones, Critical Shortage, Bilingual Stipends, Debt transfers

Available Fund Balance

FY22 BEGINNING FUND BALANCE



COMPONENTS OF FUND BALANCE



Available Fund Balance

(unassigned fund balance above board minimum + instructional stabilization funds)

Non spendable, Committed, Assigned Fund Balances (includes carryover, excluding instructional stabilization)

3-Month Reserve

(HISD Board Policy CE LOCAL)¹

1) Example demonstrates FY22 Available Fund Balance – total amount will adjust over time based on growth in appropriations relative to 3-month reserve requirement

ESSER Indirect Cost

The US Department of Education provides indirect cost allocations to support districts in administering federally funded programs.

- HISD's indirect cost rate of 13.8% applies only to operating expenditures, provides \$130M in funding over the next two fiscal years.
- HISD must spend ESSER funds in order to utilize this allocation.

ESSER II & III	\$1,162 M
ESSER CAPEX ¹	<u>(\$221 M)</u>
	\$941 M
Indirect Cost Rate	× 13.8%
= Indirect Cost Allocation	\$130M

1) ESSER Capital Expenditures (CAPEX) subject to change based on investment decisions

Budget Assumptions

Enrollments:

- **2021 – 2022:** budget based on 194,607
- **2022 – 2023:** 194,113

Property Values:

- 2021-2022 Fiscal Year
 - Received certified estimated values on April 30, 2021
 - 3.23 percent over current values (\$204 billion)
 - An increase in values increases recapture, does not provide any significant additional revenues
 - Collection rate 97.97%
 - An increase in collection rate increases recapture, does not provide any significant additional revenues
- 2022-2023 Fiscal Year
 - Projecting a 4 percent increase (\$212 billion)
 - Collection rate 97.97%

Maintenance & Operations (M&O) tax rate 2021-2022:

- Current rate is 0.9617
- TEA will notify districts of their maximum tax rate in late summer 2022 for the 2022-2023 fiscal year based on certified values and surveys of districts.

FY 22 Budget: As of February 2022

The current FY22 Amended Budget projects a surplus at year-end after the use of carryover and ESSER Hold Harmless Funds.

	Amended Budget as of February 28, 2022
<i>\$ in millions</i>	
Total Estimated Revenues	\$1,866
Total Estimated Expenditures	(1,935)
Operating Surplus (Deficit)	(\$69)
Use of ESSER Hold Harmless	88
Net Operating Surplus (Deficit)	\$19

Key Assumptions:

1. Revenues and appropriations shown net of recapture of \$231 million.
2. Total Estimated Expenditures is appropriations adjusted for carryover and *estimated* fallout.
3. Use of ESSER Hold Harmless Funds approved in February 2022 Board meeting.

FY 22 Budget: Use of Funds

ESSER Indirect Costs (IDC) One-Time Funds

Available Fund Balance

\$ in millions

ESSER IDC One-Time Funds Summary

Beginning Balance
Use of Funds
Ending Balance

Amended
Budget as of
February 28,
2022

\$218
(88)
\$130

\$ in millions

Available Fund Balance

Beginning Balance
Decrease (Increase) in HISD Board Reserve
Budget Surplus (Deficit)
Ending Balance

Amended
Budget as of
February 28,
2022

\$224
0
19
\$243

Use of One-Time Funds in addition to Surplus:

➡ (\$88) + \$19 = (\$69)

FY 23 Budget

\$ in millions

**FY23 Latest
Thinking
Forecast**

Total Estimated Revenues

\$1,852

Total Estimated Expenditures

(2,047)

Operating Surplus (Deficit)

(\$196)



Key Assumptions:

1. Revenues and appropriations shown net recapture of \$256 million.
2. Total Estimated Expenditures is appropriations adjusted for *estimated* fallout.
3. Assumes estimated cost of compensation plan and healthcare cost increase.

FY 23 Budget: Use of Funds

ESSER Indirect Costs (IDC) One-Time Funds

\$ in millions

ESSER IDC One-Time Funds Summary

Beginning Balance	\$130
Use of ESSER IDC Funds	(50)
Ending Balance	\$80

**FY23 Latest
Thinking
Forecast**

Available Fund Balance

\$ in millions

Available Fund Balance

Beginning Balance	\$243
Decrease (Increase) in HISD Board Reserve	(34)
Budget Surplus (Deficit)	(146)
Ending Balance	\$64

**FY23 Latest
Thinking
Forecast**

Use of Sources to Fund the Operating Deficit:

$$\Rightarrow (\$50) + (\$146) = (\$196) \Leftarrow$$

Steps We're Taking This FY

- The district will be implementing a central office hiring freeze.
- The district will be reducing central office budgets.
- We are putting in place a freeze on campus-based funds for remainder of FY.
- The district is developing a plan to efficiently and effectively deploy the resources available from all revenue sources.
- The district will implement stronger vetting measures to ensure that central office and campus expenditures are financially responsible, aligned with board goals, and support the strategic plan.

Strategic Plan Financial Impact

It is critical for HISD to address its structural deficit by both cutting costs and increasing enrollment. The strategic plan is designed to help accomplish both.

01

Building Trust
and Reliability for
Our Families and
Community

02

Providing
Equitable
Opportunities
and Resources
at Every School

03

Ensuring Great
Schools and
Programs in
Every
Community

04

Promoting High-
Quality Teaching
and Learning

05

Delivering
Effective
Services and
Supports to
Students with
Exceptional
Needs

06

Cultivating
World-Class
Talent at
All-Levels

COMPENSATION PLAN

Presented by:

Jeremy Grant-Skinner, Chief Talent Officer

Compensation Study

To supplement HISD's internal analysis of compensation, HISD engaged a third-party vendor to review its classification and compensation approaches. This report confirmed that HISD is behind peer districts and other employers.

Classroom Teachers: HISD was slightly below the market through the first ten years, but market position improved such that for the final five years the district was more than 5% above the market. Thought should be given to increasing the salary levels for the *first ten years*, as experience shows that if an organization can retain a new employee for five to seven years, there is less likelihood of later losing them to another organization.

Non-Instructional Employees: HISD appeared behind the market across the board. Many benchmark titles fell 20 – 30% below the market, although we are a regional leader in minimum wage among school districts.

Compensation Plan Groups

Based on the recent history and market comparisons for each position category, we developed a three-year plan to make base compensation appropriately competitive across all roles. Positions are categorized as:

- Teachers
- Principals
- Assistant Principals / Deans
- Police
- Master Pay Table (all other employees)

IMPORTANT NOTE: This year's budget development process contemplates the cost of the first year only.

Compensation Plan Components

- Raise teacher salaries by both **updating the salary scale** and **granting a step increase** every year for the next three years.
- Raise principal and assistant principal/dean salaries by **upgrading flat rates** every year for the next three years.
- Provide three annual **step increases** to police officers.
- **Update the Master Pay Scale**, which determines wages and salaries for *all of HISD's other support staff*, in three phases over the next three years.
- Maintain our current status as one of the regional leaders among school districts for **minimum wage**.

Teacher Salary Comparison

District	Rank	Step 0 Salary	District	Rank	Step 5 Salary	District	Rank	Step 10 Salary	District	Rank	Step 15 Salary	District	Rank	Step 20 Salary
GPISD	1	\$60,850	GPISD	1	\$62,350	C-FISD	1	\$64,425	C-FISD	1	\$66,276	C-FISD	1	\$69,708
Alief	2	\$59,700	Fort Bend	2	\$61,500	Fort Bend	2	\$64,000	Fort Bend	2	\$66,000	Alief	2	\$69,068
SBISD	3	\$59,000	C-FISD	3	\$61,349	GPISD	3	\$63,850	Alief	3	\$65,878	Fort Bend	3	\$69,000
Pearland	3	\$59,000	SBISD	4	\$61,000	SBISD	4	\$63,790	SBISD	4	\$65,790	SBISD	4	\$67,790
C-FISD	5	\$58,500	Alief	5	\$60,672	Alief	5	\$63,390	GPISD	5	\$65,350	GPISD	5	\$66,850
Fort Bend	5	\$58,500	Pearland	6	\$60,495	Pearland	6	\$62,568	Pearland	6	\$64,068	Houston	6	\$66,208
Aldine	7	\$58,000	Tomball	7	\$59,433	Tomball	7	\$61,896	Tomball	7	\$63,646	Tomball	7	\$65,596
Klein	8	\$57,800	Aldine	8	\$59,250	Katy	8	\$61,550	Katy	8	\$63,155	Pearland	8	\$65,568
Spring	9	\$57,425	Katy	9	\$59,005	Klein	9	\$61,287	Aldine	9	\$63,077	Aldine	9	\$65,236
Katy	10	\$57,365	Spring	10	\$58,925	Aldine	10	\$61,202	Houston	10	\$62,841	Spring	10	\$65,225
Houston	11	\$56,869	Klein	11	\$58,700	Houston	11	\$61,185	Spring	11	\$62,725	Klein	11	\$65,072
Tomball	12	\$56,700	Houston	12	\$58,012	Spring	12	\$60,425	Klein	12	\$62,337	Katy	12	\$64,975

Teacher Salary Plan

- Three annual increases to the teacher salary scale will raise the minimum starting salary of a teacher to \$64,000 by SY 2024-2025
 - This will beat the current average regional starting salary *even if the last 3 years' growth trend continues*.
 - This is 5% higher than today's *maximum* regional starting salary.
- Step increases need to be more significant and differentiated in key years:
 - Currently, a 5th-year teacher makes only 1% more than a 1st-year teacher.
 - Currently, a 10th-year teacher makes only 6% more than a 1st-year teacher.

Teacher Salaries: SY 2022-23 – SY 2024-25

Step	SY 2021-22	SY 2022-23	SY 2023-24	SY 2024-25		Step	SY 2021-22	SY 2022-23	SY 2023-24	SY 2024-25
0 \$	56,869	\$ 59,000	\$ 61,500	\$ 64,000		21 \$	66,653	\$ 71,000	\$ 73,500	\$ 76,000
1 \$	57,019	\$ 60,000	\$ 62,500	\$ 65,000		22 \$	69,018	\$ 71,500	\$ 74,000	\$ 76,500
2 \$	57,169	\$ 60,500	\$ 63,000	\$ 65,500		23 \$	69,157	\$ 72,000	\$ 74,500	\$ 77,000
3 \$	57,319	\$ 60,750	\$ 63,250	\$ 65,750		24 \$	69,602	\$ 72,500	\$ 75,000	\$ 77,500
4 \$	57,481	\$ 61,000	\$ 63,500	\$ 66,000		25 \$	71,128	\$ 75,000	\$ 77,500	\$ 80,000
5 \$	58,012	\$ 62,000	\$ 64,500	\$ 67,000		26 \$	71,689	\$ 75,500	\$ 78,000	\$ 80,500
6 \$	58,542	\$ 62,500	\$ 65,000	\$ 67,500		27 \$	72,700	\$ 76,000	\$ 78,500	\$ 81,000
7 \$	59,820	\$ 63,000	\$ 65,500	\$ 68,000		28 \$	73,655	\$ 76,500	\$ 79,000	\$ 81,500
8 \$	60,090	\$ 63,500	\$ 66,000	\$ 68,500		29 \$	73,936	\$ 77,000	\$ 79,500	\$ 82,000
9 \$	60,360	\$ 64,000	\$ 66,500	\$ 69,000		30 \$	74,609	\$ 77,500	\$ 80,000	\$ 82,500
10 \$	61,185	\$ 65,000	\$ 67,500	\$ 70,000		31 \$	75,620	\$ 78,000	\$ 80,500	\$ 83,000
11 \$	61,457	\$ 65,500	\$ 68,000	\$ 70,500		32 \$	76,070	\$ 78,500	\$ 81,000	\$ 83,500
12 \$	62,018	\$ 66,000	\$ 68,500	\$ 71,000		33 \$	76,744	\$ 79,000	\$ 81,500	\$ 84,000
13 \$	62,292	\$ 66,500	\$ 69,000	\$ 71,500		34 \$	77,642	\$ 79,500	\$ 82,000	\$ 84,500
14 \$	62,566	\$ 67,000	\$ 69,500	\$ 72,000		35 \$	78,597	\$ 82,500	\$ 85,000	\$ 87,500
15 \$	62,841	\$ 67,500	\$ 70,000	\$ 72,500		36 \$	80,562	\$ 83,000	\$ 85,500	\$ 88,000
16 \$	63,115	\$ 68,000	\$ 70,500	\$ 73,000		37 \$	82,809	\$ 83,500	\$ 86,000	\$ 88,500
17 \$	63,683	\$ 68,500	\$ 71,000	\$ 73,500		38 \$	83,309	\$ 84,000	\$ 86,500	\$ 89,000
18 \$	64,234	\$ 69,000	\$ 71,500	\$ 74,000		39 \$	83,809	\$ 84,500	\$ 87,000	\$ 89,500
19 \$	64,786	\$ 69,500	\$ 72,000	\$ 74,500		40 \$	84,309	\$ 85,000	\$ 87,500	\$ 90,000
20 \$	66,208	\$ 70,500	\$ 73,000	\$ 75,500						

Principal Salary Comparison

Elementary School Principals			Middle School Principals			High School Principals		
District	Rank	Average Pay	District	Rank	Average Pay	District	Rank	Average Pay
Fort Bend ISD	1	\$113,876.22	Fort Bend ISD	1	\$122,957.74	Spring Branch ISD	1	\$158,633.00
Alief ISD	2	\$111,224.00	Pearland ISD	2	\$119,819.00	Alief ISD	2	\$153,779.00
Katy ISD	3	\$109,216.00	Spring Branch ISD	3	\$119,584.00	Klein ISD	3	\$153,738.00
Galena Park ISD	4	\$108,079.98	Tomball ISD	4	\$119,132.15	Fort Bend ISD	4	\$151,516.35
Spring Branch ISD	5	\$108,061.00	Galena Park ISD	5	\$117,368.58	Cypress-Fairbanks ISD	5	\$148,885.00
Pearland ISD	6	\$107,849.00	Katy ISD	6	\$116,207.00	Katy ISD	6	\$148,725.00
Spring ISD	7	\$106,365.00	Cypress-Fairbanks ISD	7	\$114,671.00	Pearland ISD	7	\$140,789.00
Tomball ISD	8	\$105,212.70	Spring ISD	8	\$112,632.47	Aldine ISD	8	\$140,613.00
Cypress-Fairbanks ISD	9	\$103,375.00	Houston ISD	9	\$107,100.00	Spring ISD	9	\$140,200.00
Klein ISD	10	\$96,383.00	Klein ISD	10	\$105,771.00	Tomball ISD	10	\$129,862.00
Aldine ISD	11	\$94,505.00	Aldine ISD	11	\$102,528.00	Galena Park ISD	11	\$128,203.02
Houston ISD	12	\$94,266.55	Alief ISD	12	\$76,307.00	Houston ISD	12	\$126,480.00
District	Rank	Average Pay	District	Rank	Average Pay	District	Rank	Average Pay
Dallas ISD	1	\$108,657.00	Austin ISD	1	\$119,808.63	Austin ISD	1	\$132,525.55
Austin ISD	2	\$107,776.99	Dallas ISD	2	\$116,001.00	Dallas ISD	2	\$132,239.00
Fort Worth ISD	3	\$95,381.00	Houston ISD	3	\$107,100.00	Fort Worth ISD	3	\$129,853.00
Houston ISD	4	\$94,266.55	Fort Worth ISD	4	\$104,903.00	Houston ISD	4	\$126,480.00

Principal Salaries: SY 2022-23 – SY 2024-25

School Category	SY 2022-23	SY 2023-24	SY 2024-25
Elementary School	\$ 103,500	\$ 108,500	\$ 113,500
Middle School	\$ 109,000	\$ 114,000	\$ 119,000
Specialty High School	\$ 119,000	\$ 124,000	\$ 129,000
Comprehensive High School	\$ 134,000	\$ 139,000	\$ 144,000

Principal School Complexity Factor	
School's "Risk Load"	Amount
-2 to +2	\$0 - \$7,000

Principal Experience Factor	
Experience	Amount
0 Years	\$0
1-3 Years	\$1,000
4-6 Years	\$2,000
7-10 Years	\$3,000
11-15 Years	\$4,000
20+ Years	\$5,000

Assistant Principal Comparison

Elementary School Assistant Principals			Middle School Assistant Principals			High School Assistant Principals		
District	Rank	Average Pay	District	Rank	Average Pay	District	Rank	Average Pay
Pearland ISD	1	\$82,851.00	Pearland ISD	1	\$88,229.00	Spring Branch ISD	1	\$95,511.00
Spring Branch ISD	2	\$82,055.00	Spring Branch ISD	2	\$85,944.00	Pearland ISD	2	\$94,975.00
Galena Park ISD	3	\$81,237.15	Katy ISD	3	\$83,907.00	Katy ISD	3	\$92,639.00
Fort Bend ISD	4	\$80,725.51	Alief ISD	4	\$82,847.00	Tomball ISD	4	\$91,668.40
Spring ISD	5	\$80,540.00	Cypress-Fairbanks ISD	5	\$82,103.00	Alief ISD	5	\$88,631.00
Alief ISD	6	\$79,660.00	Fort Bend ISD	6	\$81,196.29	Fort Bend ISD	6	\$87,809.93
Katy ISD	7	\$78,792.00	Klein ISD	7	\$80,918.00	Cypress-Fairbanks ISD	7	\$87,760.00
Cypress-Fairbanks ISD	8	\$78,457.00	Galena Park ISD	8	\$80,591.31	Galena Park ISD	8	\$87,370.50
Klein ISD	9	\$76,906.00	Tomball ISD	9	\$79,190.62	Spring ISD	9	\$86,617.02
Tomball ISD	10	\$76,438.20	Aldine ISD	10	\$78,481.00	Klein ISD	10	\$83,730.00
Aldine ISD	11	\$75,597.00	Spring ISD	11	\$77,351.00	Aldine ISD	11	\$81,915.00
Houston ISD	12	\$74,403.43	Houston ISD	12	\$76,181.00	Houston ISD	12	\$73,825.29
District	Rank	Average Pay	District	Rank	Average Pay	District	Rank	Average Pay
Fort Worth ISD	1	\$75,130.00	Fort Worth ISD	1	\$82,167.00	Fort Worth ISD	1	\$87,469.00
Houston ISD	2	\$74,403.43	Austin ISD	2	\$81,797.46	Austin ISD	2	\$84,993.44
Austin ISD	3	\$73,022.04	Houston ISD	3	\$76,181.00	Dallas ISD	3	\$82,402.00
Dallas ISD	4	\$72,063.00	Dallas ISD	4	\$76,084.00	Houston ISD	4	\$73,825.29

Master Pay Table: Recent Changes

Minimum starting rate

- While the minimum rates for Houston ISD have increased from \$10 /hr. since 2016 to \$14 /hr. today, the master pay scale has not been updated since 2009 (Deloitte evaluation).
- Pay grades 15 – 22 have been updated over the course of this time but pay grades 23 – 37 have not been updated in more than 10 years.

Grade	Position	Starting Rate
15	Custodian	\$14.00
16	Sr. Custodian	\$14.00
17	Maintenance Helper, Grounds Workers	\$14.00
18	General Clerk I, Receptionists	\$14.00
19	General Clerk II, Teaching Assistant	\$14.00
20	General Clerk III, Parent Engagement Rep	\$14.00
21	Student Information Rep	\$14.00
22	Customer Service Reps, Admin Assistants (ES)	\$14.00

2016 - 2017

Master – 12 Months			
Grade	Minimum	Midpoint	Maximum
37	\$114,885	\$152,223	\$189,561
36	\$104,441	\$138,385	\$172,328
35	\$94,947	\$125,804	\$156,662
34	\$86,315	\$114,367	\$142,420
33	\$78,468	\$103,970	\$129,473
32	\$71,335	\$94,519	\$117,702
31	\$64,850	\$85,926	\$107,002
30	\$58,954	\$78,115	\$97,275
29	\$53,595	\$71,013	\$88,432
28	\$48,723	\$64,557	\$80,392
27	\$46,030	\$58,689	\$71,347
26	\$41,846	\$53,353	\$64,861
25	\$38,042	\$48,503	\$58,964
24	\$34,583	\$44,094	\$53,604
23	\$31,439	\$40,085	\$48,731
22	\$28,581	\$36,441	\$44,301
21	\$25,983	\$33,128	\$40,273
20	\$23,621	\$30,117	\$36,612
19	\$21,473	\$27,379	\$33,284
18	\$20,800	\$24,890	\$30,258
17	\$20,800	\$22,627	\$27,507
16	\$20,800	\$20,800	\$25,007
15	\$20,800	\$20,800	\$22,733

2017 – 2018, 2018 – 2019

12 Months Master Pay Scale Salary Table			
Grade	Minimum	Midpoint	Maximum
37	\$114,885	\$152,223	\$189,561
36	\$104,441	\$138,385	\$172,328
35	\$94,947	\$125,804	\$156,662
34	\$86,315	\$114,367	\$142,420
33	\$78,468	\$103,970	\$129,473
32	\$71,335	\$94,519	\$117,702
31	\$64,850	\$85,926	\$107,002
30	\$58,954	\$78,115	\$97,275
29	\$53,595	\$71,013	\$88,432
28	\$48,723	\$64,557	\$80,392
27	\$46,030	\$58,689	\$71,347
26	\$41,846	\$53,353	\$64,861
25	\$38,042	\$48,503	\$58,964
24	\$34,583	\$44,094	\$53,604
23	\$31,439	\$40,085	\$48,731
22	\$28,581	\$36,441	\$44,301
21	\$25,983	\$33,128	\$40,273
20	\$23,621	\$30,117	\$36,612
19	\$24,960	\$27,379	\$33,284
18	\$24,960	\$24,960	\$30,258
17	\$24,960	\$24,960	\$27,507
16	\$24,960	\$24,960	\$25,007
15	\$24,960	\$24,960	\$24,960

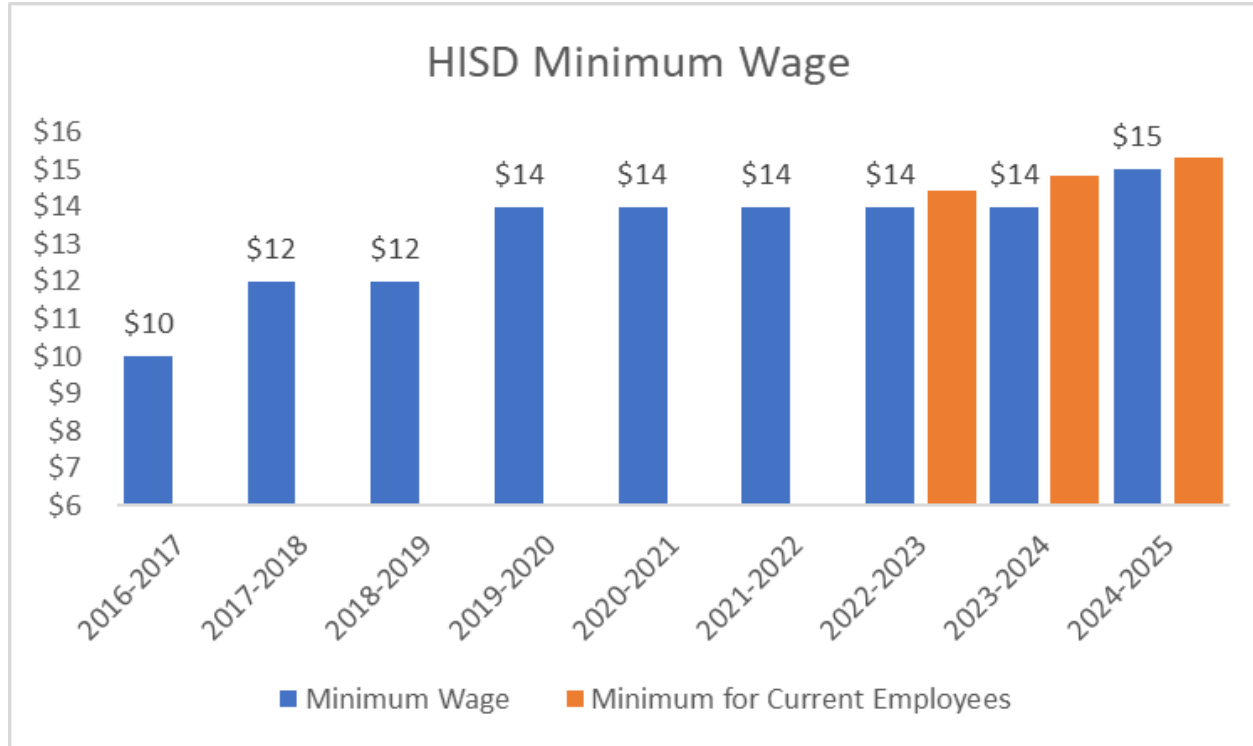
2019 – 2020 to Present

12 Months Master Pay Scale Salary Table			
Grade	Minimum	Midpoint	Maximum
37	\$114,885	\$152,223	\$189,561
36	\$104,441	\$138,385	\$172,328
35	\$94,947	\$125,804	\$156,662
34	\$86,315	\$114,367	\$142,420
33	\$78,468	\$103,970	\$129,473
32	\$71,335	\$94,519	\$117,702
31	\$64,850	\$85,926	\$107,002
30	\$58,954	\$78,115	\$97,275
29	\$53,595	\$71,013	\$88,432
28	\$48,723	\$64,557	\$80,392
27	\$46,030	\$58,689	\$71,347
26	\$41,846	\$53,353	\$64,861
25	\$38,042	\$48,503	\$58,964
24	\$34,583	\$44,094	\$53,604
23	\$31,439	\$40,085	\$48,731
22	\$29,120	\$36,441	\$44,301
21	\$29,120	\$33,128	\$40,273
20	\$29,120	\$30,117	\$36,612
19	\$29,120	\$29,120	\$33,284
18	\$29,120	\$29,120	\$30,258
17	\$29,120	\$29,120	\$29,120
16	\$29,120	\$29,120	\$29,120
15	\$29,120	\$29,120	\$29,120

An employee who does not earn a credit year of service is not eligible for a pay increase. Employees who work less than half time are not eligible to earn a creditable year of service and will not receive a pay increase. See page 38 for explanation of creditable year of service.

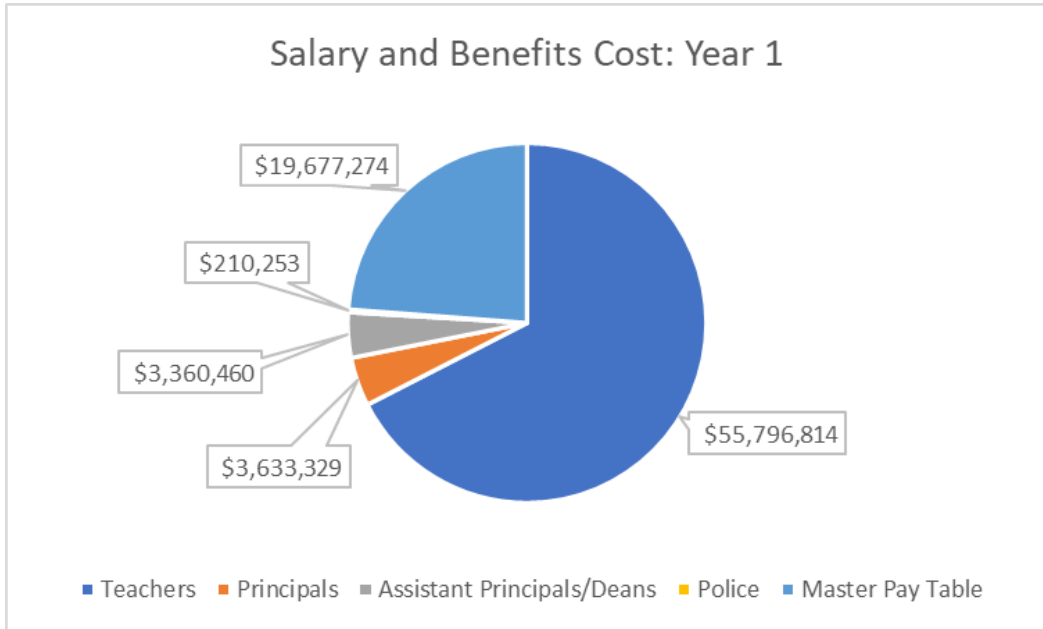
Employees may exceed the maximum of the range due to board approved employee raises with the District

Minimum Wage Trajectory



Compensation: GF Fiscal Impact

Total Year one
General Fund
Impact is estimated
at **\$82.7M**
including salary
and benefits



APPENDIX

Glossary of Definitions

Appropriations: The total expenditures the Board has authorized and instructed the district to utilize. HISD's board approves appropriations based on function.

Fallout: The difference between appropriations and actual expenditures.

- Ex: in the case of salaries, fallout reflects the difference between the total compensation and benefits of positions approved in the budget and the compensation and benefits paid based on the number of positions filled vs. vacant.

Recapture: Under Texas's target revenue formula, the district's revenue from property taxes and state aid is capped. As collections from property taxes increase, state aid is reduced by the same amount, this is shown as an expense in financial statements as recapture. To understand total usable general fund revenue, recapture is removed from both revenues and expenditures.

HISD Board Reserve Requirement: CE (LOCAL) sets the minimum unassigned fund balance at 3 months of expenditures

Indirect Costs: Funds allocated by Federal Agencies (such as US DoE) to grantees (such as HISD) to reimburse grantees for the costs associated with administering federal programs.

ESSER Indirect Cost (IDC) Rate: HISD's indirect cost rate for US Department of Education Funds is 13.8% of operating costs. This means that for every ESSER dollar spent on programming, strategy, etc., 13.8 cents is available to cover General Fund Expenses.

Hold Harmless: Reserves established to cover the reduction of revenue associated with enrollment and attendance loss, in the case of ESSER funds, these reserves allow HISD to compensate for the lost revenue (State and Local) associated with enrollment.

Glossary of Definitions – Fund Balance

Fund Balance: The net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP), including:

- **Non-Spendable Fund Balance:** Non-spendable fund balance (the most constrained portion of fund balance) includes **items that cannot be spent** because they are either (a) not in spendable form (will not convert to cash soon enough to affect the current period) or (b) are legally or contractually required to be maintained intact.
 - **Ex:** Inventories, pre-paid items
- **Committed Fund Balance:** The amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
 - **Ex:** Potential litigation, claims, and judgments; Operating Reserve
- **Assigned Fund Balance:** The amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. This includes carryover and instructional stabilization fund.
 - **Example:** Outstanding encumbrances; Insurance deductibles; Program start-up costs
- **Unassigned Fund Balance:** The amount of funds available for any purpose.

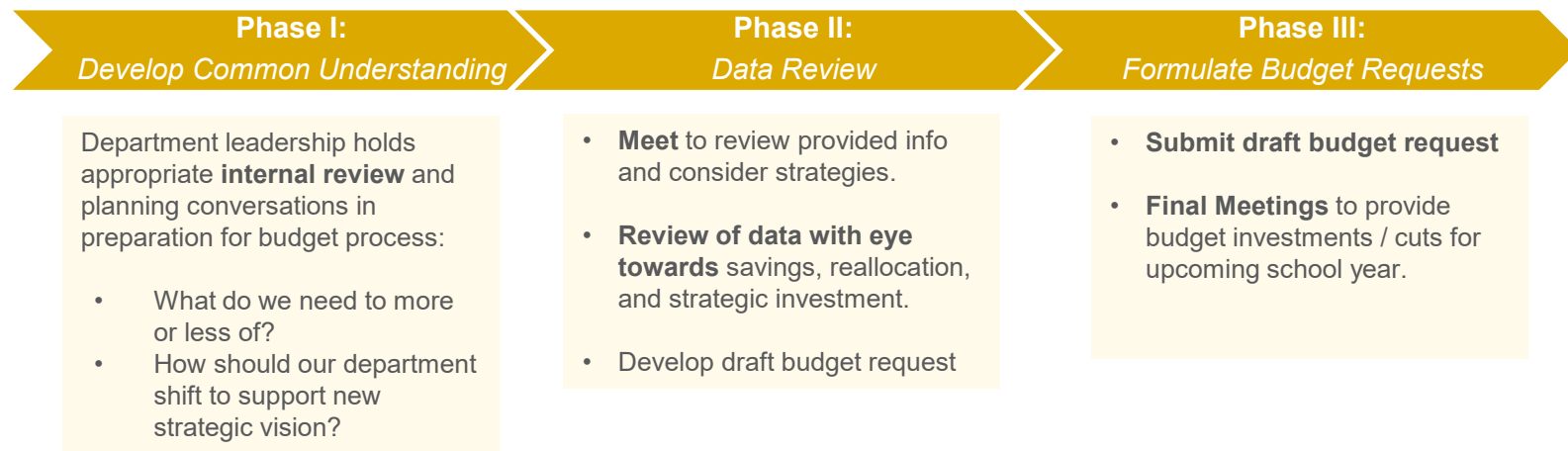
Source: CE(LOCAL) [https://pol.tasb.org/Policy/Download/592?filename=CE\(LOCAL\).pdf](https://pol.tasb.org/Policy/Download/592?filename=CE(LOCAL).pdf)

BUDGET PROCESS & NEXT STEPS

Budget Process: Current Department Process

The goal of HISD's budget process this year is twofold:

- 1) Provide **more transparency and understanding** to Department leads regarding their budgets.
- 2) Support leadership in making strategic decisions **to minimize costs / prioritize strategic initiatives**.



Next Steps

- **Q & A**
- **Board Workshop Schedule**
 - **Workshop 2**
 - Long-term strategic plan financial considerations
 - **Workshop 3**
 - Long-term financial outlook
 - Addressing the structural deficit

Q & A

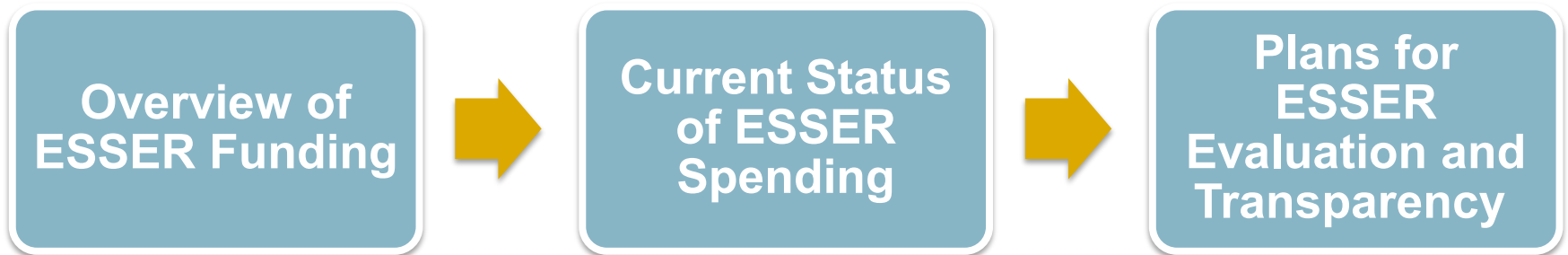
Elementary and Secondary School Emergency Relief Fund (ESSER) Update

March 3, 2022

Presented by:
Dr. Richard Cruz, Deputy Superintendent

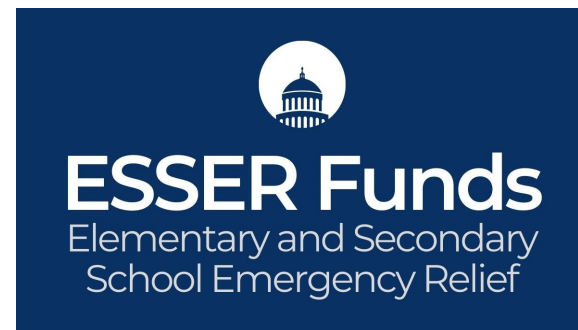


Agenda



ESSER Overview

- The funds from ESSER were intended to help school districts safely reopen in light of the COVID-19 pandemic, and to support districts in mitigating learning loss from school closures.
- HISD received its Notice of Grant Award (NOGA) in August of 2021 for both ESSER II and ESSER III Funds
- Through the strategic planning process, we have re-allocated ESSER funds to help launch many of the new initiatives and supports that exist within the strategic plan and have ensured that ESSER projects align to our six strategic priority commitments.



ESSER Funding Timelines

School Year	ESSER II ~\$358M	ESSER III ~\$805M
2019-2020	✓	✓
2020-2021	✓	✓
2021-2022	✓	✓
2022-2023	✓	✓
2023-2024		✓

Houston ISD's total ESSER II and ESSER III allocation: \$1,162,911,611.

Note: ESSER is one-time funds and are non-recurring dollars.

Direct Campus Allocations for 2021-2022

Program	Campuses Eligible	Allocation
Campus-Based Tutoring (HB4545)	All Campuses	~\$32 million
Campus Innovation Allotment	All Campuses	~\$3.5 million
Expanded Wraparound Services	All Campuses	~\$11.3 million
Student COVID-10 Safety Allotment	All Campuses	~\$6.1 million
SAT/ACT/TSI Preparation	High Schools Only	~\$1.1 million

Examples of Major ESSER Investments during the 2021-2022 School Year



Employee Retention
Stipends (\$45M)



Teacher / Employee
Recruitment
Campaigns (\$500K)



Reading and Math
Interventionists
(\$13M)



Pre-K Literacy Kits
and Backpacks
(\$5.7M)



Expansion of AP
Coursework (\$6.7M)



Expansion of
College and Career
Advisors (\$6M)

Examples of Major ESSER Investments during the 2021-2022 School Year



Fine Arts Assets and Supplies (\$22M)



Fine Arts Partnerships (\$1M)



Investment in Library Collections (\$19M)



Expansion of Counselors / Social Workers (\$15M)



New Buses (\$17M)



Student Laptop Devices (\$41M)

2021-2022 Project Allocations

You can view current allocations of ESSER funds by campus and by major projects at the HISD ESSER webpage:

www.HoustonISD.org/Page/188723

[illegible]

EVALUATION AND DASHBOARDS

Presented by:

Dr. Allison Matney

Evaluation of ESSER Programs

The evaluation will consist of two sections

Section I:

- Executive Summary
- ESSER II and ESSER III Individual Program Briefs
- Program Goals and Objectives
- Key Findings
- Recommendations

Section II:

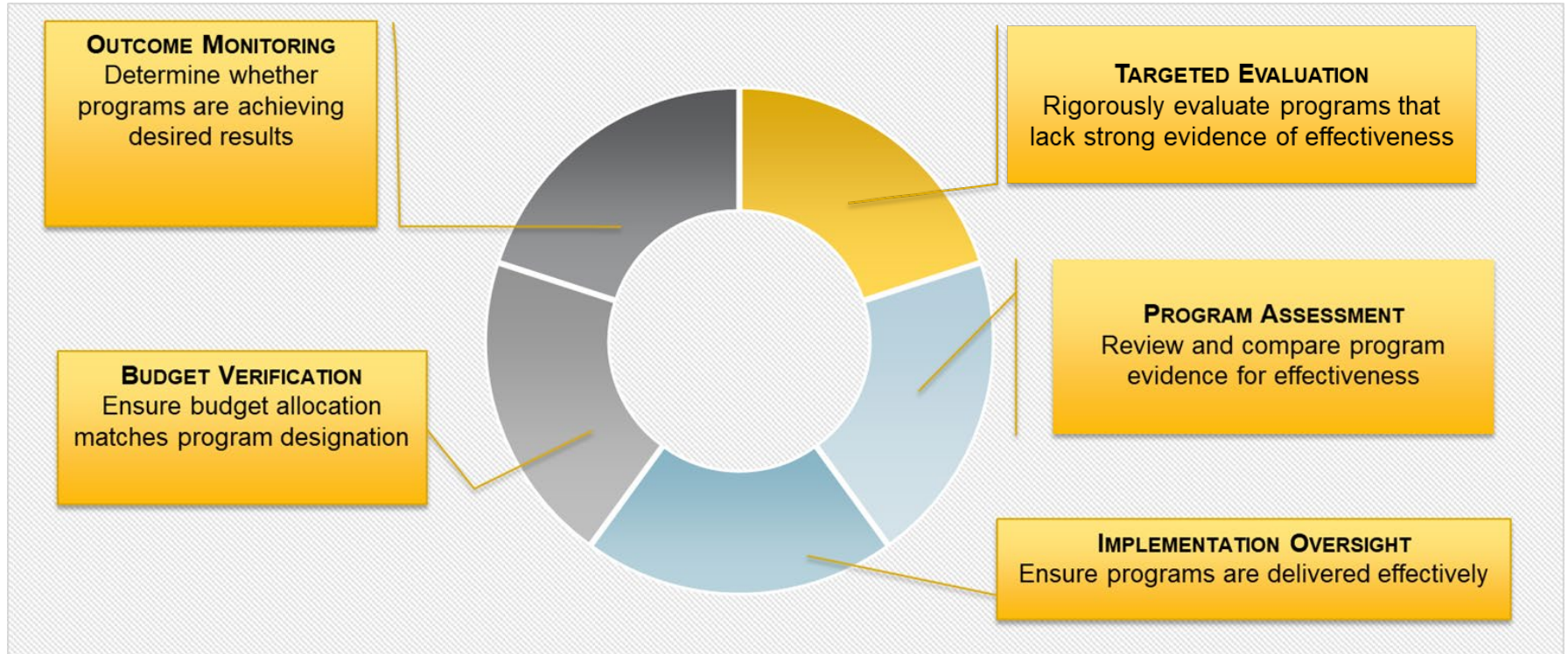
- Executive Summary
- Campus-based Programs Dashboard

Examples of Evaluation Measures*:

- Observations
- Stakeholder Feedback
- Program Usage Data
- Total Allocation vs. Total Expenditure
- Number of Students Receiving Services
- Student Background Characteristics
- Student Assessment Results
- Number of Staff Receiving Services
- Teacher Appraisal Ratings
- Number of Products Purchased/Disseminated


*Final measures used in individual program briefs will be aligned to program goals and objectives.

ESSER Program Evaluation Strategy



ESSER-Funded Programs

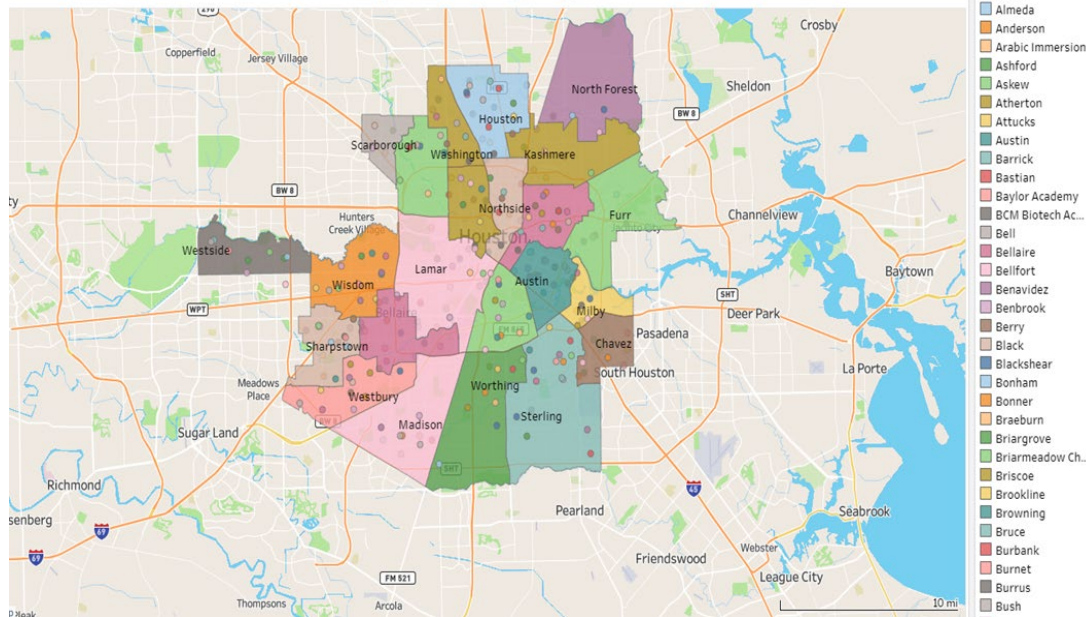
Each of the ESSER-funded programs will have a self-descriptive "brief" which will succinctly summarize the method and manner the program utilized/continues to utilize its ESSER funds. Program outcomes also will be included.

Student Mobile Internet							
Department: Chief Technology Office				Priority: Technology			
Project Description							
The Houston Independent School District (HISD) Chief Technology Office is striving to lessen the effects of learning loss brought on by the COVID-19 pandemic. To that end, HISD is ensuring equitable access to digital content and instruction by providing mobile hotspots to students that do not have home internet and when students are away from school. Mobile hotspots will give students real-time interaction with their peers and teachers to complete assignments to scale back learning loss.							
Total Allocation (\$):		20,774,880.00		Total Expenditure (\$):			
ESSER II (\$): 0,000,000.00		ESSER III (\$): 20,774,880.00		ESSER II (\$):		ESSER III (\$):	
Project Goals				Key Findings			
<ul style="list-style-type: none"> Provide mobile hotspots to students in need of internet access when they are away from school. Provide data reports to monitor student usage of hotspots to help ensure that they are making educational progress. 							
Table 1: Demographic Characteristics of Targeted Population, 2021-2022							
	African Am.	Asian	Hispanic	White	Two or More	H/P/L	Am Indian
n							
%							
	Male	Female	Eco. Disadv.	English learners	At Risk	Spec. Ed.	G/T
n							
%							
Source:							
				Recommendations			

ESSER Campus-Based Outcomes Dashboard

SAMPLE DASHBOARD

Evaluation of ESSER Campus-based Programs, 2021-2022



SAMPLE OUTCOME MEASURES

Program Categories	Key Outcomes
SAT/ACT/TSI Preparation	SAT/ACT/TSI Results
RTI Reading & Math Interventions	STAAR Reading and Math Passing Rates/Scale Scores
Campus-based Tutoring	STAAR Reading Passing Rates/Scale Scores
Campus Innovative Allotment	STAAR/EOC Passing Rates in All Content Areas
Expanded Counselors/Social Workers	# of Counselors/Social Workers Hired; Student Disciplinary Actions & Attendance Rates
Student Safety Funds	Materials and Supplies Purchased/Disseminated
Expanded Wraparound Services	# of Unique Students Served; Services Accessed; Disciplinary Actions & Attendance Rates

ESSER Spending Dashboard

We are working on developing a ESSER spending dashboard that will allow for the public to view the allocation of ESSER dollars by project, and track alignment of the funds to the district's strategic commitments



Q & A