

# Budget Workshop

## 3 of 5

2019-2020 Fiscal Year Budget

Date: 02/28/2019

Presenter: Budget and Financial Planning et al



# Agenda

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- Current Budget Assumptions
- Budget Comparisons (December to February)
- Tier II, Austin Yield Funding
- Recapture Update
- Budget Reductions
- Marketing Efforts
- Next Steps

# 2019-2020 Assumptions

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- Property Value Increase – 2%
- Maintenance & Operations (M&O) tax rate-\$1.04
- Enrollment of 208,246 – reduced 1,500 from 2018-2019 snapshot
- Decrease in Per Unit Allocation (PUA) amount
- State-related:
  - No recapture relief from the state
  - No change in the basic allotment
  - **Increase in Tier II Allotment (HB1 and SB1)**
- No change in PUA student weights
- Additional district contribution for health insurance
- 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

Current Deficit of \$36 million

# Budget Comparisons

	December 3, 2018 (17,163,996)	February 28, 2019 (17,163,996)	Change -
<b>2018-2019 Original Budget Deficit</b>			
<b>Revenue Changes</b>			
Change in property taxes	\$ 37,297,630	\$ 41,129,285	\$ 3,831,655
Foundation School Program	(2,694,752)	30,579,537	33,274,289
Build America Bonds Subsidy	6,164,281	6,164,281	-
Federal Revenue - indirect costs	-	1,519,273	1,519,273
Revenue other governments	-	500,000	500,000
Revenue in Lieu of taxes	-	244,958	244,958
Federal Revenue - Army, Air Force, Navy	-	6,041	6,041
Assigned Fund Balance - North Forest PFC Projects	-	375	375
Interest earnings	(2,000,000)	-	2,000,000
Other state revenues	-	(740,000)	(740,000)
Tuition regular day	-	(940,000)	(940,000)
Transfers in from Medicaid	(7,900,000)	(7,900,000)	-
Available School Fund	(31,931,852)	(32,022,883)	(91,031)
<b>2019-2020 Surplus / (Deficit) before appropriation changes</b>	<b>\$ (18,228,689)</b>	<b>\$ 21,376,871</b>	<b>\$ 39,605,560</b>

Assumes Tier II remains in HB1

# Budget Comparisons

Appropriation Changes	December 3, 2018	February 28, 2019	Change
Change in recapture payment	\$ 39,995,855	\$ 22,554,006	\$ (17,441,849)
Wrap Around Specialists	10,695,909	10,695,909	-
State Compensatory Education	9,091,972	8,922,186	(169,786)
Health insurance	-	7,500,000	7,500,000
2018-2019 step schedule salary increases	4,331,902	4,331,902	-
Achieve 180	4,168,844	4,303,151	134,307
Bus driver budget increase	3,000,000	3,000,000	-
Charter school enrollment Increase	2,727,968	2,727,968	-
Tax Increment Reinvestment Zone	2,188,323	2,495,718	307,395
Property, Liability, Auto Insurance	-	2,000,000	2,000,000
CTE	-	1,834,770	1,834,770
College readiness grant matching funds	600,000	600,000	-
Athletics bond related transportation	500,000	500,000	-
Harris County Appraisal District Fees	320,000	402,268	82,268
Automated external defibrillator machines	400,000	400,000	-
2 Sr. Sourcing Specialists - Procurement	303,088	303,088	-
Equity and Outreach Department	237,348	237,348	-
2 Human Resources Investigators	143,862	143,862	-
Performance review	(1,000,000)	(1,000,000)	-
Transfers Out from sale of Maintenance Tax Notes	(1,188,632)	(1,188,632)	-
Kandy Stripe closing	(1,529,199)	(1,529,199)	-
District-wide Operating	(3,200,000)	(3,200,000)	-
Campus PUA enrollment 2018-2019 decline	(14,384,406)	(9,200,026)	5,184,380
<b>2019-2020 Budget Surplus/(Deficit)</b>	<b>\$ (75,631,523)</b>	<b>(35,457,448)</b>	<b>\$ 40,174,075</b>

# 2019-2020 Tier II Increase (HB1)

- Tier II guaranteed yield (Austin Yield) based on the six “golden pennies.”
- HISD is guaranteed to generate the same amount of revenue per penny of tax effort as Austin ISD on the six “golden pennies.”
- Additional revenue received from Tier II
  - 2017-2018: \$99.41 per penny (\$58,304,783)
  - 2018-2019: \$106.28 per penny (61,141,609)
  - 2019-2020 Proposed in HB1: \$126.88 per penny (\$90,730,041)
  - 2020-2021 Proposed in HB1: \$135.92 per penny (\$103,140,700)
- **Risk:**
  - **School Finance Commission Report recommends decoupling from the Austin ISD yield and tying to another unknown rate. This current revenue increase could be lower or completely eliminated and folded into the school finance bill.**

 **\$30m**

Current Deficit of \$36 million + \$30 million = \$66 million potential deficit

# Updated Recapture Projections

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	2018-2019 Original	2018-2019 Mid-Year*	2019-2020	2020-2021	2021-2022	2022-2023
Estimated Recapture	\$ 272,492,039	\$ 275,258,452	\$ 295,046,045	\$ 321,205,154	\$ 354,088,060	\$ 386,648,025
Roll Value Increase	0.97%	1.24%	2.00%	2.00%	2.00%	2.00%
Enrollment	213,528	209,746	208,246	208,246	208,246	208,246
WADA	267,011	267,111	266,259	266,259	266,259	266,259

\*2018-2019 not adjusted for Hurricane Harvey reimbursement

Recapture estimates adjusted based on latest Texas Comptroller values.

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# Budget Reductions



# Budget Deficit Allocation

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2019-20 Current Budget Deficit Distribution	
Schools	\$(17,652,099)
Departments	\$(17,805,349)
<b>Total</b>	<b>\$(35,457,448)</b>

# 2019-2020 Per Unit Allocations (PUA)

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Level	2018-2019 PUA	2019-2020 Budget cut (\$17.6M)	2019-2020 PUA
Elementary Schools	\$3,432	(\$73)	\$3,359
Middle Schools	\$3,468	(\$73)	\$3,395
High Schools	\$3,432	(\$73)	\$3,359

# PUA History

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<b>Fiscal Year</b>	<b>Elementary</b>	<b>Middle</b>	<b>High</b>	<b>Change ES</b>	<b>Change MS</b>	<b>Change HS</b>
2016-2017	\$ 3,522	\$ 3,558	\$ 3,522	\$ (67)	\$ (67)	\$ (67)
2017-2018	\$ 3,522	\$ 3,558	\$ 3,522	\$ -	\$ -	\$ -
2018-2019	\$ 3,432	\$ 3,468	\$ 3,432	\$ (90)	\$ (90)	\$ (90)
2019-2020	\$ 3,359	\$ 3,395	\$ 3,359	\$ (73)	\$ (73)	\$ (73)

# 2019-2020 Per Unit Allocations (PUA)

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- The PUA amounts will be used by principals to develop their budgets.
- Budgets will be rolled out to principals on March 18, 2019.

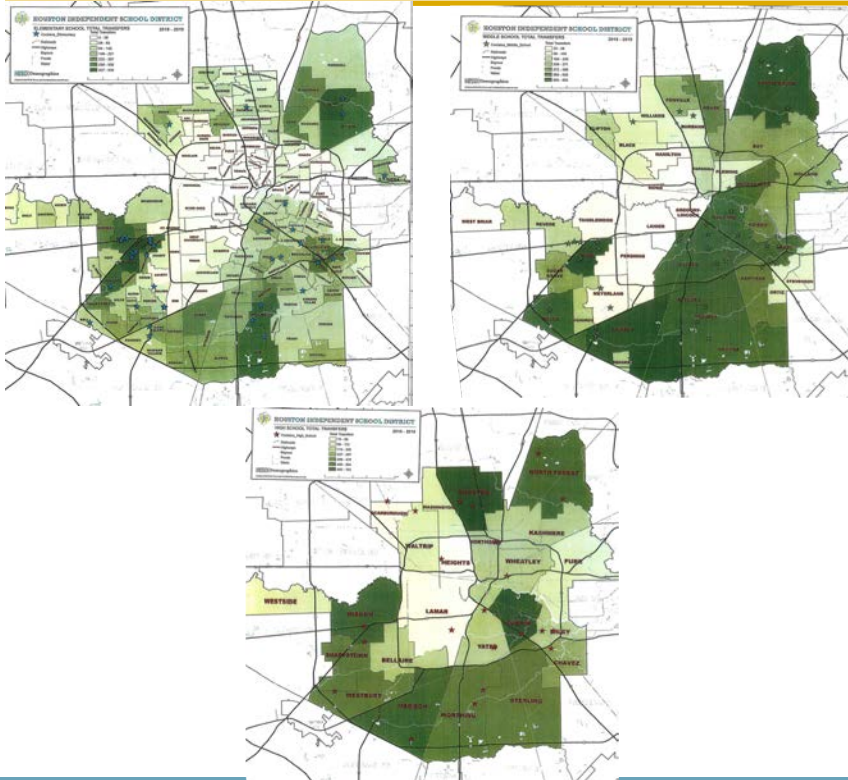
# Cut Distribution

Chief_Rollup		Current Cut
Schools	\$	(17,652,099)
Districtwide Services	\$	(3,200,000)
Chief Operating Officer	\$	(8,647,778)
Chief Academic Officer	\$	(2,283,587)
Chief Technology Information Officer	\$	(1,337,974)
Chief Strategy & Innovations Officer	\$	(277,779)
Chief Financial Officer	\$	(800,412)
Chief Human Resource Officer	\$	(630,025)
General Counsel	\$	(139,173)
Chief Communications Officer	\$	(129,511)
Chief Audit Executive	\$	(104,414)
Chief Development Officer	\$	(83,863)
Superintendent of Schools	\$	(67,099)
Chief of Staff	\$	(66,061)
Chief Govnmnt'l Relations Officer	\$	(37,673)
<b>Grand Total</b>	<b>\$</b>	<b>(35,457,448)</b>

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# Marketing Efforts

# Enrollment Impact



Maps created by HISD demographer to showcase district areas most impacted by student enrollment decrease.

- ✓ High concentration of charter schools in the Northeast, East, Southeast, and Southwest
- ✓ HISD schools in these areas seeing the highest impact in student enrollment decrease
- ✓ Expected HISD enrollment decline for 2019-2020: 1500 students

# Where are they going?

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- ✓ KIPP
- ✓ YES Prep
- ✓ Harmony Public Schools
- ✓ International Leadership of Texas
- ✓ Suburban School Districts
- ✓ Private & Parochial Schools

## COMING SOON:

- ✓ IDEA Public Schools
  - Will open 4 campuses in 2020
  - Adding 16 additional schools by 2026
  - Will operate in the heart of HISD



# Research Study

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**GOAL:** Comprehensive study to understand why students are leaving and how to regain/retain students in HISD.

- ✓ HISD will conduct the study in conjunction with:
  - UH Institute for Educational Policy Research
  - Rice University Houston Education Research Consortium (HERC)
- ✓ The study will be spearheaded by:
  - Dr. Catherine Horn, Director of the Institute for Educational Policy Research, UH
  - Dr. Daniel Potter, Associate Director of Regional Research, HERC
  - Dr. Rick Cruz, Chief of Strategy and Innovation, HISD
  - Rebecca Suarez, Chief Communications Officer, HISD

UNIVERSITY of  
**HOUSTON**



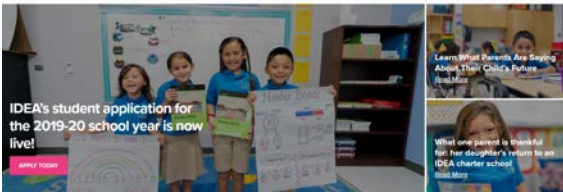
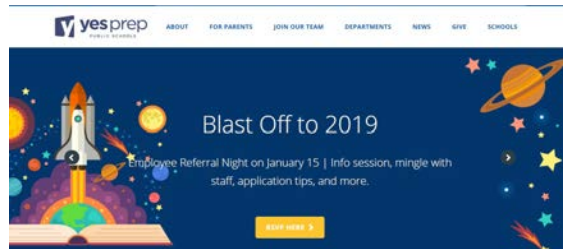
# Principal Focus Group

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- ✓ Participants are principals from each area whose schools have the largest decreases in student enrollment:
  - ✓ Start times cited as a problem
  - ✓ Lack of after-school programs a big contributor
  - ✓ Neighborhood schools losing students to HISD magnet schools
  - ✓ K-8 & K-12 charters attractive to parents (*all children under one roof*)

# Charter school snapshot

- HISD Communications team also conducted charter school marketing research
- Studied the marketing style, effectiveness of local charter schools and drove to physical locations of schools



Charter	Selling Points	Programs	High Concentration of Charters
KIPP	Exclusivity College Prep School Environment Extended Days/Year	<ul style="list-style-type: none"> <li>• KIPP through College</li> <li>• Extracurricular activities</li> </ul>	Northeast East South Southwest
Harmony	Exclusivity 98% Graduation Rate 100% College Acceptance Extended Days	<ul style="list-style-type: none"> <li>• Blended Learning</li> <li>• STEM for all</li> <li>• Teacher Incentive Fund</li> </ul>	
Yes Prep	Small Schools Rigorous curriculum Extended Days College Counseling	<ul style="list-style-type: none"> <li>• College Prep</li> <li>• After School Programs</li> <li>• Summer Programs</li> </ul>	

# 2018 Marketing Strategies

- ✓ Winter Olympics campaign
- ✓ Movie theater ads (Spring/Summer)
- ✓ Billboards (Spring/Summer, Fall)
- ✓ Mailers (Summer)
- ✓ Bus ads (Spring/Summer School/Fall)
- ✓ #StandWithHISD campaign (Summer, Fall)



Billboards	Mailers	Bus Ads	Movie Theater Ads	Olympian Video
<p>Round #1 (4wks/3/18-4/18) Reach: 3 million</p> <p>Round #2 (4wks/7/18-8/18) Reach: ~3.3 million</p>	<p>Pre-K, CTE, Free Associate's</p> <p>4,000 households</p>	<p>200 buses on targeted routes;</p> <p>ads in English and Spanish</p>	<p>Spring/Summer</p> <p>10 movie theaters</p> <p>Reach: 1.6 million</p>	<p>Aired during Olympic Games in 02/18</p> <p>Estimated reach 1.4 million</p>

# #StandWithHISD Campaign

**Main message:** Our community is the foundation of support for every HISD child

- Series of videos shows support of high-profile leaders and alumni such as Sylvester Turner, Texas Supreme Court Justice Eva Guzman, Harris County Sherriff Ed Gonzalez and veteran journalist Dan Rather.
- Urge participation through social media using **#StandWithHISD**.



# Woodson PK-5 Marketing

**Goal:** Market and promote the expansion of Woodson's pre-kindergarten program to attract enrollment.

- ✓ Marketed through video, social media, press release, callouts and text messages.
- ✓ Created robust flyer outlining programs & benefits of pre-K.
- ✓ Updated the school's website to put marketing front and center.

**Results:** Woodson expanded to 11 more pre-K classrooms for 215 children, and currently has a lengthy wait list.

## HISD | News Blog

[Home](#) [About Us](#) [Board](#) [Students & Parents](#) [Directory](#) [Careers](#) [myHISD](#)

### HISD expands free, full-day pre-K program at Woodson PK-5

*New offerings include free transportation and after-school care, 11:1 student-teacher ratio for 3- and 4-year-olds*

HISD is expanding its full-day pre-kindergarten program at Woodson PK-5 Leadership Academy to provide more 3- and 4-year-old students in the Sunnyside community with the opportunity



### WOODSON PRE-K ROUND-UP 2018

#### JOIN US

JUNE 11, 2018  
7:30 A.M. - 4:30 P.M.

TO ENROLL YOUR CHILD IN  
WOODSON PRE-K





# 2019 Marketing Campaign: HISD Empowers

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# 2019 Marketing Outreach

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Highlight HISD's positive impact and increase/retain enrollment through:

- ✓ Movie Theater Ads
- ✓ Television Ads
- ✓ Radio Ads
- ✓ Billboards in targeted areas
- ✓ Social Media Ads
- ✓ Web Redesign





# Showcase Academic Opportunities

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- Pre-Kindergarten
- Neighborhood Elementary and Middle Schools
- Career & Technical Education
- EMERGE
- Early College High Schools
- Magnet/School Choice
- Dual Credit/AP

# HISD Empowers Billboards

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JOHN FAMILY



GENERATION AFTER  
GENERATION  
HISD EMPOWERS  
[HoustonISD.org/Enroll](https://HoustonISD.org/Enroll)



# HISD Empowers Billboards

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ESPINOZA FAMILY



ACROSS **THREE**  
**GENERATIONS**

**HISD**EMPOWERS

[HoustonISD.org/Enroll](https://HoustonISD.org/Enroll)



# HISD Empowers Billboards

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GRADUATE **HISD** WITH  
A **PILOT'S LICENSE**

**HISD**EMPOWERS  
[HoustonISD.org/Enroll](https://HoustonISD.org/Enroll)



# HISD Empowers Billboards

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*from* **HISD**  
*to* HARVARD

**HISD**EMPOWERS  
[HoustonISD.org/Enroll](https://HoustonISD.org/Enroll)



# EMERGE Billboards

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MICHEAL BROWN

LAMAR H.S.  
STANFORD UNIVERSITY  
CLASS OF 2022



HISD | EMERGE

ATTEND A **TOP COLLEGE**  
ON A **FULL SCHOLARSHIP!**

[HoustonISD.org/EMERGE](https://HoustonISD.org/EMERGE)



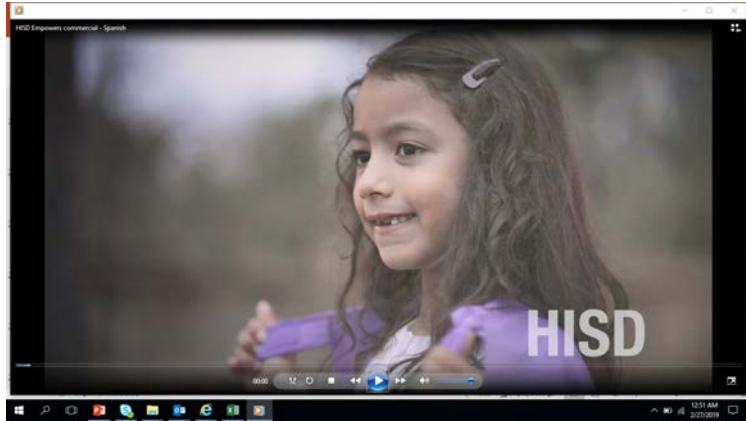
# EMERGE Billboards



- Produced 6 billboards highlighting 6 EMERGE graduates.
- Strategically placed billboards near the high schools they graduated from to inspire current students and market to parents.
- Produced 6 video profiles of each graduate to share their inspirational stories.



# Movie Theater Ads



Media	Timeframe	Locations	Expected Reach
Movie Ads	3/9/2019 – 5/31/2019	Fall Creek 10 Gulf Pointe 30 Studio 30 Memorial City	281,000 viewers



# Television Ads

- Produced a :30 sec promotional video in English & Spanish that will be featured in high-rating TV stations:

- KXLN 45 Univision
- ABC 13
- Telemundo 47
- KPRC Ch. 2



# Radio Ads

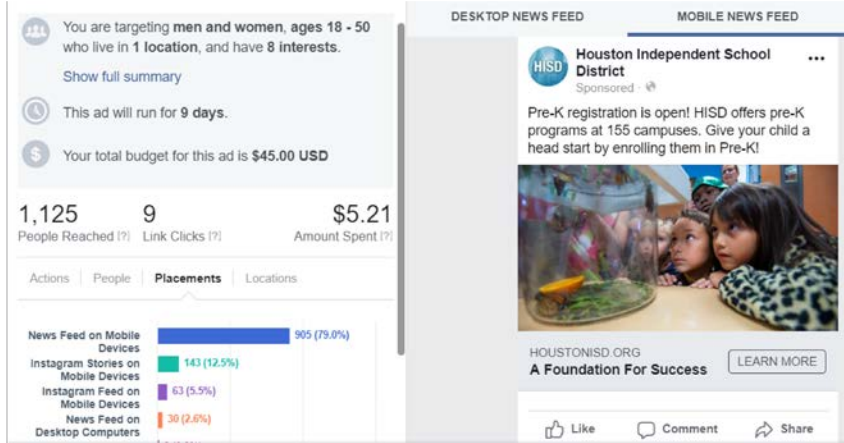
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30-second ads in English and Spanish, broadcast on four top Houston radio stations:

- 97.9 The Box – Mad Hatta
- 96.5 The Mix
- 93.3 & 104.9 Latino Mix
- 102.9 Que Buena



# Social media ads



**Goal:** Promote HISD through effective and affordable avenues.

- ✓ Facebook, Messenger, Ads
- ✓ Instagram Stories
- ✓ Promoted Tweets

**Strategy:**

**S**PECIFIC

**M**EASURABLE

**A**TTAINABLE

**R**ELEVANT

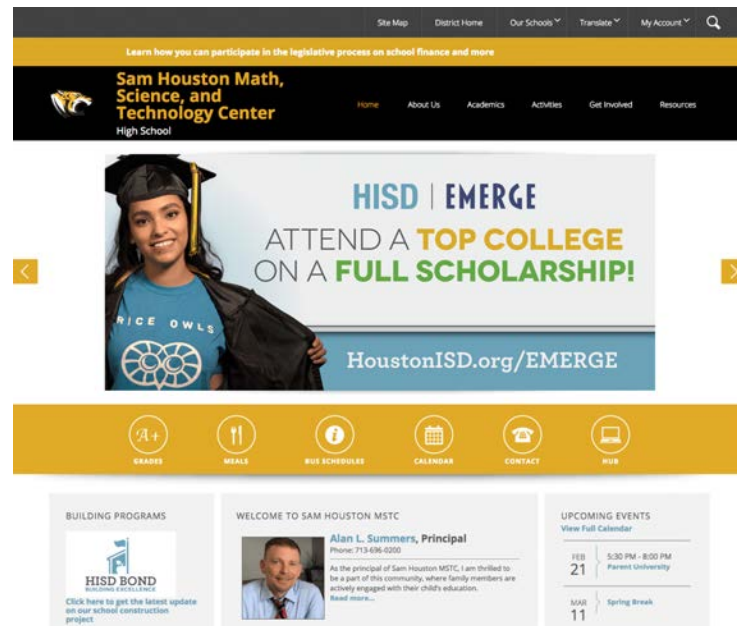
**T**IMELY

# Web Redesign

## District Website



## Schools' Website



# Next Steps

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- Continue to evaluate budget assumptions
- Monitor legislative actions
- Develop strategy to address department cuts
- Principals begin campus development on March 18, 2019

***Next budget workshop  
April 25, 2019***

