

Budget Workshop

Date: 05/21/2020

Presenter: Office of Finance



Agenda

- Salary proposal
- 2020-2021 Financial Analysis
- 2020-2021 COVID-19 Considerations

Budget Workshop

Salary Proposal

2020-2021 Teacher-Other Job Titles

- Employees on the Teacher and Teacher Other step salary tables receive:
 - Step + 1.5%
 - Social Workers moved to Teacher Step Schedule

Teacher-Other Job Titles		
Chair-SPED	Librarian	Literacy Coach
Nurse	Dyslexia Interventionist	Coordinators
Teacher Specialist	Speech Therapist	Registrar
Social Workers (Added)		

2020-2021 Salary & Benefits Proposal

- Police Officers pay based on Texas Commission on Law Enforcement (TCOLE) experience.
- All other staff \$500 increase
- Employer increase of \$9.3 million to employee health insurance from the General Fund
 - No Employee health insurance plan rate increases for 2021

2020-2021 Salary & Benefits Proposal

Position Group	General Fund	All Other Funds	Grand Total
Assistant Principals	\$ 235,761	\$ 2,774	\$ 238,535
Bus Driver	393,672	-	393,672
Counselors	383,553	79,244	462,796
Evaluation Specialists	66,233	230,557	296,790
Hourly	556,334	903,724	1,460,058
Master	3,341,966	746,628	4,088,594
Principals	142,507	-	142,507
Substitute	839,130	54,698	893,827
Teachers	15,049,463	506,744	15,556,207
Teachers-Other	1,727,915	97,617	1,825,532
Police Officers	3,500,000	-	3,500,000
Grand Total	\$ 26,236,534	\$ 2,621,986	\$ 28,858,520

All other funds include Grants, Nutrition Services, Internal and Enterprise Funds.

2020-2021 Salary & Benefits Proposal

- Hourly employees calculated based on:
 - Duty schedule hours and days or;
 - i.e. Bus Drivers and Hourly Food Service Attendants
 - Instructional days and hours
 - i.e. Hourly lecturer, hourly teacher, hourly tutor
 - Employees current hourly rate

2020-2021 \$500 Example for Bus Driver

Line

1	Scheduled Days		178	
2	Scheduled Hours		6	
3	Total Maximum Base Hours		1,068	Line 1 x Line 2
4	Example Hourly Rate	\$	18.00	Employee's actual hourly rate
5	Maximum Base Salary	\$	19,224	Line 3 x Line 4
6	Increase		\$500	
7	New Annual Salary	\$	19,724	Line 5 + Line 6
8	New Hourly Rate	\$	18.47	Line 7 ÷ Line 3
9	Percent Increase		2.60%	(Line 8 - Line 4) ÷ Line 4

2020-2021 \$500 Example Most Hourly

Line

1	Instructional Days		173	
2	Scheduled Hours		8	
3	Total Maximum Base Hours		1,384	Line 1 x Line 2
4	Example Hourly Rate	\$	14.00	Employee's actual hourly rate
5	Maximum Base Salary	\$	19,376	Line 3 x Line 4
6	Increase		\$500	
7	New Annual Salary	\$	19,876	Line 5 + Line 6
8	New Hourly Rate	\$	14.36	Line 7 ÷ Line 3
9	Percent Increase		2.58%	(Line 8 - Line 4) ÷ Line 4

2020-2021 \$500 Example for Hourly Food Service Attendants

Line

1	Scheduled Hours		185	
2	Scheduled Hours		7	
3	Total Maximum Base Hours		1,295	Line 1 x Line 2
4	Example Hourly Rate	\$	14.00	Employee's actual hourly rate
5	Maximum Base Salary	\$	18,130	Line 3 x Line 4
6	Increase		\$500	
7	New Annual Salary	\$	18,630	Line 5 + Line 6
8	New Hourly Rate	\$	14.39	Line 7 ÷ Line 3
9	Percent Increase		2.76%	(Line 8 - Line 4) ÷ Line 4

Budget Workshop

2020-2021

2020-2021 Updated Assumptions

- Projecting a budget deficit partially due to COVID-19
- Property Value Increase
 - Taxable value increase of 5%
 - Collection rate of 97%
 - Certified estimates are based on January 2020 value
- Maintenance & Operations (M&O) tax rate
 - 2019-2020 current rate is \$0.97
 - 2020-2021 based on \$0.9510 (includes the additional golden penny)
 - Generates about \$24 million, currently allocated to salary increases
 - Assumes unanimous vote of the additional golden penny in September/October 2020
 - TEA will notify districts of their maximum tax rate in late summer 2020 based on certified values and surveys of districts.

2020-2021 Updated Assumptions

- Originally projected enrollment of 209,309 – flat from 2019-2020 snapshot.
 - Updated to 207,809 (1,500 fewer students from 2019-2020 snapshot)
- Reducing interest earnings by \$8 million due to lower interest rates from \$15 million.
- First year of excess revenue (old recapture) under HB3 with these assumptions – approximately \$12 million
- \$170 increase over 2019-2020 in Per Unit Allocation (PUA) for average salary increase.
- No increase over 2019-2020 in student weights.
- Health Insurance district contribution \$9.3 million.

2020-2021 Financial Changes

Changes since May 7, 2020 Workshop		2020-2021
Revenue Changes		
Budget deficit May 7, 2020		\$ (12,053,249)
Decrease in local sources (reduction in tax rate)	\$ (20,991,429)	
Increase in state sources (change in Available School Fund rate)	12,876,054	
Decrease in revenues	\$ <u>(8,115,375)</u>	
Appropriation Changes		
Increase in salary proposal	\$ (2,236,534)	
Increase in excess revenue (recapture)	(9,152)	
Addition of Federal and State Compliance positions	(472,368)	
Decrease in needed District Health Insurance Contribution	1,700,000	
Decrease in temporary assignments (vacancies)	835,077	
Decrease in district-wide services	1,400,000	
Decrease in appropriations	\$ <u>1,217,023</u>	
Operational budget deficit May 21, 2020		\$ <u>(18,951,601)</u>

2020-2021 Financial Analysis

	2020-2021 May 7, 2020	2020-2021 May 21, 2020
Revenues and Resources		
5700-Local Sources	\$ 1,806,533,922	\$ 1,785,542,493
5800-State Sources	153,911,632	166,787,686
5900-Federal Sources	19,724,182	19,724,182
7900-Other Sources	22,500,000	22,500,000
Total Revenues	\$ 2,002,669,736	\$ 1,994,554,361
Beginning Appropriations	\$ 1,963,877,171	\$ 1,963,877,171
Change in excess revenue payment	\$ 12,074,740	\$ 12,083,891
Salary Package	24,000,000	26,236,534
District Health Insurance Contribution	11,000,000	9,300,000
Retention Stipends	(1,084,000)	(1,084,000)
Salary and Benefit Package	\$ 33,916,000	\$ 34,452,534

2020-2021 Financial Analysis

	2020-2021 May 7, 2020	2020-2021 May 21, 2020
Required Increases / Decreases		
Capital Lease Recognition	(15,089,788)	(15,089,788)
College, Career, Military Readiness (CCMR)	(1,056,471)	(1,056,471)
Transfers Out for Debt Service	(2,685,625)	(2,685,625)
IT Maintenance/Software Contracts	2,371,059	2,371,059
SAT reimbursement	189,000	189,000
CTE Certification reimbursement	367,028	367,028
Property, Liability, Auto Insurance	2,500,000	2,500,000
Self Insurance	1,000,000	1,000,000
Harris County Appraisal District (HCAD)	1,157,402	1,157,402
Charter School Enrollment Increase	5,700,000	5,700,000
Tax Increment Reinvestment Zone (TIRZ)	1,539,766	1,539,766
Campus Enrollment Increase	3,358,555	3,358,555
Career & Technology Allotment- Middle School	1,384,873	1,384,873
State Compensatory Education (SCE) compliance	7,049,422	7,049,422
Early Education Allotment compliance	24,300,000	24,300,000
Total Required Increases / Decreases	\$ 32,085,221	\$ 32,085,221

2020-2021 Financial Analysis

	2020-2021 May 7, 2020	2020-2021 May 21, 2020
Other Increases		
Verizon Innovative Learning Support	864,527	864,527
Liberty HS lease, maintenance, and custodial	455,922	455,922
Family & Community Engagement	387,762	387,762
Federal & State Compliance	-	472,368
Chief Audit Executive	229,021	229,021
Total Other Increases	\$ 1,937,232	\$ 2,409,600
Decreases		
Vacant Salaries	\$ (5,000,000)	\$ (5,000,000)
Utilities	(2,000,000)	(2,000,000)
LBB Recommendation 1	(412,078)	(412,078)
LBB Recommendation 39	(145,676)	(145,676)
Reduction in temporary assignment positions (vacancies)	-	(835,077)
District-wide Benefits (Medicare, Workers' Comp)	(1,000,000)	(1,000,000)
District-wide long-term subs (fallout)	(2,000,000)	(3,400,000)
Total Decreases	\$ (10,557,754)	\$ (12,792,831)

2020-2021 Financial Analysis

	2020-2021 May 7, 2020	2020-2021 May 21, 2020
One-Year Funding Items		
Compensation Study from 2019-2020	\$ <u>(175,000)</u>	\$ <u>(175,000)</u>
Total One-Year Funding Items	\$ <u><u>(175,000)</u></u>	\$ <u><u>(175,000)</u></u>
Total Appropriations and Transfers Out Before COVID-19 Expenditures	\$ <u><u>2,033,157,610</u></u>	\$ <u><u>2,031,940,587</u></u>
Budget Surplus/(Deficit)	\$ <u><u>(30,487,874)</u></u>	\$ <u><u>(37,386,226)</u></u>
Use of assigned fund balance for North Forest construction	18,434,625	18,434,625
Net Budget Surplus/(Deficit)	\$ <u><u>(12,053,249)</u></u>	\$ <u><u>(18,951,601)</u></u>

2020-2021 Current COVID-Related Discussions

- Personal Protection Equipment (PPE)
- Additional cleaning supplies
- Student devices and hotspots
- Infrastructure and staffing needs to support additional devices
- Intervention costs for students
- Social and emotional supports

2020-2021 Current COVID-Related Discussions

- Blended learning
- ADA calculation impacts (revenues)
- Social distancing in schools and buses
- Health and Medical protocol monitoring
- Impact to Child Nutrition budget for any lost days in 2020-2021
 - Days with no meals served
 - Reduction in meals from fewer students in the building
 - Reduced meals from curbside service
 - Potential general fund support
- Will have budget amendments in 2020-2021 as the landscape changes.

2020-2021 Remaining Budget Timeline

- Notice of Public Hearing in Newspaper May 29, 2020
- Budget Workshop June 4, 2020
- Budget Adoption June 11, 2020

June 4th Budget Workshop

- Budgets by function
- Budgets by major object
- Debt Service Fund
- Child Nutrition Fund
- Federal Funds
- Enterprise Funds (Medicaid and Marketplace)
- Internal Service Funds (Athletics, UIL Academics, Alternative Certification Program, Health Insurance, Workers' Compensation, Print Shop and Special Education Shared Services)
- Capital Renovation Fund

***Future Budget
Workshops
June 4, 2020***

