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.
## 2019-20 Initial Budget Deficit Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools</td>
<td>($50,780,000)</td>
</tr>
<tr>
<td>Departments</td>
<td>($25,850,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>($76,630,000)</strong></td>
</tr>
</tbody>
</table>
## 2019-2020 Per Unit Allocations (PUA)

<table>
<thead>
<tr>
<th>Level</th>
<th>2018-2019 PUA</th>
<th>2019-2020 Budget cut ($50.7M)</th>
<th>2019-2020 PUA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary Schools</td>
<td>$3,432</td>
<td>($210)</td>
<td>$3,222</td>
</tr>
<tr>
<td>Middle Schools</td>
<td>$3,468</td>
<td>($210)</td>
<td>$3,258</td>
</tr>
<tr>
<td>High Schools</td>
<td>$3,432</td>
<td>($210)</td>
<td>$3,222</td>
</tr>
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</table>
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

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 Revenue and Expenditure History

- 2013-2014: Revenues $109,499,115, Expenditures $69,957,143
- 2015-2016: Revenues $120,119,663, Expenditures $25,311,114
- 2016-2017: Revenues $135,446,457, Expenditures $17,360,858
- 2018-2019: Revenues $162,279,000, Expenditures $22,029,761
### Health Insurance Employee Rates

**Medical Plan/Option**  | **Jan 2019** | **2019 EE Rates Per Pay Period** | **2020 EE Rates Per Pay Period** | **Increase 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%  
**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

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Employer Contribution</strong></td>
<td>$90,514,243</td>
<td>$110,749,402</td>
<td>$115,310,000</td>
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<tr>
<td><strong>Employee Contribution</strong></td>
<td>$38,786,606</td>
<td>$38,903,904</td>
<td>$38,823,000</td>
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<tr>
<td><strong>Total Contribution</strong></td>
<td>$129,300,849</td>
<td>$149,653,306</td>
<td>$154,133,000</td>
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</tbody>
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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