

Introductory Section

Culturally Aware Effective Communicator Efficient
Efficient Technology-User Responsible Citizen Proficient Problem-Solver
Culturally Aware Efficient Technology-User
Independent Thinker Effective Communicator Culturally Aware
Proficient Problem-Solver Responsible Citizen

June 30, 2005

The Honorable Board of Education
Houston Independent School District
3830 Richmond Avenue
Houston, Texas 77027-5838

Dear Board Members:

The Houston Independent School District (the "district") budget for fiscal year 2005-2006 is submitted herewith. The district assumes responsibility for data accuracy and completeness. This budget presents the district's finance and operations plan and all necessary disclosures.

Introduction

I am proud to publish and disseminate budget information to the Board of Education and to the Houston community. I welcome the opportunity to present and discuss operational plans and their related financial impact with all interested parties. Interaction among interested groups consistently leads to operational and educational improvements that become available to students of the district.

The development, review, and consideration of the 2005-2006 Governmental Fund (General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund) and the Proprietary Fund Budgets, which are comprised of Internal Service Funds and Enterprise Funds (including the Food Service Fund), were completed with a detailed and exhaustive review of every revenue and expenditure item within the context of the district's mission, goals, and financial policies. Information on each of the fund budgets is provided in this budget document.

The budget document and the year-end Comprehensive Annual Financial Report (CAFR) are the primary vehicles used to present the financial plan and the results of operations of the district. This report, the 2005-2006 District Budget, comprises nine sections:

- Awards and Acknowledgements
- Introductory Section
- Board and Superintendent Section
- Organizational Section
- Financial Section
- Informational Section
- Schools Section
- Regional Offices Section
- Departments Section
- Supplemental Section

The information included in the budget document is structured to meet the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO) and the Distinguished Budget Presentation Award for the Government Finance Officers Association (GFOA). To receive these awards, a school entity must publish a budget document as a policy document, as an operations guide, as a financial plan, and as a communications device. We believe our current budget conforms to the requirements of both programs, and we are submitting this document to ASBO and the GFOA to determine its continued eligibility for these awards.

These awards represent the highest level of recognition in budgeting for school entities. Their attainment represents a significant accomplishment by a school entity and its management. The awards are made

after comprehensive review by a panel of independent budget professionals. Using extensive criteria, the reviewers not only evaluate the effectiveness of the budget in meeting the program criteria but also provide commentary and feedback to the submitting entity as a basis for improving the presentation of the district's financial and operational plan.

HISD's budget document has been awarded the Distinguished Budget Presentation Award by the GFOA every year since the 1992-1993 fiscal year. HISD has also been awarded the Meritorious Budget Award by ASBO every year since the 1999-2000 fiscal year.

Our most important concern in the presentation of the budget data; however, is to improve the quality of information provided to our community about the financial plan for the district's educational programs and services for the 2005-2006 fiscal year. The material in the budget document includes information that has been suggested by the Board, patrons, community members, and staff.

Both human and financial resources are allocated in the budget to achieve the goals of the district. The budget thus reflects the allocation of revenues and expenditures to support educational programs and services defined by the district's purpose, goals, strategic intent, and core values. It represents the vision of district leadership and the hearts and minds of teachers and staff articulated through financial and operating policies. It is a delicate balance of policy choices. It also represents a responsive balance between the educational needs of students and the ability of the community and the state to provide the necessary financial support to serve them.

Purpose of the Houston Independent School District

The Houston Independent School District exists to strengthen the social and economic foundation of Houston by assuring its youth the highest-quality elementary and secondary education available anywhere.

Goals

- Increase Student Achievement
- Increase Management Efficiency
- Improve Public Support and Confidence in Schools
- Create a Positive District Culture
- Provide Facilities-to-Standard Program

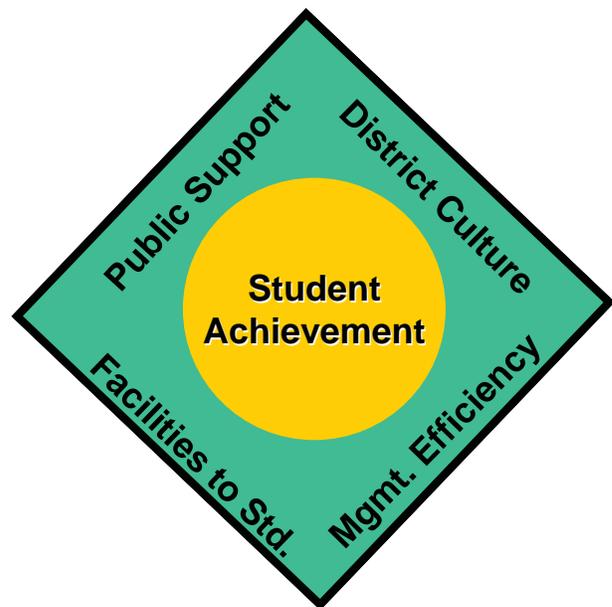
Core Values

- Safety Above All Else
- Student Learning is the Main Thing
- Focus on Results and Excellence
- Parents as Partners
- Common Decency

Budget Presentation

The budget process comprises seven phases - planning, preparation and submission, review and coordination, adoption, implementation, monitoring, and evaluation. The preparation of the budget commenced in October with the development of management plans for schools, departments, and administrative district offices. This process included the forecast of student enrollments for the 2005-2006 fiscal year, analysis of the impact of laws passed by the US Congress, and recommendations from schools, parents, staff, patrons, and friends of the district. The enrollment forecast provides the assumption on which allocations for building budgets are formulated and staff resources are based.

The following schedules present a comparison of the proposed expenditures for all Governmental Funds, Enterprise Funds, and Internal Service Funds with the budgets for the previous fiscal year.



Total Budgets for All Governmental Funds

Fund	Adopted Budget 2004-2005	Adopted Budget 2005-2006	% Change
General Fund	\$ 1,320,054,301	\$ 1,358,413,600	2.91%
Debt Service Fund	\$ 128,310,374	\$ 136,142,434	6.10%
Special Revenue Fund	191,031,651	227,120,753	18.89%
Capital Renovation Fund	222,123,950	258,220,000	16.25%
Total Governmental Funds	\$ 1,861,520,276	\$ 1,979,896,787	6.36%

Total Budgets for Enterprise Funds

Fund	Adopted Budget 2004-2005	Adopted Budget 2005-2006	% Change
Food Service Fund	93,959,515	98,937,910	5.30%
Business Development Fund	13,149,586	11,555,302	-12.12%
Medicaid Fund	\$ 1,461,588	\$ 4,903,657	235.50%
Total Enterprise Funds	\$ 108,570,689	\$ 115,396,869	6.29%

Total Budgets for Internal Service Funds

Fund	Adopted Budget 2004-2005	Adopted Budget 2005-2006	% Change
Health Insurance Fund	\$ 108,648,103	\$ 110,361,616	1.58%
Workers' Compensation Fund	18,202,026	15,392,186	-15.44%
Special Education Services	12,571,544	6,269,049	-50.13%
Athletics Fund	6,516,565	6,580,875	0.99%
Print Shop Fund	4,836,942	4,379,300	-9.46%
Alternative Certification Fund	4,060,715	4,304,824	6.01%
Professional Development Fund	2,779,731	4,373,679	57.34%
Media Center Fund	557,227	603,491	8.30%
Total Internal Service Funds	\$ 158,172,853	\$ 152,265,020	-3.74%

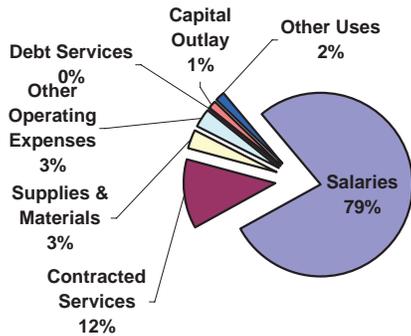
Analysis of Adopted Budget

Educating students is a labor-intensive enterprise that is reflected in a large portion of the district budget expended for personnel costs. The composition of the district's workforce is determined by the staffing policies and guidelines of the Board on the basis of projected student enrollment and curriculum requirements. For the 2005-2006 fiscal year, salaries are budgeted to consume 78 percent of the expenditures in the General Operating Fund. Teachers will receive increases two percent and all other employees will receive a one percent increase. The total of the salary increases will cost \$42 million, including \$14.7 in incentive pay.

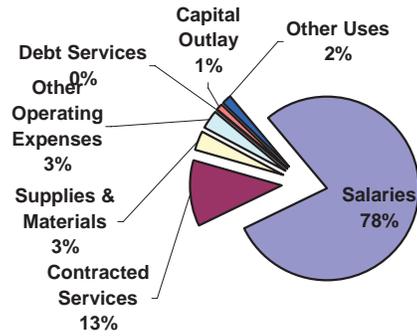
General Fund Expenditures by Object
(Comparison of Total Expenditures of Current and Adopted Budgets)

Object	Adopted Budget 2004-2005	Adopted Budget 2005-2006	% Change
Salaries	\$ 1,028,961,928	\$ 1,070,105,486	4.00%
Contracted Services	163,917,634	160,634,297	-2.00%
Supplies & Materials	44,464,112	44,938,543	1.07%
Other Operating Expenses	43,388,983	44,522,058	2.61%
Debt Services	472,651	-	-100.00%
Capital Outlay	16,343,618	15,445,905	-5.49%
Other Uses	22,505,375	22,767,311	1.16%
Total General Fund Expenditures	\$ 1,320,054,301	\$ 1,358,413,600	2.91%

General Fund Expenditures by Object 2005



General Fund Expenditures by Object 2006



Included in the General Fund are allocations for transfers to the Debt Service Fund provided to support the specified purposes for which these funds are maintained. The district has payments due on funds that support the asbestos abatement program, the maintenance tax note, and the high school lease payments.

The district has a **Debt Service Fund** budget of \$136,142,434, that provides for principal and interest payments for outstanding debt in accordance with generally accepted accounting principles for governmental entities. Resources in the Debt Service Fund will be used for principal and interest payments on general obligation bonds, notes, and contractual obligations.

Approximately \$258,220,000 from the 2005-2006 **Capital Renovation Fund** budget is to provide for costs for the construction and renovation of school sites in accordance with the district's Rebuild HISD Program. Also included in Capital Projects appropriations are funds to continue to remove asbestos from schools and other district sites.

The \$227,120,753 **Special Revenue Fund** budget for 2005-2006 is to provide for school-centered programs designed to support increased student achievement. The district continues to pursue additional dollars from non-traditional sources to support the educational delivery system.

The **Food Service Fund** budget of \$98,937,910, accurately reflects ongoing activity of the food service

program. Revenue to support the food service program is principally derived from operating revenues from the sale of food products to the students and faculty of the district during breakfast and lunch. Also the food service program currently receives state and federal support in the form of cash and commodities.

The district has a very active **Medicaid Fund** that provides Medicaid claiming services to other school districts throughout the state. This fund has a budget of \$4,903,657 and will transfer \$3,700,000 in revenues to the General Fund for the support of the instructional program.

HISD operates eight internal service funds:

The **Health Insurance Fund** budget of \$110,361,616, accounts for the health insurance plan administered by the district.

The **Print Shop Fund** budget of \$4,379,300, accounts for the cost of printing, graphics, and mail services for the district.

The **Workers' Compensation Fund** has a budget of \$15,392,186, which accounts for risk financing activities of the workers' compensation program.

The **Professional Development Fund** has a budget of \$4,373,679, accounting for the training that enables district administrators, teachers, and support staff to develop or enhance effective skills to increase student achievement.

The **Alternative Certification Fund** has a budget of \$4,425,884, which accounts for the recruiting, training, and supporting of qualified, degreed classroom professionals.

The **Media Services Fund** has a budget of \$603,491, which accounts for instructional products and services for teachers, administrators, parents and the community supporting the district's core curriculum and school-based programs.

The **Athletics Fund** has a budget of \$6,580,875, that accounts for the educational, social, moral and athletic skills of the student athlete in various sports, including football, basketball, track/field and soccer. The fund is also used to schedule athletic activities, transportation trips and game officials and to efficiently operate sports complex venues for HISD athletics competitions and events.

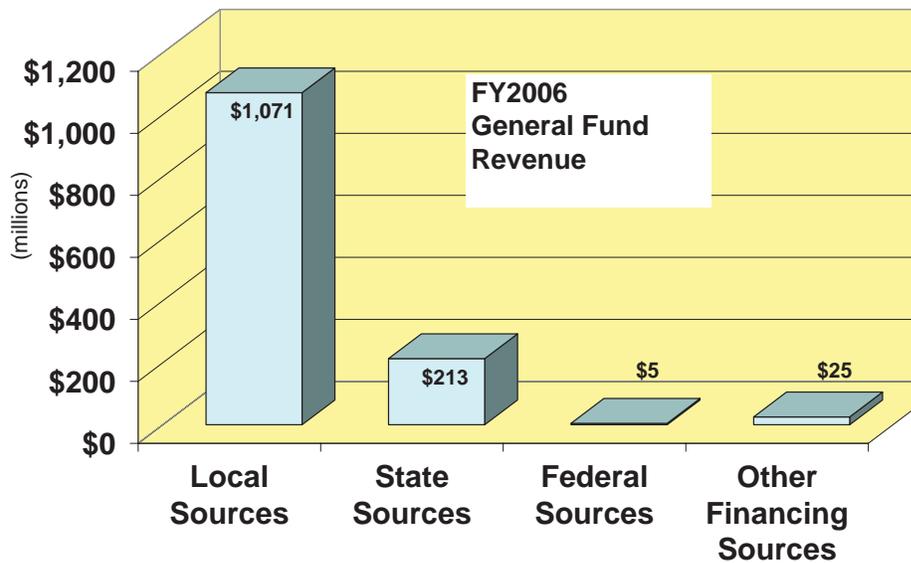
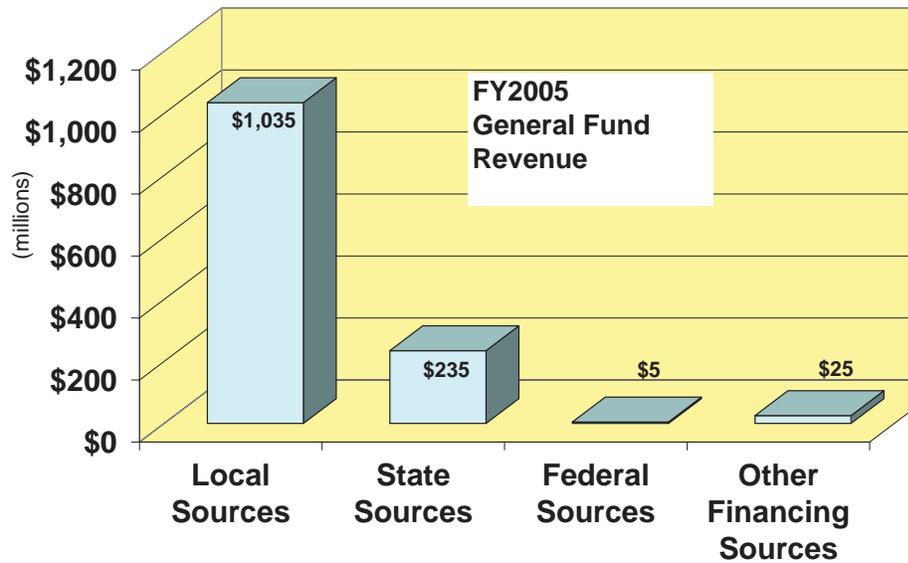
The **Special Education Shared Services Fund** has a budget of \$6,269,049, which accounts for the support services that were previously provided through the Administrative District Offices. These buy-back services include instructional support, special education services, compliance, crisis intervention, and other school related programs.

General Fund Revenues

Programs and services included in the General Fund Budget are primarily supported by local and state sources of revenue. A comparison of General Fund revenue sources is presented below.

Revenue Sources	Adopted Budget 2004-2005	Adopted Budget 2005-2006	% Change
Local Sources	\$ 1,034,675,404	\$ 1,070,976,798	3.51%
State Sources	234,649,306	213,385,059	-9.06%
Federal Sources	4,879,100	4,879,100	0.00%
Other Financing Sources	25,300,000	25,270,000	-0.12%
Total General Fund Revenue	\$ 1,299,503,810	\$ 1,314,510,957	1.15%

The local sources of revenue that support the General Fund Budget represent more than 81 percent of all available sources of funding for the 2005-2006 school year. Of this amount, the largest source of revenue available to the district is the property tax that is derived from current and delinquent real estate tax payments. The adopted budget shows a 3.51 percent increase in local sources, a 9.06 percent decrease in the state revenues, and no change in federal funding over the previous fiscal year. The 2005-2006 state revenue projections are based on an estimated average daily attendance (ADA) of 190,944 students. Other financing sources include capital leases, transfers-in, and the sale of bonds, which, when combined, are expected to decrease .12 percent from the 2005-2006 fiscal year. State revenues are expected to decline from 18.05 percent of the 2004-2005 fiscal year's General Fund revenues to 16.2 percent in the 2005-2006 fiscal year.



Personnel Allocation

The district reduced Central Office staffing for four consecutive years. For the 2005-2006 fiscal year, the actual Central Office FTE's increased by 1,124.04 due to the centralization of all school-based custodial staff and functions. The district determined that better and more effective custodial services could be provided if managed centrally, thus relieving school principals of this responsibility, allowing additional time to focus on increasing student achievement.

Also, the district reduced the number of District Offices from thirteen to five Regions and one Senior Manager for alternative programs resulting in \$4 million in savings.

The following table shows general staffing levels in various categories since 2002.

GENERAL FUND STAFF PROFILES BY ADMINISTRATIVE LEVEL					
CATEGORY	2002	2003	2004	2005	2006
Total School Staff Total	18,632.29	18,880.85	18,270.91	17,941.60	16,494.03
Total District Office Staff Total	474.40	417.87	179.67	209.24	104.00
Total Central Office Staff Total	2,471.75	2,095.80	1,985.01	1,855.26	2,979.30
Grand Total	21,578.44	21,394.52	20,435.59	20,006.10	19,577.33

GENERAL FUND STAFF PROFILES BY POSITION TYPE					
Position Type	2002	2003	2004	2005	2006
Asst Sup., Deputy, Chief Total	25.00	26.00	25.00	25.50	24.50
Consultants, Specialists Total	483.00	517.68	417.43	414.53	430.90
Coordinators, Instr Supv. Total	365.87	317.65	275.73	283.15	271.73
Counselors, Psychologists, Nurses Total	658.23	626.23	577.56	544.65	546.89
Custodial Total	1,403.50	1,360.50	1,311.00	1,266.00	1,203.50
Deans Total	28.00	29.00	29.00	31.00	31.00
Directors Total	44.00	43.50	38.00	42.04	28.50
District Superintendents Total	12.00	13.00	11.00	12.00	1.00
General Superintendent Total	1.00	1.00	1.00	1.00	1.00
Librarians Total	230.80	237.80	217.90	190.59	193.09
Maintenance Total	663.00	626.00	596.00	587.00	490.00
Manager / Supervisors Total	348.00	359.90	341.57	353.17	335.12
Other Total	6.00	1.00	1.00	3.00	3.00
Paraprofessional Total	1,894.75	1,813.58	1,705.40	1,614.52	1,612.79
Police Total	199.00	167.00	158.00	157.00	156.00
Principals, Asst Princ, Assoc Princ Total	629.32	636.00	609.83	589.82	582.65
Professional Total	216.75	200.75	185.01	179.53	170.25
Regional Superintendent Total	0.00	0.00	0.00	3.00	5.00
School Secretary Total	273.00	270.00	264.00	267.00	259.00
Teacher Aides & Assistants Total	1,821.19	1,730.24	1,677.35	1,641.55	1,575.34
Teachers Total	12,241.03	12,382.69	11,973.64	11,783.88	11,644.07
Trainers Total	35.00	35.00	20.17	16.17	12.00
Grand Total	21,578.44	21,394.52	20,435.59	20,006.10	19,577.33

State Funding Formulas and Legislative Issues

School appropriations passed by the 79th Legislature in May 2005 was vetoed by the Governor, thus requiring two special sessions. Nevertheless, the HB1 passed in Special Session I and was signed into law by the Governor, reinstating the current law establishing the funding level of \$27.14 per weighted student in average daily attendance (per \$.01 of tax effort) for the 2006-2007 school year. This law maintained the basic allotment of \$2,537.

Other bills passed by the 79th Legislature and signed into law were HB10 (Regular Session) and SB 1863 (Regular Session). These bills provided supplementary appropriations to public education including but not limited to textbooks, targeted school assistance programs, enrollment increases and funding for facilities.

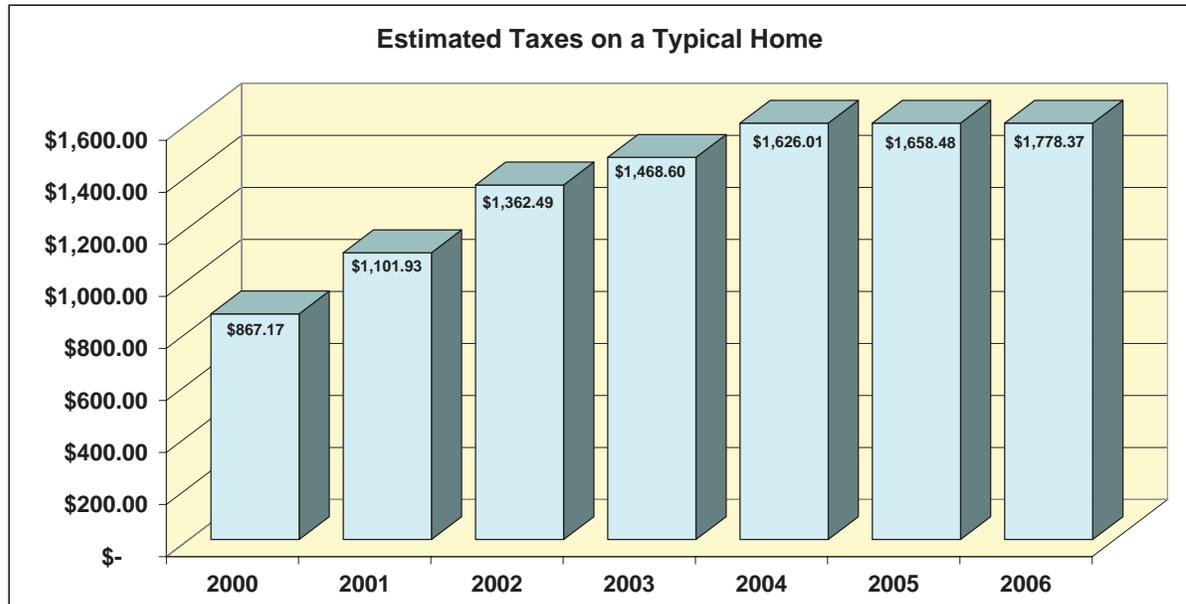
The district expects state sources to decline by approximately \$21.3 million in 2005-2006.

The basic elements used to determine state funding levels are the average numbers of students in daily attendance and accurate counts of students in various programs such as special education, gifted and talented, at-risk, bilingual, and career and technology. Also included in the funding formulas are tax-base information, tax effort, transportation, and other elements.

HISD Local Tax Rolls and Estimated Taxes on a Typical Home

HISD's total estimated assessed value for the 2005-2006 fiscal year is \$76,726,000,000 compared to the estimated assessed value in 2004-2005 of \$73,680,000,000. These numbers are rounded to

the nearest \$1 million level. The 2004-2005 value is from the 2004-2005 adopted budget and doesn't reflect the changes that happened throughout the tax year or represent a final number. Taxes to fund programs and services for the 2005-2006 fiscal year for the typical homeowner will increase by an estimated \$119.89, due to a rise in local property values. This is based on an average market value of \$155,970 for a Houston-area home in 2005-2006 and \$148,400 in 2004-2005 and a tax rate of \$1.62 for 2005-2006 and \$1.599 for 2004-2005. The tax bill in 2004-2005 for a \$148,400 home was \$1,658.48, and the tax bill in 2005-2006 for the same home (now \$155,970) will be \$1,778.37. The source of the average market value is the Harris County Appraisal District. The tax bill is calculated by represented by taking the average market value less a homestead exemption of \$15,000 and the 20% optional homestead exemption offered by the district. The tax bill represented does not include exemptions such as the over 65, disabled, or surviving spouse over 55.



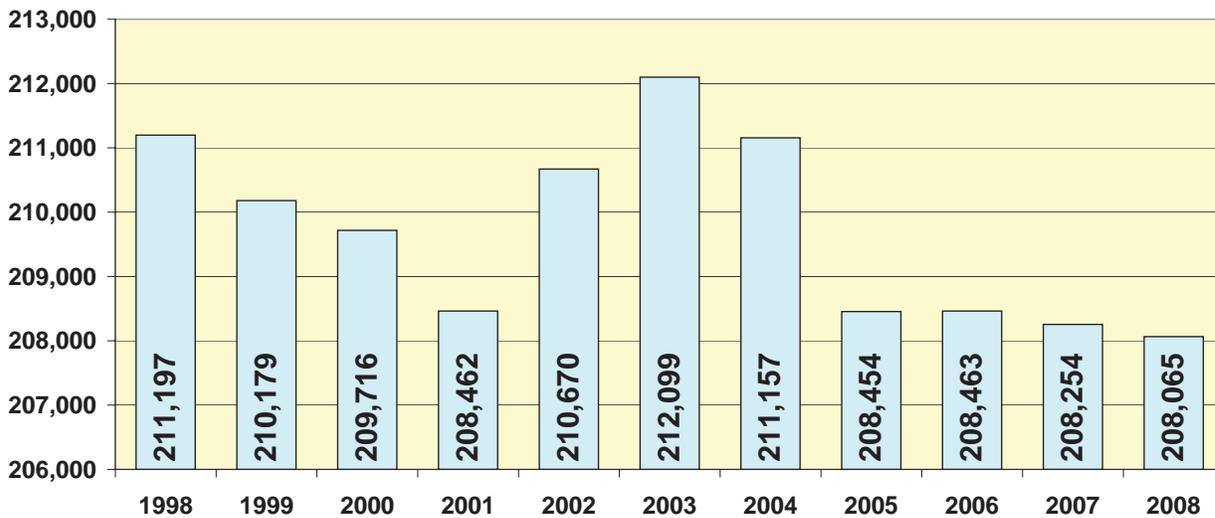
The chart below illustrates the tax burden for a typical homeowner from 2000-2006.

For school districts, it has been difficult to explain because of equalization of school funding, rising local property taxes are offset by decreases in state aid. However, the residential values of the district tax roll continue to outpace the commercial and business values. Hence, homeowners are seeing their tax bills rise higher than inflation or wages. Several factors affecting the tax roll are the consolidations in the financial and banking sector and the retailing business.

Demographics and Student Enrollment

The Houston PMSA (primary metropolitan statistical area) has a population of more than 4.5 million, making it the fourth largest metropolitan area in the country. Demographically and economically, the region has rapidly diversified, transforming from a medium-sized oil town to a cosmopolitan, international center of business and industry. The population of the area has been growing by approximately 100,000 a year since 2000. Per capita workers income has risen from \$30,502 in 1999 to \$41,514 in 2005. Many non-English speaking families, are predicted to move to the area seeking jobs. The district must be prepared to meet the challenges of educating an increasingly heterogeneous student population. In light of the recent growth of service-sector jobs in the Houston area, these children must be prepared for careers requiring high-level skills in mathematics, science, and technology, in addition to solid reading and writing skills. The net effect of the growing population on HISD's student enrollment is difficult to ascertain due to many complicating factors. In particular, the recent growth of state charter schools, private schools, and home schooling, combined with central-city demographic shifts will mitigate the effect of the Houston metropolitan area's population increases, causing district enrollment to endure slight declines for the next four years as detailed in the informational section.

HISD Pupil Enrollment Trends



The chart shown on the next page provides an analysis of HISD's Pupil Enrollment Trends.

2005-2006 District Budget Highlights

- **Total Appropriations:** For the current and future fiscal years, the district will be facing rising costs and slow revenue growth compounded with the decreasing state aid. Based on this premise, the General Fund budget was developed with a reduction in total planned expenditures.
- **Salary Increase:** The increase package includes a three percent increase for teachers, hourly, bus drivers, and other employees pay grades 17 and below. Employees pay grades 18 and above receive a 2 percent pay increase except for school administration who will receive 3 percent. The package also includes a \$14.7 million incentive pay program. The total cost of this salary increase is \$42 million.
- **Other Increases:** Other increases of \$19,257,318 include payments for Tax Increment Financing Zones, utilities, health insurance, maintenance and other operating expenses. The total increases for 2005-2006 including salaries is \$60,257,318.
- **Budget decreases:** The budget was reduced by \$21,898,019, affecting mainly departments, district offices, districtwide activities and services, appeals funding, and other operating expenses. The district eliminated 128 central office positions.
- **Decentralization:** The district has developed and is continuing to define a financial management system that provides a fair, equitable, and effective decentralized approach to resource allocation and places the proper decision-making authority at the campus level. The process involved developing a weighted-pupil resource allocation system for the schools as well as a collection of policies and practices designed to ensure that decentralized resources, authority, and decision-making are accompanied by appropriate measures of accountability.
- **Payroll Share of General Fund:** Salaries are expected to consume 78 percent of General Fund expenditures. School districts are labor intensive organizations.

- **Tax Rate:** The administration is recommending a tax rate of \$1.62 for the 2005-2006 school year. The rate will increase by \$.021 to pay for voter-approved bonds of \$808 million. The district has consistently tried to maintain a low tax rate while delivering effective educational programs to children. HISD will have the lowest tax rate in Harris County for school districts.

School Finance

Funding for public education remains the subject of considerable statewide debate. A failed Special Legislative Session called by the Governor in May 2004, to develop an adequate and equitable long-range school funding plan underscored the complexity and volatility of this issue, which affects the education of millions of school children and the well-being of all communities in Texas.

Revenue sources for public schools include local funds, primarily in the form of local property taxes; state funds from a variety of sources, including the General Revenue Fund; earnings from the Permanent School Fund and the state lottery; and federal funds.

The current system of funding public schools in Texas was designed in 1993 to equalize resources for all school districts. Since property taxes vary greatly across Texas, revenues at similar tax rates among local school districts also vary. To offset this local variation, the state provides more state dollars to districts with lower property wealth. This creates the court-approved equalized funding system that ensures that all districts have access to similar amounts of property tax revenue for similar tax effort or tax rates. Most school districts have a tax-rate cap of \$1.50 per \$100 of valuation to fund their daily operations. The legislature also put into place a procedure for recapturing tax dollars from districts considered to be property-wealthy. This equalization process, also known as "Robin Hood," takes funds from property-wealthy districts and distributes to property-poor ones.

The equalized system assumes that as local property values rise, local school districts can afford to pay a larger share of the costs. In the case of property-wealthy districts, this means all of the costs except for the small allotment from the earnings of the permanent school fund. This transfer mechanism has created a cost shift from the state to local citizens through property taxes. In 1999, the state's percentage share of costs statewide was approximately 48 percent. That percentage share dropped to 37 percent for the 2003–2004 school year, a decline of more than 10 percentage points in five years.

In recent years, HISD has experienced a loss of state funding, and with property value increases trending downward, the district's overall revenues are down in a time of increasing operating costs. HISD began reducing budgets and intensifying efforts to implement efficiency measures four years ago. Since that time, the district reduced budgets more than \$190 million. The reduction helps to offset needed salary increases, rising health-care costs, increasing costs for services to meet higher academic and accountability standards, to provide for needed programs for an increasingly diverse student population, and reduce appropriations. Since 2001, more than 500 positions have been eliminated at the central and district office levels, with few, if any, direct budget reductions made at the school level.

To promote public awareness of the statewide school funding issue and its impact on HISD taxpayers, the school district hosted a series of town hall meetings in Spring 2004. Held at Lamar, Lee, Milby, Waltrip, and Worthing High Schools, the townhall meetings served to communicate what is at stake in the statewide debate on how public schools will be funded in the future and to give community members an opportunity to share their ideas for possible solutions to the school funding dilemma.

HISD believes that any future discussion of public school funding must include:

- Adequate funding for special-needs students
- Adequate funding to implement new requirements
- Consideration of geographic cost differences
- Safeguarding of current revenue sources until better replacements are put in place
- A balanced solution: adequate funding for education and reasonable property tax relief

- Equity in the funding system to ensure opportunity for all Texas students

Student Achievement on State and National Achievement Tests

The Texas Assessment of Knowledge and Skills was more difficult to pass this year. With Texas in the third year of raising the passing standard, students had to answer more questions correctly to pass this year than they did last year. Despite the higher standard, about 7:10 HISD students passed this year's TAKS reading test. Students also made gains on the math portion of the exam, and HISD students answered more math test questions correctly this year than last year in grade 4 (Spanish), grade 5 (English), grade 6 (English), and grades 7–10.

More than 81,000 HISD students or about 73 percent of those tested, passed the TAKS reading test during the first administration of the test this year. Third-graders had the highest rate of passing (83 percent on the English version of the test) and students in grade 11 also did very well; passing at a rate of 80 percent. HISD's math passing rates were stronger in early grades, but fell off in the later grades. Districtwide, more than 64,000 students or about 58 percent of students tested, passed the TAKS math test. Fourth and third grade students in HISD had the highest overall math passing rates, with Spanish-speaking fourth-graders passing at a rate of 73 percent and English-speaking third graders passing at 70 percent. Math test scores rose in middle and high schools compared to the same passing standard as last year, but more improvement is still needed.

Even more encouraging were the results on the national Stanford and Aprenda achievement tests, which HISD voluntarily administers so that the district and the entire community can see how Houston's children are performing compared to students throughout the country. More than 165,000 HISD students in grades 1 through 11 took the Stanford 10 test or its Spanish-language equivalent, the Aprenda 3, and they did better nearly across the board than most students nationwide. These results are especially heartening because HISD has nearly tripled the percentage of students living in poverty than the national average—82 percent of HISD students who took the Stanford test are considered economically disadvantaged, while only 30 percent of the students in the national sample who took the test are poor—and poverty is a major obstacle to academic success.

HISD students who are not in Special Education at five grade levels—third, fourth, fifth, seventh, and eleventh—beat the national average midrange ranking in all subject areas tested on the Stanford. In addition, first and second graders at HISD beat the national average in all, but one of the subjects, and HISD eighth and tenth graders beat the national average in most subjects. On average, HISD grade levels improved or at least held steady in their overall scores on the Stanford test this year compared to last year.

HISD's Spanish-speaking students posted even better results. On the Spanish-language Aprenda test, HISD students far exceeded the national-average percentile ranking on virtually every test and every grade level, first through eighth. The rankings of Spanish-speaking students at HISD not in Special Education on the Aprenda 3 reading test ranged from the 59th percentile at eighth grade to the 82nd percentile nationally at third grade. In math, scores for HISD students ranged from the 54th percentile to the 84th percentile. A national percentile ranking of 50 is exactly in the middle of the national average, with half the students who took the test ranking higher and half ranking lower.

HISD did best against the national average at fourth grade on the Stanford test. The average percentile rankings of HISD fourth-graders were 57 in reading, 66 in math, 72 in language, 54 in science, and 53 in social science. But HISD high-school students also did well compared to the national average, with eleventh-graders coming in at the 64th percentile in reading, 56th in math, 62nd in language, 54th in science, and 62nd in social science.

Student Learning Initiatives

One of HISD's core values is "Student learning is the main thing." All decisions and actions, at any level, focus on and support student learning and student achievement. It is an organizational expectation.

HISD launched several initiatives designed to increase student achievement, improve organizational efficiency and effectiveness, and help students stay in school until they graduate from high school. HISD quintupled the number of students enrolling in dual-credit courses, which generate both high-school and college credit, and became one of the first “big-city” school districts in the country to require sixth graders and high-school students who show the most academic promise to take more challenging courses—Pre-Advanced Placement and Advanced Placement courses. All sixth graders began taking Pre-Advanced Placement English classes, and the district required Advanced Placement (AP) English, math, and science courses for all high-school students who have demonstrated their ability to do tougher course work that will better prepare them for college. Seventh and eighth grade Pre-AP requirements will be added in future years.

Ninety-one percent of HISD schools made adequate yearly progress according to the criteria mandated by the national No Child Left Behind Act, which was far higher than the national average. To maintain that outstanding level of achievement in future years, HISD spent \$4 million to provide elementary schools with science labs, modern equipment and to give elementary-level teachers more training in how to be better science teachers. The district also began building a series of early-childhood education centers that will also serve as neighborhood community centers, and HISD is preparing to provide service to all eligible four-year olds beginning in the next school year.

To help upper-level students, HISD began requiring schools to develop and implement personal graduation plans for all secondary students. Each plan identifies the student’s educational goals, includes appropriate monitoring and intervention strategies, maps out an intensive instructional program, promotes parental involvement in the student’s education, and provides innovative ways to help the student improve. Furthermore, “advocates” serve as coaches or advisers, coordinate students’ improvement plans, connect students to campus support resources, and make sure struggling students know where to turn for help.

Committed to providing an education to every child in Houston, HISD created a Newcomers Charter School as a way to prevent older immigrant students from dropping out of class before graduating. The school will offer intensive instruction in English and flexible scheduling that allows recent immigrant students to work while staying in high school. HISD also convened the “expectation: GRADUATION” Summit to develop strategies and community-wide support for raising the district’s graduation rate. One of the strategies was the successful “Reach Out to Dropouts” program, in which more than 500 HISD employees and community volunteers led the Superintendent of Schools and the HISD Board of Education members went door-to-door throughout Houston and persuaded more than 100 former dropouts to return to school. HISD also hired 10 dropout prevention specialists, who got nearly 200 more students to return to the classroom. In the spring of 2005, 48 former dropouts who returned to school completed their coursework and graduated from high school.

District, Some Schools Reorganized for Greater Efficiency and Effectiveness

HISD is becoming a more streamlined, efficient, and effective school district by reorganizing its administrative structure, closing several small schools, and redesigning three underperforming high schools.

The reorganization, effective July 1, 2005, is designed to improve classroom instruction districtwide, eliminate duplicated services, reduce the district’s bureaucracy, provide better service to parents and the community, and furnish greater oversight for student data and compliance with state and federal laws and regulations.

Developed with input from the community, HISD administrators, and the Board of Education, the reorganization plan replaces the previous 13 administrative-district offices with five regional offices run by five regional superintendents, who will be responsible for ensuring student progress throughout his or her region, providing districtwide academic equity by making sure HISD’s CLEAR curriculum is taught

in all schools, and guaranteeing the accuracy of data reporting and compliance with local, state, and federal requirements. Also under the reorganization plan, 18 executive principals will oversee the quality of instruction in feeder patterns, which include all the schools that feed into HISD's high schools, and help principals to make budget and staffing decisions for their campuses.

To make sure that all students receive a high-quality education, HISD also closed four very small schools that were too small to operate cost-effectively or provide their students with crucial educational resources and programs. Community meetings were held at each of the schools to outline the reasons for the proposal to close Eighth Avenue, Holden, and Milam Elementary Schools, redirect their students to nearby campuses, and transfer the Langston Early Childhood Center program to another facility. The larger schools will be able to provide the relocated students with more educational opportunities, resources, and support, including a wider, richer array of programs (including fine-arts and computer programs) and more academic assistance for struggling students who need extra help.

HISD also moved to redesign the three high schools that the Texas Education Agency has rated as consistently Academically Unacceptable. Evaluation teams from the Texas Education Agency, which requires school districts to either close or reconstitute schools that are rated as Academically Unacceptable for two or more years, recommended reconstituting Houston, Kashmere, and Yates High Schools. After reviewing proposals for improving the three schools from external education providers, community organizations, and HISD administrators; HISD initially accepted the redesign proposal submitted by the principals of Houston and Yates High Schools for the redirection of their schools, and later the redesign of Kashmere High School was approved with the appointment of their new principal.

A handwritten signature in black ink, reading "Abelardo Saavedra". The signature is written in a cursive style with a large, looping initial "A".

Abelardo Saavedra
Superintendent of Schools



Board of Education - Administration

Houston Independent School District

2006 Board of Education

Diane Johnson
President

Karla Cisneros

Diana Dávila
First Vice-President

Kevin Hoffman

Manuel Rodríguez, Jr
Second Vice-President

Lawrence Marshall

Arthur M. Gaines, Jr.
Secretary

Greg Meyers

Harvin C. Moore
Assistant Secretary

Administration

Abelardo Saavedra
Superintendent of Schools

Rosalind Young
Chief of Staff

Melinda Garrett
Chief Financial Officer

Reginald Moore
Chief Operations Officer

Karen Soehnge
Chief Academic Officer

Kathryn Sanchez
Research and Accountability
Assistant Superintendent

Beatrice Garza
Human Resources
Executive General Manager

Elneita Hutchins-Taylor
General Counsel

Gasper Mir
Strategic Partnerships
Executive General Manager

Robert Moore
Inspector General

Richard Lindsay
Construction Management
Senior Project Executive

Terry Abbott
Press Secretary