

HOUSTON INDEPENDENT SCHOOL DISTRICT

# 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| Cost of Education Index  | 1.17         | Repealed  |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<br>Block 1: .2250<br>Block 2: .2375<br>Block 3: .2500<br>Block 4: .2625<br>Block 5: .2750<br>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| High School Allotment        | \$275 per High School ADA | Repealed   |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• Repealed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

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| 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| Staff Allotment | \$500 / \$250 per full-time / part time teachers | Repealed  |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)

- 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 (As of June 4, 2019)

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|  |                            |
|--|----------------------------|
| 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>             |
| <br>   |                            |
| 2019-2020 Revenue Net of Recapture             | \$1,678,248,917            |
| 2019-2020 ADA                                  | 187,105.401                |
| 2019-2020 Revenue per ADA                      | <u>\$8,970</u>             |
| <br>   |                            |
| Difference                                     | <u>\$449</u>               |
| <br>   |                            |
| Total Gain Amount for Salary Calculation       | <u><u>\$83,919,519</u></u> |
| <br>   |                            |
| 30% Salary mandate (non-administrators)        | \$25,175,856               |
| Teachers, Nurses, Counselors, Librarians (75%) | \$18,881,892               |
| Other district full-time employees (25%)       | \$6,293,964                |

# 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)



HOUSTON INDEPENDENT SCHOOL DISTRICT

*Thank You*

