

# Budget Workshop 6

2019-2020 Fiscal Year Budget

Date: June 4, 2019

Presenter: Chief Financial Officer and  
Budgeting and Financial Planning



# Agenda

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- Major Changes in HB 3
- Administration's Recommendation
- Next Steps and Reminders

# HB 3 Allotment Changes

Allotment	2018-2019	2019-2020
Basic Allotment	\$5,140	\$6,160
Cost of Education Index	1.17	Repealed
Compensatory Education	.20	5 Census Blocks Block 1: .2250 Block 2: .2375 Block 3: .2500 Block 4: .2625 Block 5: .2750 Commissioner to develop rules.
Transportation Allotment	Not eligible	Eligible at \$1 per mile

# HB 3 Allotment Changes

Allotment	2018-2019	2019-2020
High School Allotment	\$275 per High School ADA	Repealed
Gifted and Talented	0.12 weight on enrollment	<ul style="list-style-type: none"><li>• Repealed</li><li>• District must still identify students</li><li>• District must develop a policy regarding the use of funds to support program.</li><li>• District must report compliance to the Commissioner.</li><li>• Districts must spend the amount it would have generated under old law.</li></ul>
Special Education Mainstream	1.10	1.15

# HB 3 Allotment Changes

Allotment	2018-2019	2019-2020
Staff Allotment	\$500 / \$250 per full-time / part time teachers	Repealed

# New Allotments in HB 3

Allotment	2019-2020
Early Education Allotment (K-3)	<ul style="list-style-type: none"> <li>• Economically Disadvantaged or</li> <li>• Limited English Proficiency and is in a bilingual education or special language program</li> <li>• .10 weight on Average Daily Attendance (ADA)</li> <li>• <i>Meant to fund second half of the full-day prekindergarten</i></li> </ul>
Mentor Program Allotment	<ul style="list-style-type: none"> <li>• District must implement a mentoring program for teachers who have less than two years of teaching experience.</li> <li>• May only be used for:               <ul style="list-style-type: none"> <li>• Mentor teacher stipends.</li> <li>• Scheduled release time for mentor teachers and the classroom teachers to whom they are assigned for meeting and engaging in mentoring activities.</li> <li>• Mentoring support through providers of mentor training.</li> </ul> </li> <li>• Commissioner will adopt a formula.</li> </ul>
Dropout Recovery School and Residential Placement Facility Allotment	<ul style="list-style-type: none"> <li>• Resides in a residential placement facility; or</li> <li>• Is at a district or school or a campus of the district or school that is designated as a dropout recovery school.</li> <li>• \$275 per ADA</li> </ul>

# New Allotments in HB 3

Allotment	2019-2020
Dual Language	<ul style="list-style-type: none"><li>Limited English Proficiency (LEP) in Dual Language Program - 0.15 weight</li><li>Non-LEP in Dual Language Program - 0.05 weight</li></ul>
Performance-Based Bonuses	<ul style="list-style-type: none"><li>Creates a new outcomes bonus based on the percent of graduates that are college, career or military ready.</li><li>Districts would receive a bonus if their performance exceeded the 25th percentile in CCMR rates statewide for the following student sub-populations: educationally disadvantaged, non-economically disadvantaged, and special education.</li><li>The bill does not include a bonus based on 3rd Grade reading performance. It instead creates reading standards and requires teachers and principals to attend literacy academies.</li></ul>
Residential Placement Facility	<ul style="list-style-type: none"><li>Not Educationally Disadvantaged – 0.20 weight</li><li>Educationally Disadvantaged - 0.275 weight</li></ul>
Dyslexia	<ul style="list-style-type: none"><li>0.10 weight</li></ul>

# New Allotments in HB 3

Allotment	2019-2020
College Career Military Readiness (CCMR)	\$5,000 per low income, \$3,000 per non low-income and \$2,000 per special education student beyond threshold established by commissioner who achieves CCMR
Extended Year Funding	<ul style="list-style-type: none"><li>• Provides for an increase in attendance for districts offering 30 additional half days (beyond 180) by the percentage of additional time attended.</li><li>• Applies to grades PK-5.</li><li>• The commissioner can adopt rules to allow for 30 additional days beyond the required minutes rather than beyond 180 days.</li></ul>



# Spending Requirements

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Allotment	2018-2019	2019-2020
State Compensatory Education	52%	55%
Bilingual Education	52%	55%
Gifted and Talented	55%	Allotment Repealed
High School Allotment	100%	Allotment Repealed
Special Education	52%	55%
Career and Technical Education	58%	55%

# Property Taxes

Item	2018-2019	2019-2020
<b>Property Tax Assistance Division Values</b>	<b>Prior Year</b>	<b>Current Year No LOHE Credit</b>
Golden Pennies	\$0.06	\$0.04
Austin Yield	Set in statute	Greater of the 96 <sup>th</sup> percentile or 160% of the Basic Allotment
Recapture	Wealth per WADA	Excess local share compared to entitlement
M&O Tax Rate	\$1.04	\$0.97
Revenue Caps	None	None

# Required Full-Day Prekindergarten

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- HISD currently funds the additional half-day prekindergarten program from state compensatory education funding.
- Can no longer fund the additional half-day from state compensatory education funds.
- For 2019-2020 the district will fund campuses \$21.5m through the resource allocation formula.
- New Early Education Allotment is approximately \$17.7m.
- District will still need about \$3.8 million of the HB 3 funding increase to maintain state compensatory education compliance.

# New ~~Recapture~~ Revenue in Excess of Entitlement Calculation (REEC)

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- Payments to the state are no longer based on property wealth per Weighted Average Daily Attendance (WADA)
- Based on excess local share compared to entitlement
- HISD expects to pay some excess revenue to the state in 2019-2020, albeit a significantly decreased amount from prior law calculations. Once TEA determines census block groups, a better REEC will be made.

# New Revenue in Excess of Entitlement Calculation (REEC)

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- Early agreement credit is gone.
- Adjustments for the Central Appraisal District (CAD) cost remains.
- All payments can be paid in August
  - No longer equal payments from February to August.
- Adjustment for district when:
  - Tier I M&O tax collections – recapture < the Tier I entitlement – ASF Payment.

# Current Understanding of Gain Calculation for Salary Increase Determination

2018-2019 Revenue Net of Recapture	\$1,601,396,904
2018-2019 ADA	187,934.82
2018-2019 Revenue per ADA	<u>\$8,521</u>

2019-2020 Revenue Net of Recapture	\$1,730,174,195
2019-2020 ADA	187,105.401
2019-2020 Revenue per ADA	<u>\$9,247</u>

Difference	<u>\$726</u>
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Total Gain Amount for Salary Calculation	<u><u>\$135,844,797</u></u>
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30% Salary mandate (non-administrators)	\$40,753,439
Teachers, Nurses, Counselors, Librarians (75%)	\$30,565,079
Other district full-time employees (25%)	\$10,188,360



This gain amount has changed due to a correction in the template formula and continues to be updated.

# Administration Recommends:

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- Adopting a budget based on current school finance law.
- No \$73 per unit allocation (PUA) cut to campuses.
- No department cuts. However, it does not mean that departments will not implement a reorganization.
- The Board hold a special meeting in July to amend the budget to incorporate HB 3 mandated increases in compensation and other recommended raises for employees.
- This is to ensure employee raises are recognized by TRS as creditable compensation for 2019-20.

# Next Steps and Reminders

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- Continue working through HB 3 to ensure all requirements in the bill (and other bills) are accounted for in the budget.
- Possible amended budget in August or September to account for non-compensation requirements in HB 3.
- Budget must be adopted by June 30, 2019. (TEC 44.004)



*Thank You*

