Budget Workshop #2

2024-2025 Fiscal Year Budget

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2 **Key Questions to Address Areas of Concern**
- Is the district providing adequate funding for all schools & students?
- How is the district ensuring students continue to receive needed non-academic supports?
- What is the district's path to financial sustainability?

ALIGNMENT OF GOALS, STRATEGY, AND BUDGET

Exit Criteria

1 **Student Achievement:** HISD no longer has multi-year D or F rated campuses.

2 **Special Education:** The District is operating a special education program that is in full compliance with state and federal laws and academic outcomes are increasing for students with special needs.

3 **Board Governance**: The Board of Managers models effective governance in alignment with Lonestar Governance practices.

HISD Board Goals

All teaching, learning, and management in Houston ISD works in service of the four Houston ISD Board Goals below.

1 The percent of 3rd 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 3rd 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.
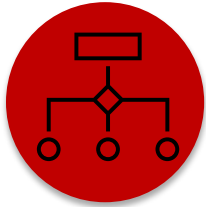
Destination 2035 Vision

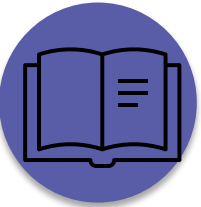|		
New Education System	Reimagine the System	Quality of Instruction
Central Office Effectiveness	Innovative Staffing Model	Special Education
Leadership Density	Pre-K – 4th Grade Reading	Sunrise Centers

The District's Top Budget Priorities

Expand the New Education System and Strengthen Special Education: The district is allocating dollars and supports to schools that have, for too long, not received adequate resources to improve student learning.

Expand PreK: The District's Investment in Pre-K benefits ALL students in Houston ISD by expanding available PreK options and staffing those classrooms to ensure that students begin their K-12 educational experiences with a high-quality learning experience.

Transform College Career and Military Readiness: The District's investment in CCMR benefits ALL students in Houston ISD, providing programmatic improvements to High School Programs of Study that better align to jobs of the future.

Addressing the $528 Million Reduction of Available Revenue

FY 24 Revenue decreased by $528 million. Tough decisions were made to address the $528 million budget shortfall. The following 3 key budget shifts account for the majority of the $528 million expenditure reduction:

Rightsizing Central Office: From November 2023 to June 2024, we have decreased Central Office staff by approximately 1,500 positions. This rebalances central office to serve a school district with ~178,000 students. Expenditures in contracted services decreased by approximately $27 million.

Evolving Central Office Programs: Shifts in Central Office Programs and ESSER funded positions were necessary given the end of ESSER funding. Some of these hard decisions included the reorganization of student support teams and a reduction of programmatic funding for afterschool programming.

School Allocations: For Non-NES schools, we have eliminated "Hold Harmless" for enrollment and attendance. At NES schools, we rightsized the staffing ratios to more accurately align with campus enrollment.

FY25 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	-	138,503,473
Total revenues	$ 1,888,577,811	$ 388,564,815	$ 146,945,807

APPROPRIATIONS		General Fund	Debt Service Fund	Nutrition Services Fund
11	Instruction	$ 1,210,229,232	$ -	$ -
12	Instructional resources and media services	8,631,004	-	-
13	Curriculum development and instructional staff development	19,835,299	-	-
21	Instructional leadership	74,022,287	-	-
23	School leadership	215,100,035	-	-
31	Guidance, counseling, and evaluation services	67,792,313	-	-
32	Social work services	6,869,543	-	-
33	Health services	25,338,108	-	-
34	Student (pupil) transportation	43,811,360	-	-
35	Food services	65,183	-	143,807,768
36	Co-curricular/extracurricular activities	23,339,723	-	-
41	General administration	54,348,154	-	-
51	Facilities maintenance and operations	179,934,816	-	2,994,067
52	Security and monitoring services	30,054,915	-	-
53	Data processing services	49,417,461	-	-
61	Community services	9,812,291	-	-
71	Debt service	5,130,350	374,371,606	-
81	Facilities acquisition and construction	-	-	-
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	2,100,290,919	374,371,606	146,801,835
	Excess (deficiency) of revenues over (under) expenditures	(211,713,108)	14,193,209	143,972

OTHER FINANCING SOURCES (USES)	General Fund	Debt Service Fund	Nutrition Services Fund
Transfers in	17,000,000	21,166,025	-
Sale of Property	80,000,000	-	-
Transfers out	(16,405,274)	-	-
Total other financing sources (uses)	80,594,726	21,166,025	-
Net change in fund balances	(131,118,382)	35,359,234	143,972
Estimated fund balances–beginning July 1, 2025 [1]	932,687,809	126,657,122	62,689,022
Estimated Fund balances–ending June 30, 2025 [1]	$ 801,569,427	$ 162,016,356	$ 62,832,994

IS THE DISTRICT PROVIDING ADEQUATE FUNDING FOR ALL SCHOOLS & STUDENTS?

Funding By School Type
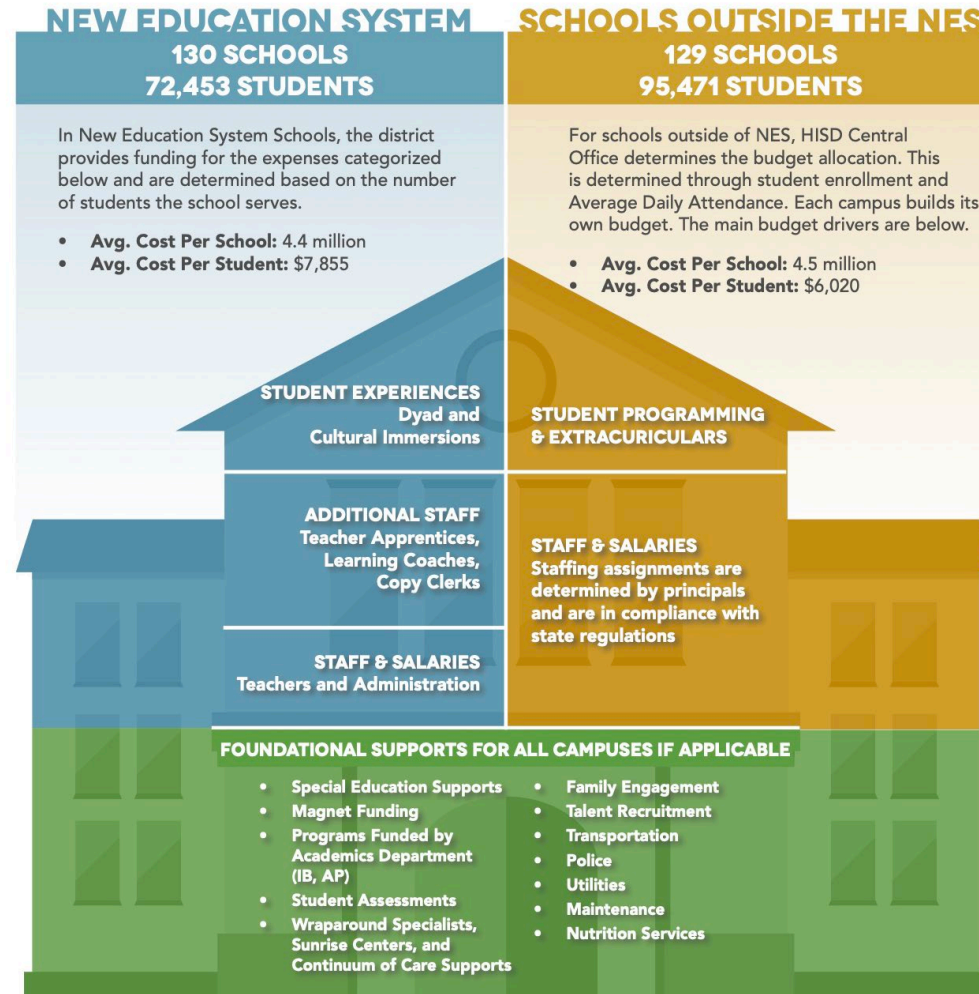
Funding By School Type – Per Pupil

	Per Student	
	NES	**Non-NES**
Enrollment	72,453	95,471
Base Funding*	$ 7,855	$ 6,020	①
Pre-K Teaching Assistants	$ -	$ 29
School-based special education teachers and support staff [1]	$ 1,269	$ 600
Utilities	$ 321	$ 233
All-in Funding**	$ 9,445	$ 6,882	②

[1] This per student is based on total enrollment, not on special education students only.

*Base Funding: Encompasses campus budgets and excludes centralized resources deployed to campuses.

**All-In Funding: includes all resources at both the school and central office level that schools have access to such as Special Education, Utilities, and PreK (Non-NES only). In NES campuses, PreK is built into the Base Funding model.

Base Funding Per-Pupil Comparison

There is an $1,835 per pupil funding difference for NES and Non-NES Campuses. The main driver of this difference is the cost of salaries for NES campuses.

All-In Per-Pupil Comparison

There is an $2,563 per pupil funding difference for NES and Non-NES Campuses. The 2 main drivers of this difference is 1) The cost of salaries for NES campuses and 2) The increased number of Special Education resources required for students at NES campuses.

Funding By School Type – Campus Budgets

	Total Budget	
	NES	**Non-NES**
Enrollment		
Base Funding*	$ 569,108,605	$ 574,691,101
Pre-K Teaching Assistants	-	$2,772,572
School-based special education teachers and support staff [1]	$91,915,148	$57,289,947
Utilities	$23,269,650	22,284,071
All-in Funding**	$ 684,293,403	$ 657,037,691

[1] This per student is based on total enrollment, not on special education students only.

Base Funding Campus Budget Comparison

There is only a $5.6 million difference in total funding between NES and Non-NES campuses. The higher per pupil amounts on slide 28 are a result of lower student enrollment on NES campuses.

All-In Campus Budget Comparison

There is an $27 million campus budget difference for NES and Non-NES Campuses. The 2 main drivers of this difference is 1) The cost of salaries for NES campuses and 2) The increased number of Special Education resources required for students at NES campuses.

*Base Funding: Encompasses campus budgets and excludes centralized resources deployed to campuses.

**All-In Funding: includes all resources at both the school and central office level that schools have access to such as Special Education, Utilities, and PreK (Non-NES only). In NES campuses, PreK is built into the Base Funding model.

Funding Changes By School Type
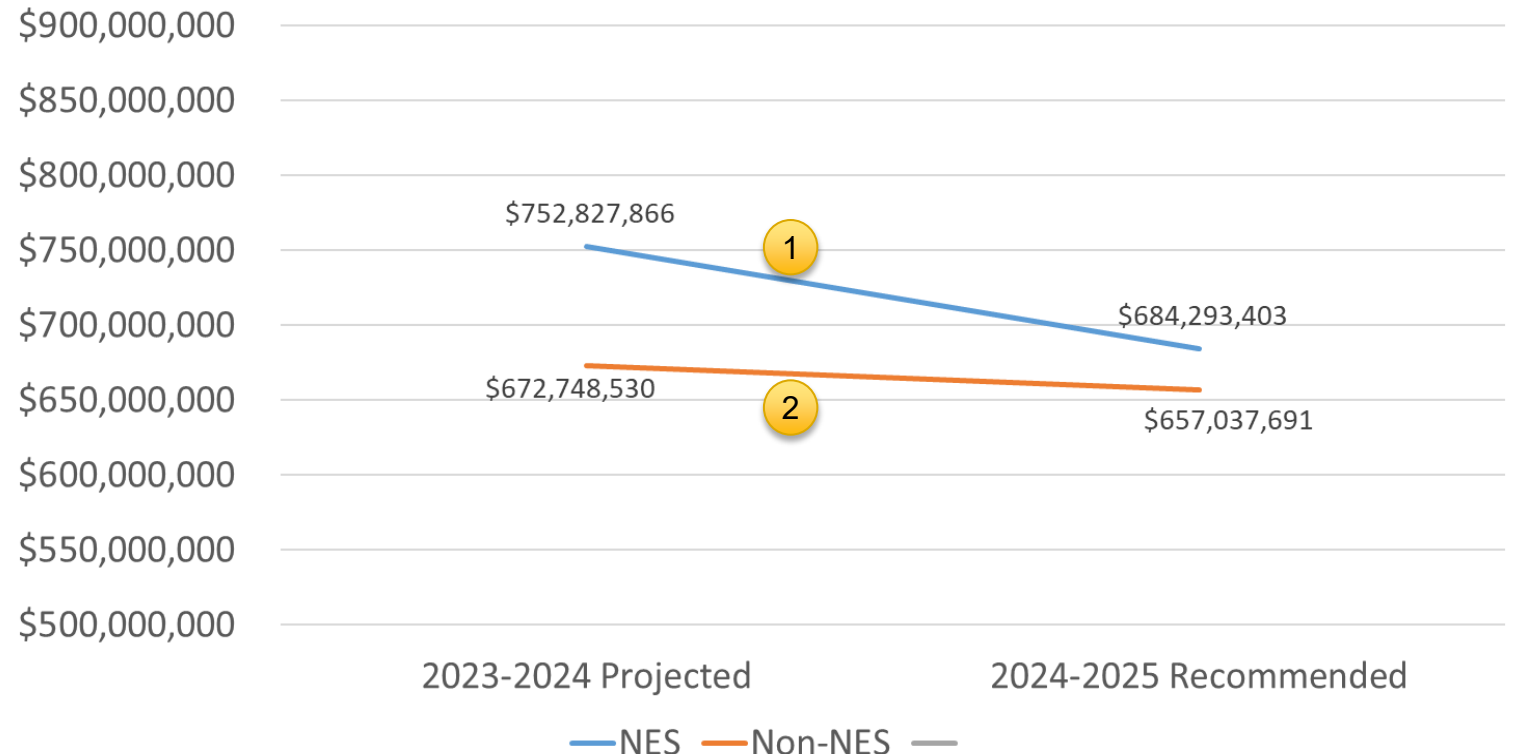
Key Takeaways:

NES Changes from 2024 to 2025

1 Even with an additional 45 NES campuses, All-in funding for NES campus budgets decreased approximately $69 million dollars from 2024 to 2025. This decrease was primarily due to 1) the rightsizing of NES campus staffing models and 2) the non-recurrence of campus start-up costs 3) increased ratio for Learning Coaches and Teacher Apprentices.

Non-NES Changes from 2024 to 2025

2 All-in Non-NES campus overall budgets decreased less than NES campus overall budgets. From 2024 to 2025, there was an approximate decrease of $16 million. This decrease was a result of ending "Hold Harmless" on enrollment and ADA.

Campus Funding FY2024 Projected vs FY2025 Recommended

- $900,000,000
- $850,000,000
- $800,000,000
- $750,000,000
- $700,000,000
- $650,000,000
- $600,000,000
- $550,000,000
- $500,000,000

NES: $752,827,866 → $684,293,403
Non-NES: $672,748,530 → $657,037,691

2023-2024 Projected — 2024-2025 Recommended
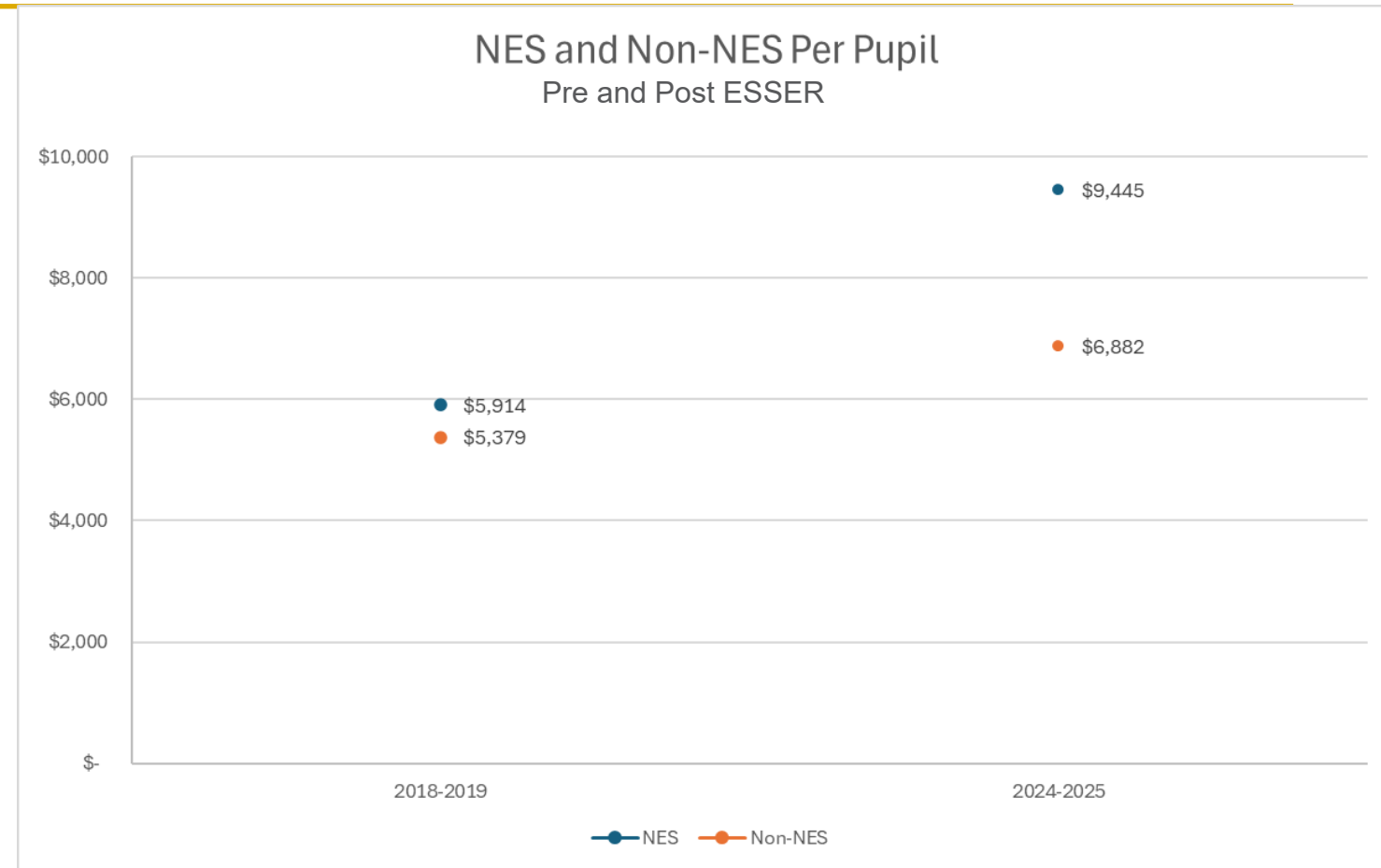
—NES —Non-NES —

This analysis excludes Other Campuses: Charter, DAEP, JJAEP, and Special Education (Community Services & HCC Lifeskills)

Per Pupil Funding Comparison: 2019 and 2025

Key Takeaways:

1 All-in per pupil allocations at BOTH NES and Non-NES have increased since 2019.

2 NES per-pupil allocations have increased more substantially than Non-NES per pupil allocations. The main drivers for this are: 1) Increased salaries at NES campuses 2) Additional Special Education services deployed to support students at NES campuses.

NES and Non-NES Per Pupil
Pre and Post ESSER

- NES $9,445 (2024-2025)
- Non-NES $6,882 (2024-2025)
- NES $5,914 (2018-2019)
- Non-NES $5,379 (2018-2019)

Legend: ● NES ● Non-NES

This analysis excludes Other Campuses: Charter, DAEP, JJAEP, and Special Education (Community Services & HCC Lifeskills)

HOW IS THE DISTRICT ENSURING STUDENTS CONTINUE TO RECEIVE NEEDED NON-ACADEMIC SUPPORTS?

The Evolution of the Wraparound Support Model

The History

- Wraparound specialists started as a small pilot program in 2017 and was quickly expanded after Hurricane Harvey hit our city. The COVID pandemic and the ESSER funding that followed spurred expansion and lead to placement of a specialist at almost all campuses in HISD.

- At the beginning of the 2023-2024 school year the Administration reviewed the efficacy and sustainability of Wraparound Services

The Evolution of the Wraparound Support Model

Impact Analysis

Key Takeaway: The usage of wraparound specialists and the volume of support they provided varied dramatically across the district.

Based on analysis we learned:
- **76%** of the wraparound specialists were assigned to the 200 campuses with the least need.
- The more effective wraparound specialists at approximately **one-fourth of campuses (27%) completed 2 to 4 times more support actions than specialists at the other three-fourths of campuses.**
- **72%** of documented needs do not require full-time wraparound FTEs on each campus to provide the same level of services to students (e.g. basic needs and food insecurity).
- Wraparound specialists do not typically do not have the necessary professional certifications (e.g., psychologists, social workers, nurses, etc.) to support the remaining **28%** of identified student needs.

The Wraparound Specialists & Sunrise Centers Provide Complementary Services

Wraparound Specialists

Key Responsibilities

- Ensuring food insecurities are met
- Setting up and maintaining systems to address **basic needs on campuses (e.g. food, clothes, and hygiene)**
- Supporting increased access to Health and Medical supports (Hazel Telehealth) and Transportation
- Data Monitoring: Referring out to Sunrise Centers for more in-depth supports
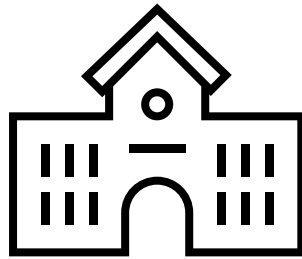

Sunrise Centers

Key Supports

- Amplifies supports offered to families by co-locating resources, engaging community partners and leveraging external resources
- Creates safe & inviting spaces situated throughout the District to address more-depth and long-term needs.
- Provides legal services, housing services, job support for parents, healthcare, mental health services, foster care supports, tutoring services and supplies to address basic immediate needs such as food, clothing, and hygiene products.

2024: $20 Million | **2025: $6 Million**

2024: $8 Million | **2025: $8 Million**
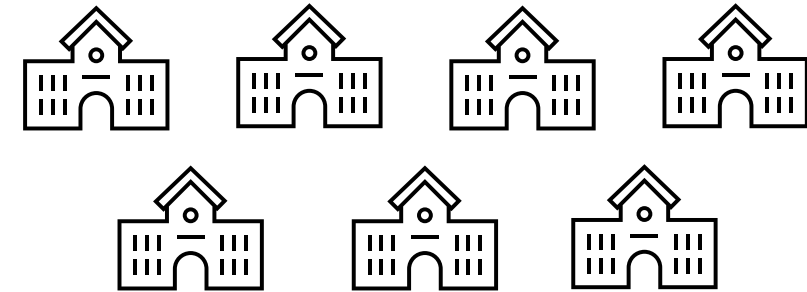
Core Elements of Continuum of Care

2023-24

2024-25

1 Wrapround Specialist per campus

48 Wrapround Specialists Districtwide =
1 Wraparound Specialist per 4 to 7 campuses

SUNRISE CENTER HOUSTON ISD

hazel

88 campuses

SUNRISE CENTER HOUSTON ISD

hazel

274 campuses
& Sunrise Centers

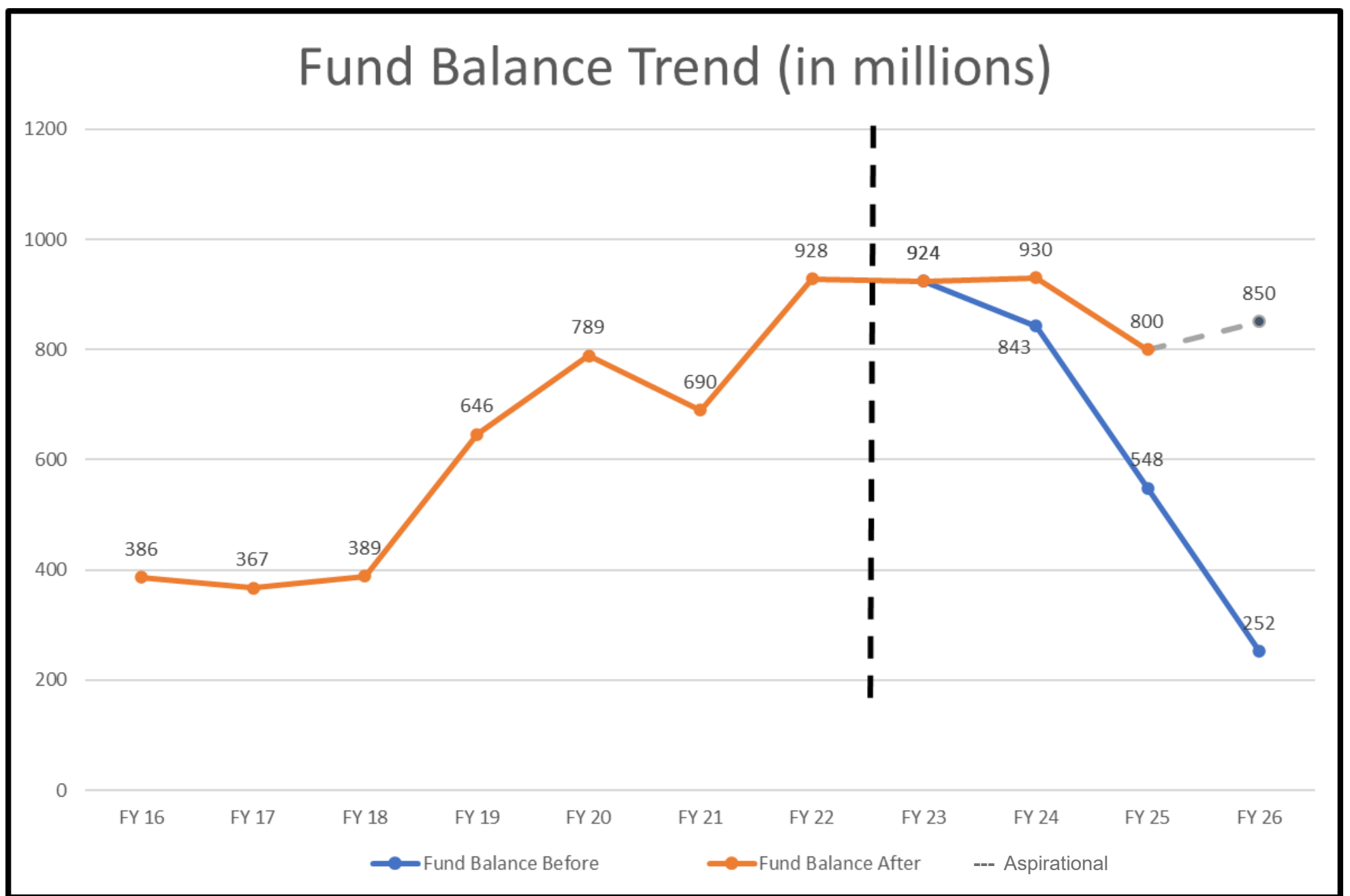# WHAT IS THE DISTRICT'S PATH TO FINANCIAL SUSTAINABILTY?

Sustaining the Fund Balance

Initially, the Administration estimated the FY 24 fund balance to be $870 Million, but with prudent monitoring and cost-saving, was able to end FY24 with a fund balance of $930 million. Going forward, the district will maintain a minimum of $800 million in the fund balance. This allows for the district to keep its AAA Bond Rating and ensure 4 months of district operating costs.

Strategies to Reduce Spend and Gain Efficiencies in FY 25 and Beyond
• Implement tighter controls and monitoring over-spend

• Continuing to build Central Office Efficiencies
    • Reduce Purchased Services
    • Build Systems Efficiencies
    • Explore personnel reductions

• End of Hold Harmless on Enrollment and ADA
• Pursue philanthropic or grant funding for short-term needs or time-bound special projects

Fund Balance Trend

Fund Balance Trend (in millions)

	Fund Balance Before	Fund Balance After	Aspirational
FY 16		386	
FY 17		367	
FY 18		389	
FY 19		646	
FY 20		789	
FY 21		690	
FY 22		928	
FY 23	924	924	
FY 24	843	930	
FY 25	548	800	
FY 26	252		850

Appendix

STATE LEGISLATURE
THE 89TH

JANUARY 2025 – JUNE 2025

Interim Charges

House

- Additional Property Tax Reduction
- Early Literacy and Numeracy
- Teacher Certification
- SHARS
- Educational Opportunities including Education Savings Accounts
- Monitor Implementation of Legislation from Last Session

Senate

- Additional Property Tax Reduction
- Early Literacy and Numeracy
- "Illegal Electioneering" by school districts
- Increased voter control over debt mechanisms
- COVID funding oversight
- Monitor Implementation of Legislation from Last Session