

Budget Workshop

2 of 7

2019-2020 Fiscal Year Budget

Date: 02/04/2019

Presenter: Budget and Financial Planning et al



Agenda

- 2019-2020 First Assumptions and Projections
- Updates Since December 3, 2018
- Other Considerations
- Continuing Steps

2019-2020

2019-2020 First Assumptions

- Property Value Increase – 2%
- Maintenance & Operations (M&O) tax rate-\$1.04
- Enrollment of 208,246 – reduced 1,500 from 2018-2019 snapshot
- No recapture relief from state
- No increase in Per Unit Allocation (PUA) amount or student weights
- No additional district contribution for health insurance
- Recognizing the Local Optional Homestead Exemption (LOHE) due to lawsuit outcome
- No change in Tier II funding or Basic Allotment
- No additional budgeted Achieve 180 costs
- Salaries:
 - No raises for employees on master or hourly schedules
 - No pay increase for step movement / experience
 - No raises for any other employee group/classification

Initial Deficit of \$76 million

Updates Since Budget Workshop 1 (December 3, 2018)

- Local Optional Homestead Exemption (LOHE) case has been decided in favor of the state.
- No longer need to worry about Unassigned Fund Balance being used for previous years' recapture obligation.
- Unfortunately, deficit is still \$76 million.
- Preliminary Comptroller value for 2018 is \$176,465,724,564, or a 1.29% increase over the 2017 Comptroller value.
- Comptroller value closely mirrors the increase in certified values between 2017 and 2018 at a 1.33% increase.
- Principals' enrollment projections for 2019-2020 are being finalized.
- Principals provided with initial PUA cut amount of \$210.

2019-2020 Campus Budget Communication

- Superintendent meeting with principals held on January 18th
- Superintendent holding budget impact meetings with principals, by area, January 18th through February 22nd
- Budget tool distributed to campuses January 18th- 25th to assist in determining cut effect to campus operations
- Budget department will have open labs with principals February 5th -13th to assist in using the tool
- Principals will provide budget impacts to area superintendents by February 15th.

Budget Deficit Allocation

2019-20 Initial Budget Deficit Distribution

Schools	(\$50,780,000)
Departments	(\$25,850,000)
Total	(\$76,630,000)

2019-2020 Per Unit Allocations (PUA)

Level	2018-2019 PUA	2019-2020 Budget cut (\$50.7M)	2019-2020 PUA
Elementary Schools	\$3,432	(\$210)	\$3,222
Middle Schools	\$3,468	(\$210)	\$3,258
High Schools	\$3,432	(\$210)	\$3,222

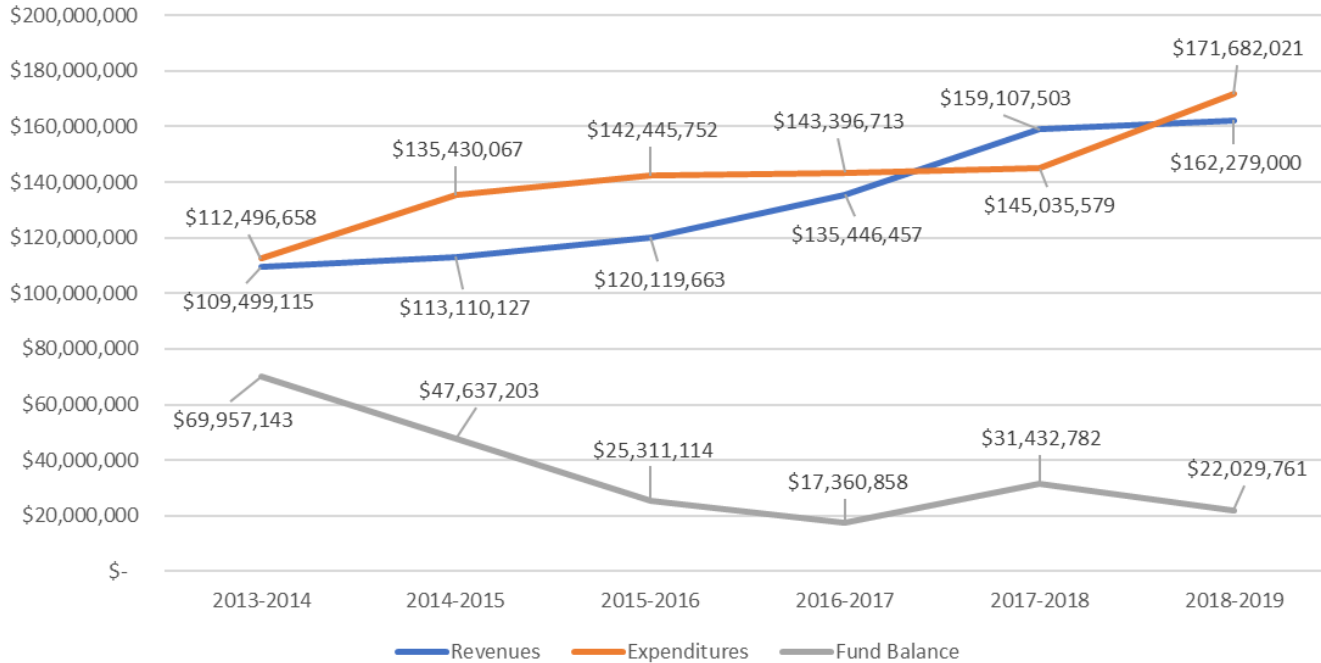
Other Considerations

Health Insurance Cost Increase

- Additional \$9.04 Million need projected for the 2019-20 fiscal year (Medical plan year runs on a calendar year)
- Increasing employee rates by 6% starting in January 2020 would reduce the funding need by \$1.16 Million during the 2019-20 fiscal year

Health Insurance Trends

Health Insurance Revenue and Expenditure History



2013-2014:
Rates
decreased 20%

2016-2017:
Employee rates
increased 7% to
9.8%

2017-2018:
District
contribution
increased \$10m

2018-2019:
District
contribution
increased \$10m

Health Insurance Employee Rates

Medical Plan/Option	Enrollment Jan 2019	2019 EE	2020 EE	Increase		
		Rates Per Pay Period	Rates Per Pay Period	Per Pay Period	Annual Increase	%
Consumer Choice Plus						
Employee Only	3,471	\$ 61.48	65.17	\$ 3.69	\$ 88.56	6%
Employee + Spouse	324	\$ 204.84	217.14	\$ 12.30	\$ 295.20	6%
Employee + Child(ren)	758	\$ 197.70	209.57	\$ 11.87	\$ 284.88	6%
Employee + Family	372	\$ 332.21	352.15	\$ 19.94	\$ 478.56	6%
Consumer Choice Basic						
Employee Only	2,652	\$ 30.54	32.38	\$ 1.84	\$ 44.16	6%
Employee + Spouse	117	\$ 158.80	168.33	\$ 9.53	\$ 228.72	6%
Employee + Child(ren)	492	\$ 152.77	161.94	\$ 9.17	\$ 220.08	6%
Employee + Family	230	\$ 274.65	291.13	\$ 16.48	\$ 395.52	6%
Consumer Limited Plus						
Employee Only	2,081	\$ 49.19	52.15	\$ 2.96	\$ 71.04	6%
Employee + Spouse	273	\$ 163.87	173.71	\$ 9.84	\$ 236.16	6%
Employee + Child(ren)	859	\$ 158.16	167.65	\$ 9.49	\$ 227.76	6%
Employee + Family	437	\$ 265.77	281.72	\$ 15.95	\$ 382.80	6%

Medical Plan/Option	Enrollment Jan 2019	2019 EE	2020 EE	Increase		
		Rates Per Pay Period	Rates Per Pay Period	Per Pay Period	Annual Increase	%
Consumer Limited Basic						
Employee Only	2,655	\$ 24.41	25.88	\$ 1.47	\$ 35.28	6%
Employee + Spouse	236	\$ 127.04	134.67	\$ 7.63	\$ 183.12	6%
Employee + Child(ren)	753	\$ 122.20	129.54	\$ 7.34	\$ 176.16	6%
Employee + Family	400	\$ 219.71	232.90	\$ 13.19	\$ 316.56	6%
Open Access						
Employee Only	110	\$ 249.16	264.11	\$ 14.95	\$ 358.80	6%
Employee + Spouse	10	\$ 524.51	555.99	\$ 31.48	\$ 755.52	6%
Employee + Child(ren)	7	\$ 512.51	543.27	\$ 30.76	\$ 738.24	6%
Employee + Family	6	\$ 754.42	799.69	\$ 45.27	\$ 1,086.48	6%
Select Plan						
Employee Only	2,679	\$ 2.50	2.50	\$ -	\$ -	0%
Employee + Spouse	141	\$ 95.28	101.00	\$ 5.72	\$ 137.28	6%
Employee + Child(ren)	234	\$ 91.66	97.16	\$ 5.50	\$ 132.00	6%
Employee + Family	128	\$ 164.79	174.68	\$ 9.89	\$ 237.36	6%

Rate increase effective January 1, 2020

Health Insurance Employee vs Employer Contributions

	2016-2017 Actual		2017-2018 Actual		2018-2019 Budgeted		%
Employer Contribution	\$ 90,514,243	70%	\$ 110,749,402	74%	\$ 115,310,000	75%	
Employee Contribution	\$ 38,786,606	30%	\$ 38,903,904	26%	\$ 38,823,000	25%	
Total Contribution	\$ 129,300,849		\$ 149,653,306		\$ 154,133,000		

Continuing Steps

- Monitoring second semester student enrollment
- Ongoing discussions with Harris County Appraisal District regarding 2019 property values
- Updates from Governmental Relations and Strategy on proposed legislative action
- Developing plan to deal with deficit (i.e., split between campuses and departments)

***Next budget workshop
February 26, 2019***

