

# Informational 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



## Informational Section Table of Contents

### Houston Independent School District

Revenue and Expenditure Assumptions	108
Proposed Tax Revenue Calculation	110
Distribution of Property Tax Rate	111
Property Tax Levies and Collections	112
Analysis of Tax Burden for a Typical Homeowner	113
Future Fund Projections	114
Long-Term Debt Account Group	119
HISD Ten Largest Taxpayers	120
Student Enrollment Projections	121
Education Costs	124
Per Pupil Expenditures	125
Performance Results: District Administration	128
Harris County Tax Rates	129
Teacher Salaries	130
Administrative Cost Ratios	131
Public vs. Private Sector	133
HISD Position FTE by Staff Types	134
Performance Results: Student Achievement	136
Houston Economic/Demographic Conditions	145



## Revenue and Expenditure Assumptions Houston Independent School District

Prior to beginning the budget process for the 2005-2006 school year, assumptions with respect to the level of fund balance, sources of revenue, and an increase in expenditures, such as salaries and school allocations, were established. These assumptions are necessary in preparing budget forecasts so that long-range planning of resource allocations and revenue expectations can occur. These assumptions are listed below.

### Fiscal Year

The **Fiscal Year** will run July 1, 2005 through June 30, 2006.

### Fund Balance

The **General Fund Operating Undesignated Fund Balance** is projected to decrease for the current fiscal year 2005-2006.

### Revenue

The **Taxable Value** of property in the district will increase steadily over the next four years based upon a growing economy.

The **District's Optional Property Tax Exemptions** totaling over \$100 million in savings to homeowners will continue to be approved by the School Board.

The **Tax Rate** could be adjusted for continuing costs in excess of current revenues and funding of new recommendations and requirements from the State.

The **Collection** ratios will be at approximately 95 percent, based on favorable economic conditions. The tax rate will be integrated into the budget development process.

**Additional Sources of Funding**, such as Medicaid reimbursement, will continue to be pursued.

**State Equalization Enrichment Funding** will continue, but could be affected by the legislative session.

### Expenditures

**Decentralization Initiatives** will be given the highest priority for the 2005-2006 budget. Recommendations to actualize Board-approved directives will be the first to be implemented.

The **Weighted Per Pupil Allocations** will be calculated for each school and the impact of decentralization will be taken into consideration. Funding considerations will be forwarded to the Superintendent for inclusion in the 2005-2006 budget.

Collections from the **Tax Increment Funds** will be designated only for capital replacement purposes and transferred from the general fund to appropriate accounts.

**Student Enrollment and ADA** will be projected by the Demographics Department based on historical trends, immigration patterns, and the impact of State open-enrollment charter schools, home schools, etc.

Budgets will be developed on a **Modified Zero-Based Methodology** with **no** adjustment for inflation.

## Long-Range Planning

**Three-Year Projections** will be maintained to analyze the effects of fiscal year 2005-2006 revenue and expenditure decisions.

## Ongoing Financial Management

The budget process will be structured **to identify programs and activities that can be reduced or eliminated** with little or no impact on business operations or teaching and learning.

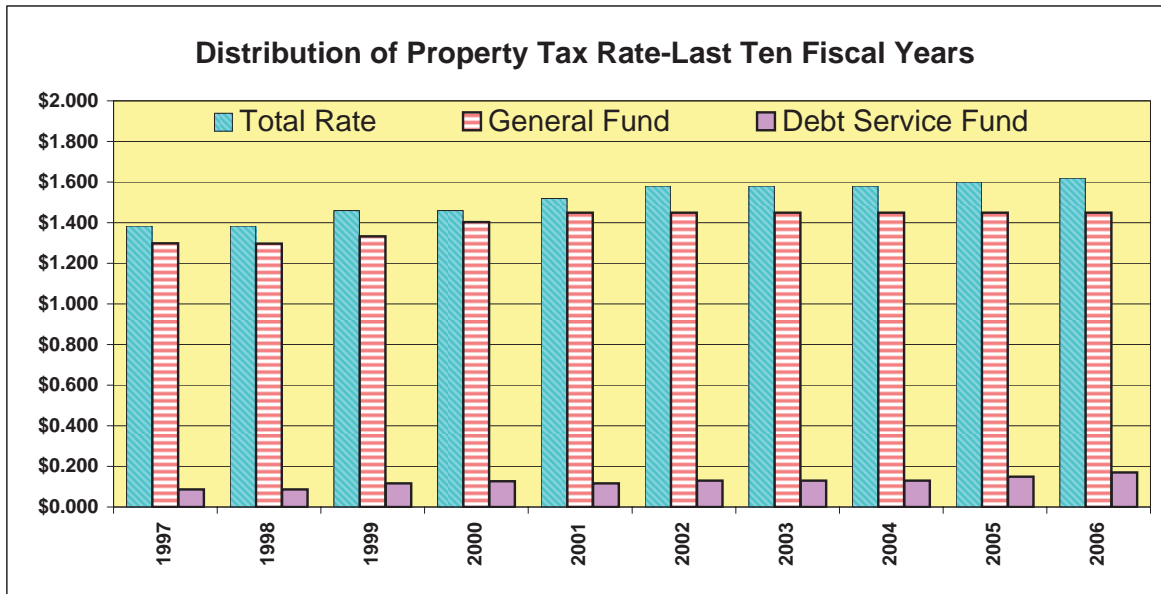
	2004-2005 ADOPTED BUDGET	2005-2006 ADOPTED BUDGET	DIFFERENCE	PERCENT CHANGE
<b>LOCAL</b>				
Current Year Taxes-Local	\$ 985,070,744	\$ 1,022,025,798	\$ 36,955,054	3.75%
Prior Year Taxes, Penalty & Interest	31,300,000	31,300,000	-	0.00%
In Lieu of Taxes	2,000,000	750,000	(1,250,000)	-62.50%
Tuition Fees	575,000	350,000	(225,000)	-39.13%
Investment Earnings	3,426,000	6,000,000	2,574,000	75.13%
Athletic Activity	890,000	890,000	-	0.00%
Rentals	150,000	150,000	-	0.00%
Miscellaneous	11,263,660	9,511,000	(1,752,660)	-15.56%
<b>TOTAL LOCAL REVENUE</b>	<b>1,034,675,404</b>	<b>1,070,976,798</b>	<b>36,301,394</b>	<b>3.51%</b>
<b>STATE</b>				
Per Capita	64,920,960	59,503,500	(5,417,460)	-8.34%
Foundation Fund	102,674,093	87,982,559	(14,691,534)	-14.31%
Miscellaneous	1,784,253	629,000	(1,155,253)	-64.75%
On-Behalf Payments	65,270,000	65,270,000	-	0.00%
<b>TOTAL STATE REVENUE</b>	<b>234,649,306</b>	<b>213,385,059</b>	<b>(21,264,247)</b>	<b>-9.06%</b>
<b>FEDERAL</b>				
Indirect Costs	3,713,400	3,113,400	(600,000)	0.00%
Impact Aid	1,700	1,700	-	0.00%
ROTC Reimbursement	1,164,000	1,764,000	600,000	51.55%
<b>TOTAL FEDERAL REVENUE</b>	<b>4,879,100</b>	<b>4,879,100</b>	<b>-</b>	<b>0.00%</b>
<b>OTHER FINANCING SOURCES</b>				
Sale of Bonds	12,000,000	12,000,000	-	0.00%
Capital Lease Proceeds	300,000	300,000	-	0.00%
Transfers-In	13,000,000	12,970,000	(30,000)	-0.23%
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>25,300,000</b>	<b>25,270,000</b>	<b>(30,000)</b>	<b>-0.12%</b>
<b>TOTAL ESTIMATED REVENUE</b>	<b>\$ 1,299,503,810</b>	<b>\$ 1,314,510,957</b>	<b>\$ 15,007,147</b>	<b>1.15%</b>

## 2005-2006 Proposed Tax Revenue Calculation

	2004-2005 Adopted Budget (Estimated)		2005-2006 Adopted Budget (Anticipated)	
<b>Tax Roll Value</b>	<b>73,680,000,000</b>		<b>76,726,000,000</b>	
X Tax Rate	1.599		1.62	
<b>Gross Levy</b>	<b>1,178,143,200</b>		<b>1,242,961,200</b>	
<b>Less Estimated Frozen</b>	<b>(41,701,778)</b>		<b>(44,000,826)</b>	
<b>Expected Collections Ratio</b>	<b>0.953</b>		<b>0.953</b>	
<b>Total Collection</b>	<b>1,083,028,675</b>		<b>1,142,609,236</b>	
<b>Breakdown of Expected Collections</b>		<b>Rate</b>		<b>Rate</b>
General Fund	982,108,555	1.45	1,022,705,798	1.45
Debt Service	100,920,120	0.149	119,903,438	0.17

**DISTRIBUTION OF PROPERTY TAX RATE  
LAST TEN FISCAL YEARS  
(PER \$100 OF ASSESSED VALUATION)  
(Unaudited)**

School Years	Total Rate	General Fund	Debt Service Fund
1996-1997	\$1.384000	\$1.298015	\$0.085950
1997-1998	\$1.384000	\$1.297005	\$0.086995
1998-1999	\$1.459000	\$1.342275	\$0.116725
1999-2000	\$1.459000	\$1.332275	\$0.126725
2000-2001	\$1.519000	\$1.403000	\$0.116000
2001-2002	\$1.580000	\$1.450000	\$0.130000
2002-2003	\$1.580000	\$1.450000	\$0.130000
2003-2004	\$1.580000	\$1.450000	\$0.130000
2004-2005	\$1.599900	\$1.450000	\$0.149900
2005-2006	\$1.620000	\$1.450000	\$0.170000



Source: Comprehensive Annual Financial Report for the year ended June 30, 2004; 2005 from HISD Office of Budgeting and Financial Planning; 2006 Recommended Tax Rate pending approval by the HISD Board of Education.

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
(Unaudited)

Fiscal Year Ended	Total Tax Rate	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Taxes Collected	Penalty and Interest	Total Taxes Collected	Collections As Percent of Current Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes as Percentage of Levy
1995	1.384000	610,173,936	587,872,357	96.35%	14,742,963	8,093,454	610,708,774	100.09%	76,070,494	12.47%
1996	1.384000	617,068,658	595,156,175	96.45%	11,462,312	8,616,396	615,234,883	99.70%	78,948,585	12.79%
1997	1.384000	625,831,887	606,000,000	96.83%	14,678,763	9,760,377	630,439,140	100.74%	76,244,977	12.18%
1998	1.384000	618,441,526	600,267,166	97.06%	12,780,823	9,768,443	622,816,432	100.71%	75,843,924	12.26%
1999	1.459000	696,565,636	673,975,604	96.76%	18,361,587	10,244,022	702,581,213	100.86%	78,856,254	11.32%
2000	1.459000	762,607,571	737,512,862	96.71%	14,627,760	10,747,294	762,887,916	100.04%	82,911,787	10.87%
2001	1.519000	876,124,197	845,392,495	96.49%	17,475,241	11,545,958	874,413,694	99.80%	93,354,091	10.66%
2002	1.580000	999,199,832	956,178,729	95.69%	16,813,126	10,869,608	983,862,463	98.47%	114,813,595	11.49%
2003	1.580000	1,044,932,755	1,005,671,142	96.24%	24,579,158	15,633,459	1,045,883,756	100.09%	122,110,473	11.69%
2004	1.580000	1,084,552,525	1,045,303,010	96.38%	21,032,944	18,092,971	1,084,428,925	99.99%	124,742,435	11.50%
2005	1.599000	1,083,028,675	1,032,126,327	95.30%	21,003,392	18,067,549	1,071,197,269	99.99%	124,567,166	11.50%
2006	1.620000	1,142,609,236	1,088,906,602	95.30%	22,158,849	19,061,498	1,130,126,950	99.99%	131,419,968	11.50%

Source: Comprehensive Annual Financial Report as of June 30, 2004. Fiscal years 2005 and 2006 are Projections by the HISD Office of Budgeting and Financial Planning

Notes: For the fiscal year ended August 31, 1995, the amounts shown for taxes collected include those of the HCED, which were collected by the district and remitted to HCED. These tax collections were then combined on a county-wide basis by HCED and redistributed based on property wealth. Therefore, the total reflected herein does not represent property tax revenues for the fiscal year ended August 31, 1995.

For the fiscal years ended 2001 and prior, the fiscal year was September 1 through August 31.

For 2002, the fiscal year represents the ten-month period of September 1 through June 30.

For the fiscal years ended 2003 and subsequent years, the fiscal year was July 1 through June 30.

### Analysis of Tax Burden for a Typical Homeowner

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Avg. Market Value<sup>1</sup></b>	77,304	79,001	84,199	93,045	109,429	126,542	134,937	147,390	148,400	155,970
<b>Less: State Exemption<sup>2</sup></b>	(5,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
<b>Less: HISD Exemption<sup>3</sup></b>	(15,461)	(15,800)	(16,840)	(18,609)	(21,886)	(25,308)	(26,987)	(29,478)	(29,680)	(31,194)
<b>Taxable Value<sup>4</sup></b>	56,843	48,201	52,359	59,436	72,543	86,234	92,950	102,912	103,720	109,776
<b>Property Tax Rate</b>	1.384	1.384	1.459	1.459	1.519	1.580	1.580	1.580	1.599	1.62
<b>Property Tax Due</b>	<b>786.71</b>	<b>667.10</b>	<b>763.92</b>	<b>867.17</b>	<b>1,101.93</b>	<b>1,362.49</b>	<b>1,468.60</b>	<b>1,626.01</b>	<b>1,658.48</b>	<b>1,778.37</b>
<b>Increase (Decrease)</b>	12.64	(119.61)	96.82	103.25	234.76	260.56	106.11	157.41	32.47	119.89

Note:

1) Source: Preliminary Estimated Tax Rolls HCAD & HISD Tax Office

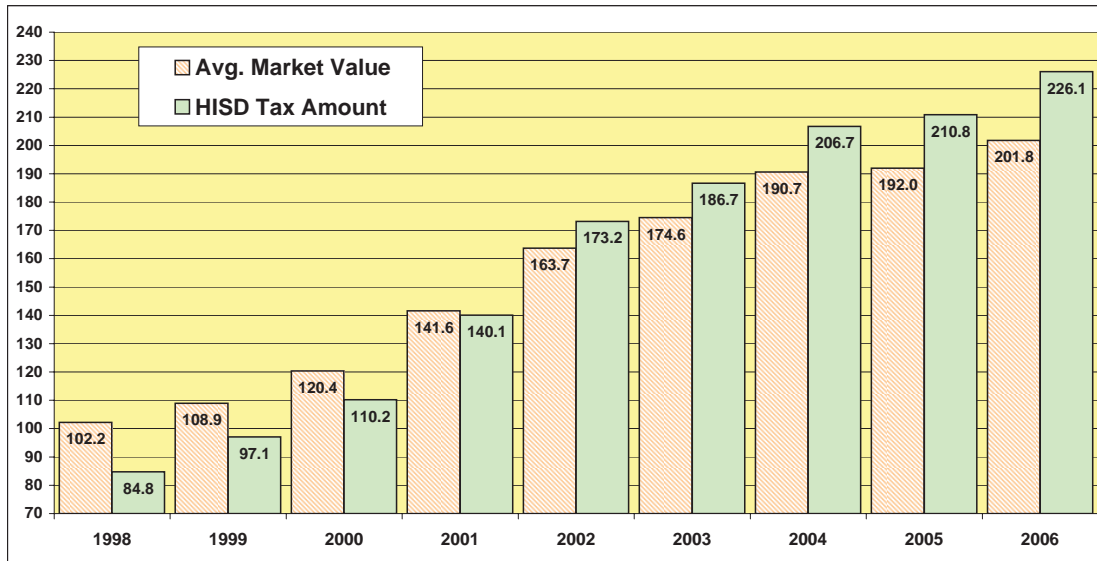
2) Texas Homestead Exemption (From \$5000 to \$15000 in 1998)

3) HISD Optional Exemption Granted to Homeowners (20% of Assessed Value)

4) Does not include other exemptions such as over 65, disabled, surviving spouse over 55, etc..

Note: Beginning with 2006 a change was made to using the Average Market value in determining the HISD exemption. For consistent comparison all prior years have been adjusted to reflect this change.

### HISD Taxes Due vs. Estimated Median Home Price Increase (Base Year 1997 = 100)



Note: 2005 Certified Tax Roll, June 2, 2005



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-GENERAL FUND  
PROJECTIONS FOR THE FISCAL YEARS ENDING 2006-2007 THROUGH 2008-2009**

	2006-2007 Projected	2007-2008 Projected	2008-2009 Projected
<b>Revenues</b>			
Property taxes	1,074,392,314	1,095,880,160	1,117,797,763
Earnings on investments	6,000,000	6,000,000	6,000,000
Miscellaneous local sources	11,651,000	11,651,000	11,651,000
State sources	209,117,358	187,629,512	165,711,909
Federal sources	4,879,100	4,879,100	4,879,100
<b>Total Revenues</b>	<b>1,306,039,772</b>	<b>1,306,039,772</b>	<b>1,306,039,772</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	819,763,189	819,763,189	819,763,189
Instructional Resources and Media Services	16,849,406	16,849,406	16,849,406
Instructional Staff Development	10,290,663	10,290,663	10,290,663
Curriculum Development	4,027,502	4,027,502	4,027,502
Instructional Leadership	15,995,568	15,995,568	15,995,568
School Leadership	105,050,637	105,050,637	105,050,637
Guidance, Counseling, and Evaluation Services	36,054,241	36,054,241	36,054,241
Social Work Services	1,439,269	1,439,269	1,439,269
Health Services	17,072,234	17,072,234	17,072,234
Student Transportation	38,536,562	38,536,562	38,536,562
Food Services	90,559	90,559	90,559
Co-Curricular/Extracurricular activities	10,431,529	10,431,529	10,431,529
General administration	33,993,495	33,993,495	33,993,495
Plant Maintenance and Operations	150,965,093	150,965,093	150,965,093
Security and Monitoring Services	14,668,424	14,668,424	14,668,424
Data Processing Services	24,433,557	24,433,557	24,433,557
Community Services	2,456,311	2,456,311	2,456,311
Juvenile Justice Alternative Education Program	2,990,050	2,990,050	2,990,050
Payments to Tax Increment Zones (TIRZ)	30,538,000	30,538,000	30,538,000
<b>Debt Service</b>			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Capital Outlay</b>			
Facilities Acquisition and Construction	16,996	16,996	16,996
<b>Total Expenditures</b>	<b>1,335,663,285</b>	<b>1,335,663,285</b>	<b>1,335,663,285</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(29,623,513)</b>	<b>(29,623,513)</b>	<b>(29,623,513)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers-in	13,000,000	13,000,000	13,000,000
Transfers-out	(22,767,311)	(22,767,311)	(22,767,311)
Proceeds from sale of bonds and other debt	300,000	300,000	300,000
Capital leases	12,000,000	12,000,000	12,000,000
<b>Total Other Financing Sources (Uses)</b>	<b>2,532,689</b>	<b>2,532,689</b>	<b>2,532,689</b>
<b>Net change in fund balances</b>	<b>(27,090,824)</b>	<b>(27,090,824)</b>	<b>(27,090,824)</b>
<b>Fund balances, beginning</b>	<b>181,417,357</b>	<b>154,326,533</b>	<b>127,235,709</b>
<b>Fund balances, ending</b>	<b>154,326,533</b>	<b>127,235,709</b>	<b>100,144,885</b>

**Budget Projection Assumptions**

- There are no salary increases included in these assumptions.
- No tax increase by maintaining the same operations rate.
- 2% growth in the tax roll.
- Administration is examining ways to reduce expenses and increase revenues.
- Average Daily Attendance will remain flat at 189,750 annually.
- Assumes state law for financing schools unchanged and extra funding of \$27.5M flows in 2006-2007

**Notes:**  
The opening of new schools will have a financial impact increase in revenues to cover additional expenses over the three-year period.  
Also, please note that as local tax rolls grow, State Aid will decrease because of how public schools are funded in Texas.  
Please see the Executive Summary on State Funding of Public Schools.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- SPECIAL REVENUE FUND  
PROJECTIONS FOR THE FISCAL YEARS ENDING 2006-2007 THROUGH 2008-2009**

	2006-2007 Projected	2007-2008 Projected	2008-2009 Projected
<b>Revenues</b>			
Local sources	8,071,518	8,475,094	8,898,849
State sources	25,044,705	26,296,941	27,611,788
Federal sources	190,623,661	200,154,844	210,162,586
<b>Total Revenues</b>	<b>223,739,885</b>	<b>234,926,879</b>	<b>246,673,223</b>
<b>Expenditures by Function</b>			
<b>Current</b>			
Instruction	142,235,187	149,346,946	156,814,293
Instructional Resources and Media Services	601,328	631,395	662,964
Curriculum Development and Instructional Staff Development	41,628,079	43,709,483	45,894,957
Instructional Leadership	5,272,399	5,536,019	5,812,820
School Leadership	1,958,780	2,056,719	2,159,555
Guidance, Counseling, and Evaluation Services	8,645,898	9,078,193	9,532,102
Social Work Services	2,040,825	2,142,866	2,250,009
Health Services	-	-	0
Student Transportation	1,493,142	1,567,799	1,646,189
Food Services	873,490	917,165	963,023
Co-Curricular/Extracurricular activities	4,448	4,671	4,904
General administration	125,245	131,507	138,083
Plant Maintenance and Operations	298,095	312,999	328,649
Security and Monitoring Services	2,844,205	2,986,415	3,135,736
Data Processing Services	1,766,958	1,855,305	1,948,071
Community Services	1,821,911	1,913,007	2,008,657
Juvenile Justice Alternative Education Program	7,826,025	8,217,326	8,628,192
<b>Debt service</b>	4,159,628	4,367,609	4,585,990
Principal			61,691
Interest and fiscal charges	55,956	58,754	-
<b>Capital outlay</b>	-	-	-
Facilities Acquisition and Construction	88,287	92,701	97,337
<b>Intergovernmental charges</b>	-	-	-
Payments to fiscal agent/member districts of shared services	-	-	-
<b>Total Expenditures</b>	<b>223,739,885</b>	<b>234,926,879</b>	<b>246,673,223</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Fund Balances, beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, ending</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Budget Projection Assumption**

By 2006-2007, the economy is expected to rebound, additional funding is expected; therefore, a 5% increase is shown.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-DEBT SERVICE FUND**  
**PROJECTIONS FOR THE FISCAL YEARS ENDING 2006-2007 THROUGH 2008-2009**

	2006-2007 Projected	2007-2008 Projected	2008-2009 Projected
<b>Revenues</b>			
Local maintenance tax	134,527,414	137,305,969	140,140,096
Earnings on investments	1,800,000	1,800,000	1,800,000
State sources	-	-	-
<b>Total Revenues</b>	<b>136,327,414</b>	<b>139,105,969</b>	<b>141,940,096</b>
<b>Expenditures</b>			
Debt Service			
Principal	65,199,832	65,523,158	68,860,984
Interest and fiscal charges	95,177,193	95,756,485	95,821,186
<b>Total Expenditures</b>	<b>160,377,025</b>	<b>161,279,643</b>	<b>164,682,170</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(24,049,611)</b>	<b>(22,173,674)</b>	<b>(22,742,074)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers-in	24,858,950	21,505,450	22,465,200
<b>Total Other Financing Sources (Uses)</b>	<b>24,858,950</b>	<b>21,505,450</b>	<b>22,465,200</b>
<b>Net change in fund balances</b>	<b>809,339</b>	<b>(668,224)</b>	<b>(276,874)</b>
<b>Fund Balances, beginning</b>	<b>73,410,449</b>	<b>74,219,788</b>	<b>73,551,564</b>
<b>Fund Balances, ending</b>	<b>74,219,788</b>	<b>73,551,564</b>	<b>73,274,690</b>

**Budget Projection Assumptions**

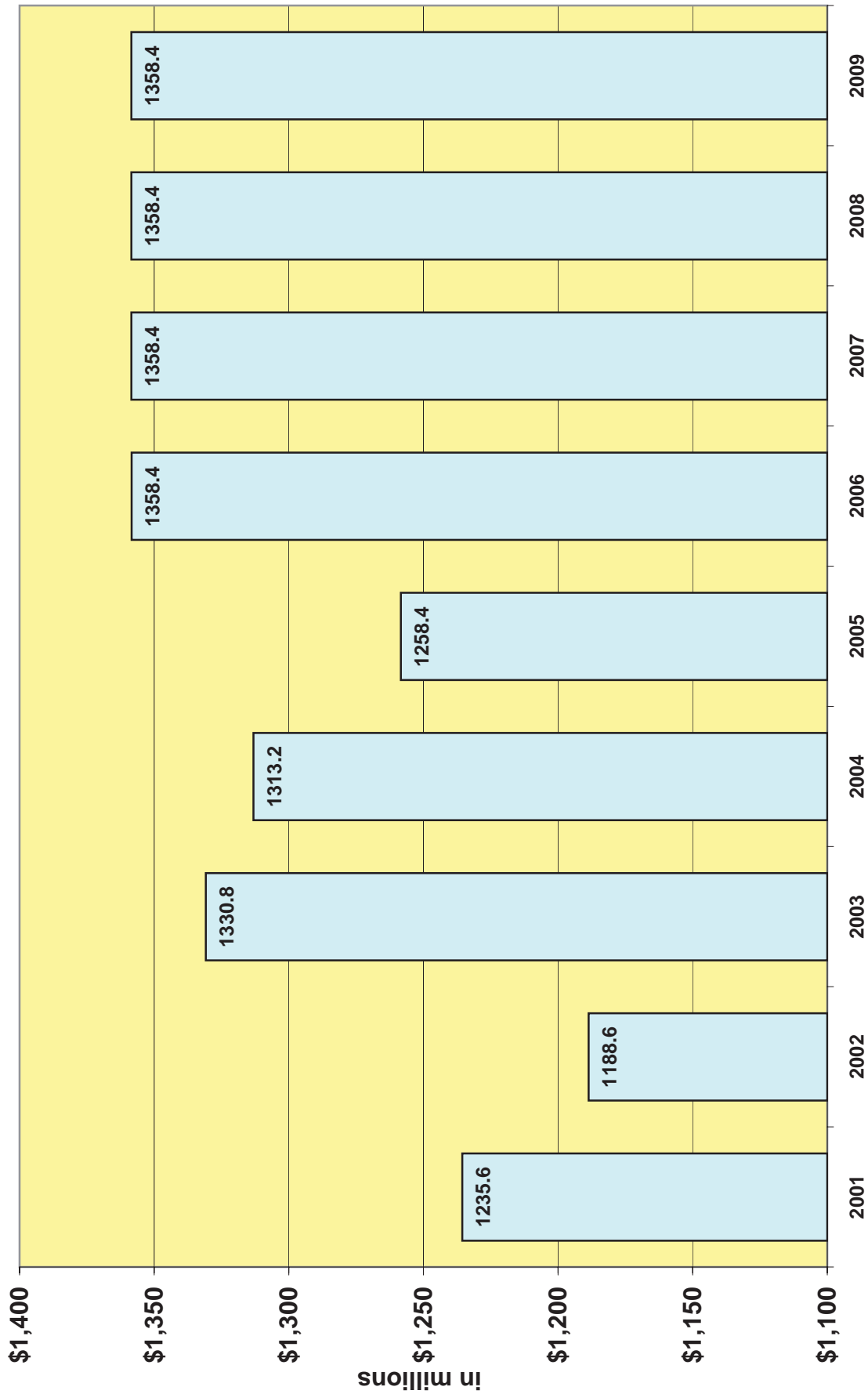
Debt Budget is based upon the tax roll growing at 2% annually.

The rate would be reviewed annually to ensure adequate funds are raised to pay the bonded debt.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-CAPITAL RENOVATION FUND  
PROJECTIONS FOR THE FISCAL YEARS ENDING 2006-2007 THROUGH 2008-2009**

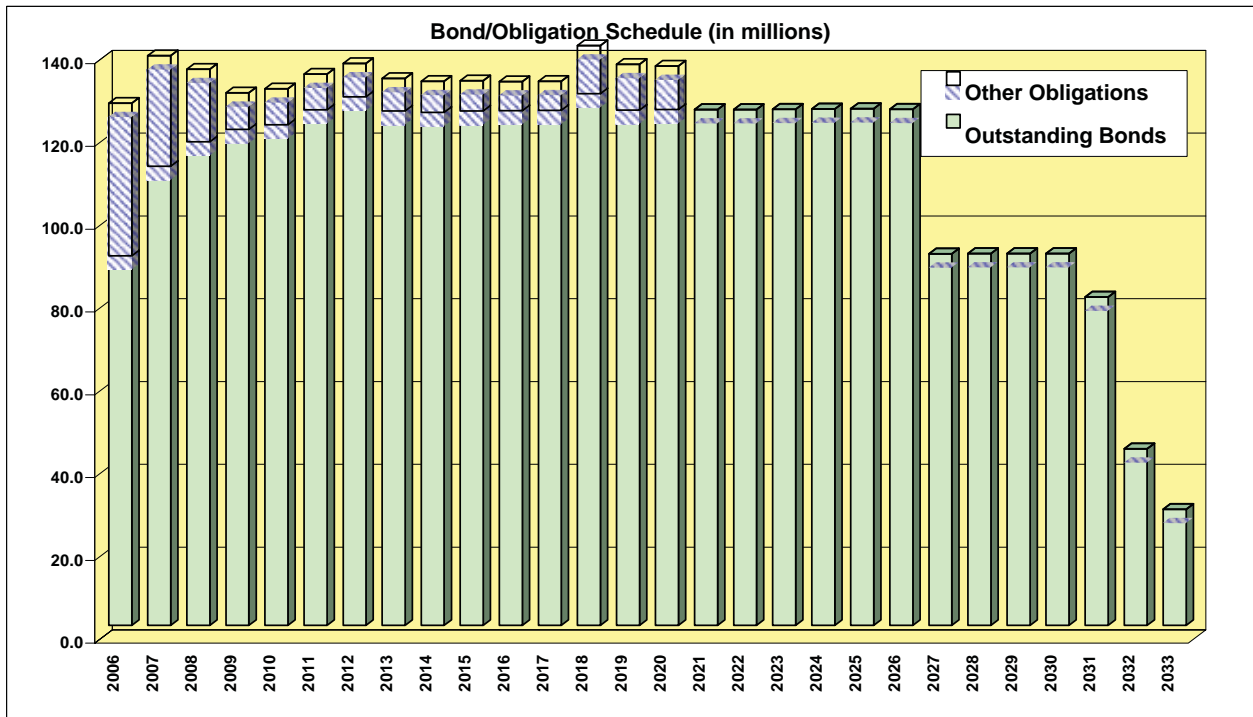
	2006-2007 Projected	2007-2008 Projected	2008-2009 Projected
<b>Revenues</b>			
Property taxes	-	-	-
Earnings on investments	3,200,000	2,200,000	2,200,000
Miscellaneous local sources	11,222,012	11,222,012	11,222,012
<b>Total Revenues</b>	<b>14,422,012</b>	<b>13,422,012</b>	<b>13,422,012</b>
<b>Expenditures</b>			
Capital Outlay	-	-	-
Facilities Acquisition and Construction	250,000,000	150,000,000	100,000,000
<b>Total Expenditures</b>	<b>250,000,000</b>	<b>150,000,000</b>	<b>100,000,000</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(235,577,988)</b>	<b>(136,577,988)</b>	<b>(86,577,988)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers-in	-	-	-
Transfers-out	(8,070,000)	(8,245,000)	(8,690,000)
Proceeds from sale of bonds and other debt	8,500,000	-	8,500,000
<b>Total Other Financing Sources (Uses)</b>	<b>430,000</b>	<b>(8,245,000)</b>	<b>(190,000)</b>
<b>Net change in fund balances</b>	<b>(235,147,988)</b>	<b>(144,822,988)</b>	<b>(86,767,988)</b>
<b>Fund Balances, beginning</b>	<b>392,773,153</b>	<b>157,625,165</b>	<b>12,802,177</b>
<b>Fund Balances, ending</b>	<b>157,625,165</b>	<b>12,802,177</b>	<b>(73,965,811)</b>

# General Fund Expenditures 2001-2008



**Long-Term Debt Account Group  
FY 2005-06  
Debt Schedule**

Fiscal Year Ending	OUTSTANDING BONDS			OUTSTANDING OBLIGATIONS			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2006	9,042,065	80,198,356	89,240,421	29,995,000	6,837,013	36,832,013	126,072,434
2007	26,224,525	84,677,807	110,902,332	21,520,000	5,129,063	26,649,063	137,551,395
2008	30,883,488	85,867,154	116,750,642	13,210,000	4,335,435	17,545,435	134,296,077
2009	33,623,953	86,168,942	119,792,895	5,025,000	3,795,200	8,820,200	128,613,095
2010	33,272,738	87,626,700	120,899,438	5,135,000	3,546,200	8,681,200	129,580,637
2011	37,183,455	87,298,732	124,482,187	5,345,000	3,291,800	8,636,800	133,118,987
2012	28,478,963	99,156,278	127,635,241	5,055,000	3,027,000	8,082,000	135,717,241
2013	25,867,860	98,338,338	124,206,198	5,125,000	2,774,250	7,899,250	132,105,448
2014	26,371,325	97,518,252	123,889,577	5,000,000	2,518,000	7,518,000	131,407,577
2015	40,521,561	83,724,456	124,246,017	5,000,000	2,268,000	7,268,000	131,514,017
2016	27,545,691	96,754,532	124,300,223	5,000,000	2,018,000	7,018,000	131,318,223
2017	65,060,000	59,306,810	124,366,810	5,225,000	1,768,000	6,993,000	131,359,810
2018	72,380,000	56,042,756	128,422,756	10,090,000	1,506,750	11,596,750	140,019,506
2019	71,625,000	52,803,595	124,428,595	10,045,000	1,002,250	11,047,250	135,475,845
2020	75,200,000	49,350,866	124,550,866	10,000,000	500,000	10,500,000	135,050,866
2021	78,935,000	45,644,157	124,579,157	0	0	0	124,579,157
2022	82,655,000	41,955,210	124,610,210	0	0	0	124,610,210
2023	86,605,000	38,074,665	124,679,665	0	0	0	124,679,665
2024	90,875,000	33,856,204	124,731,204	0	0	0	124,731,204
2025	95,390,000	29,385,691	124,775,691	0	0	0	124,775,691
2026	99,745,000	24,919,273	124,664,273	0	0	0	124,664,273
2027	69,495,000	20,230,593	89,725,593	0	0	0	89,725,593
2028	72,690,000	17,082,525	89,772,525	0	0	0	89,772,525
2029	76,085,000	13,703,564	89,788,564	0	0	0	89,788,564
2030	79,575,000	10,191,830	89,766,830	0	0	0	89,766,830
2031	72,790,000	6,511,143	79,301,143	0	0	0	79,301,143
2032	39,495,000	3,130,903	42,625,903	0	0	0	42,625,903
2033	26,790,000	1,245,735	28,035,735	0	0	0	28,035,735
<b>Totals</b>	<b>1,574,405,624</b>	<b>1,490,765,067</b>	<b>3,065,170,691</b>	<b>140,770,000</b>	<b>44,316,961</b>	<b>185,086,961</b>	<b>3,250,257,651</b>



## Ten Largest Taxpayers (Unaudited)

Principal Taxpayer	Type of Property	2004 Assessed Valuation	% of 2004 Total Assessed Valuation
Centerpoint Entergy, Inc.	Telephone Utility	814,270,830	1.2319%
Hines Interests Ltd. Partnership	Buildings and Land	758,565,680	1.1476%
Southwestern Bell Telephone Co.	Electric Utility	578,867,530	0.8757%
Anheuser-Busch Inc.	Buildings and Land	485,107,080	0.7339%
Crescent Real Estate	Buildings and Land	471,496,610	0.7133%
Trizechahn Allen Center L. P.	Buildings and Land	334,426,680	0.5059%
Continental Airlines, Inc.	Buildings and Land	326,389,070	0.4938%
Pacifico Antonio and Trustee	Buildings and Land	301,983,230	0.4569%
Exxon Corp.	Buildings and Land	269,218,590	0.4073%
HG Shopping Centers LP	Buildings and Land	227,449,310	0.3441%
<b>Total</b>		<b>4,567,774,610</b>	<b>6.9104%</b>

*Note: Information furnished by Harris County Appraisal District. Tax Information shown represents the 2004 assessed valuations.*

## Texas School Districts Over 50,000 Enrollment: Property Values, Wealth Per Pupil

District	Enrollment	Total Standardized Property Value (after exemptions)	Total Standardized Property Value Per Pupil (after exemptions)
Houston	211,157	71,498,948,629	338,606
Dallas	160,319	57,505,875,681	358,697
Fort Worth	80,223	16,848,465,581	210,020
Austin	78,172	38,774,488,100	496,015
Cypress-Fairbanks	74,730	20,471,730,665	273,943
Northside	71,307	16,365,236,516	229,504
El Paso	63,101	9,124,853,921	144,607
Arlington	62,343	17,090,069,273	274,130
Fort Bend	61,011	14,065,940,166	230,548
San Antonio	56,812	8,008,982,222	140,973
Aldine	56,127	8,744,544,855	155,799

*Source: TEA 2004 Academic Excellence Indicator System Report*



## Student Enrollment Projections

Houston Independent School District

Projections of student enrollment include both the number of and the type of students expected. HISD must know how many students will be enrolled before there can be any meaningful planning. Enrollment projections drive many of the revenue and expenditure components of both annual operating and multiyear program and construction budgets. At the most basic level, enrollment projections determine the number of buildings, classrooms, and faculty that the district needs. Enrollment projections also determine the functions of a district's educational programs. The types of individuals that comprise the student population are important in planning educational programs. The projection of student enrollment is important for both the next fiscal year and several subsequent fiscal years because time frames for educational programs, as well as capital building and consolidation programs, are frequently multiyear.

Assumptions have been developed in the following areas for use in preparing student enrollment projections:

Immigration/emigration rates	Number of students in private/charter schools
Employment rates	Drop-out rates of schools
Social conditions in the community	Ratio of births to deaths in the community
Fertility rates	Major trends/shifts in the local economic base

### Cohort Survival Ratios

The **cohort survival ratio** method is the most utilized methodology for predicting student enrollment in HISD. It is also known as age, class, grade retention, or grade progression ratio. This method assumes that the historical survival rate of the members of a designated cohort (or group such as a kindergarten class that is tracked through graduation) can be used as the basis for predicting the size of similar cohorts (other kindergarten classes) as they progress through the system.

As a kindergarten class moves through the school system and emerges from the 12th grade, the composition and number of students in the class change yearly at an observable rate that is applied to other groups making the same progression from grades 1-12. Application of these observed rates of change to groups expected to enroll in kindergarten will project enrollment figures for grades 1-12 for the next 12 years. Application of the observed rates of change to a cohort already enrolled, likewise, is used to project enrollment figures for the years remaining for that cohort in the district.

The **linear cohort survival ratio** method is also used in the district. This method does not track a single group through the school years, but simply provides a ratio of enrollment of one grade level to the next grade level in the same year. This ratio calculates the relationship of the size of different cohorts in a given year; it does not track a single group through the years. This variation is used for comparison with other methods of projection.

### Factors Influencing HISD Enrollment Projections

HISD student enrollment is presently in a state of transition. Recent internal policy changes, local and national economic trends, immigration/emigration patterns, and increased competition from charter schools, private schools, and home schooling have raised the enrollment projection process to a new level of complexity. While the cohort survival methods (historical and linear) of projecting student enrollment have been the most successful methods to date, these methods currently predict increasing enrollment, but the district has seen declining enrollment over the past years. We are now making



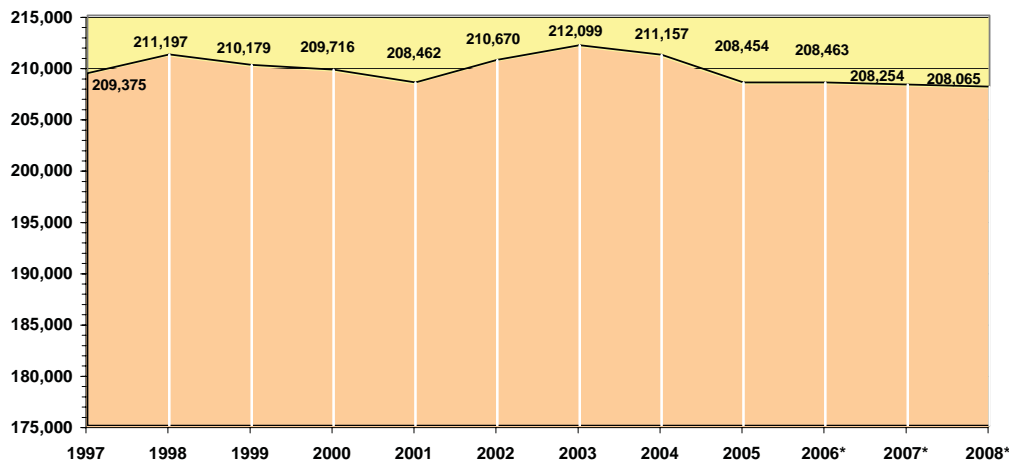
educated adjustments to the enrollment predictions generated using modified cohort survival ratios. Factors considered in these adjustments include the number of charter schools operating within and near HISD borders. The recent expansion of private school facilities in the area and an estimate of the impact of increased home schooling are other factors used to adjust the enrollment projections.

Student enrollment projections are even more important with the implementation of weighted pupil allocation formulas, because now school funding and staffing are based on the number of students expected on each campus. To over project the number of students means that unnecessary teachers will be hired and maintained on the payroll due to contractual obligations. An under projection means that a campus will not have enough teachers for the number of students, and the principal and staff will struggle to find qualified staff long after most teachers have already solidified their job plans. Sometimes, enrollment projections involve determining which is the lesser of these two “evils.”

Since the district is very large, around 212,000 students, differences between projected and actual enrollment can be as high as 2,000 students and still remain less than one percent of the total enrollment. Therefore, in spite of the increasing volatility of the factors that influence the district’s student population, the district is confident that reasonably accurate enrollment projections can be maintained, facilitating as stable an operating environment as possible.

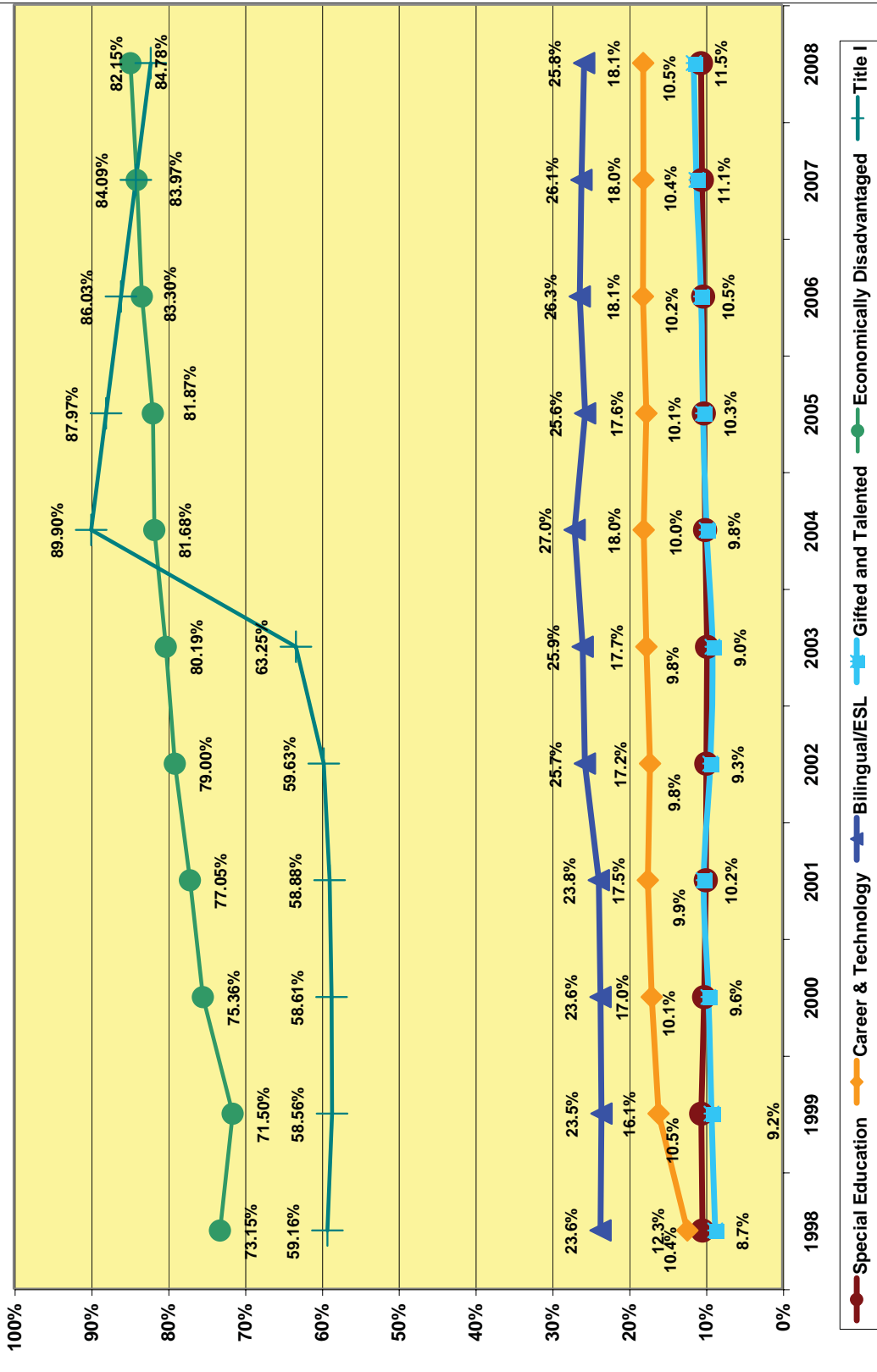
In light of the recent increase in complicating factors regarding enrollment projections, the district has modified the cohort survival ratio approach using trend analysis. Without the modified approach, the cohort methodology predicts relatively little change in enrollment through the 2006-2007 school year, which the district believes does not take recent developments into consideration. By incorporating the results of a four-year trend analysis, modified projections indicate that actual enrollment will continue a slight decline over the next three years. Also, campus administrators along with the regional superintendents have made individual enrollment projections for each campus. The net result of the campus predictions suggests a moderate enrollment decrease for the 2005-2006 school year, which coincides with the projections of the Budgeting and Financial Planning Office.

### HISD Total Enrollment History and Projections



Source: TEA, PEIMS data files, 1997-2008; 2004 enrollment as of 2004 Fall PEIMS Resubmission; 2005-2007 projections by the HISD Office of Budgeting and Financial Planning and HISD Demographics Department

# Student Population by Category - Historical and Linear Trend Projections



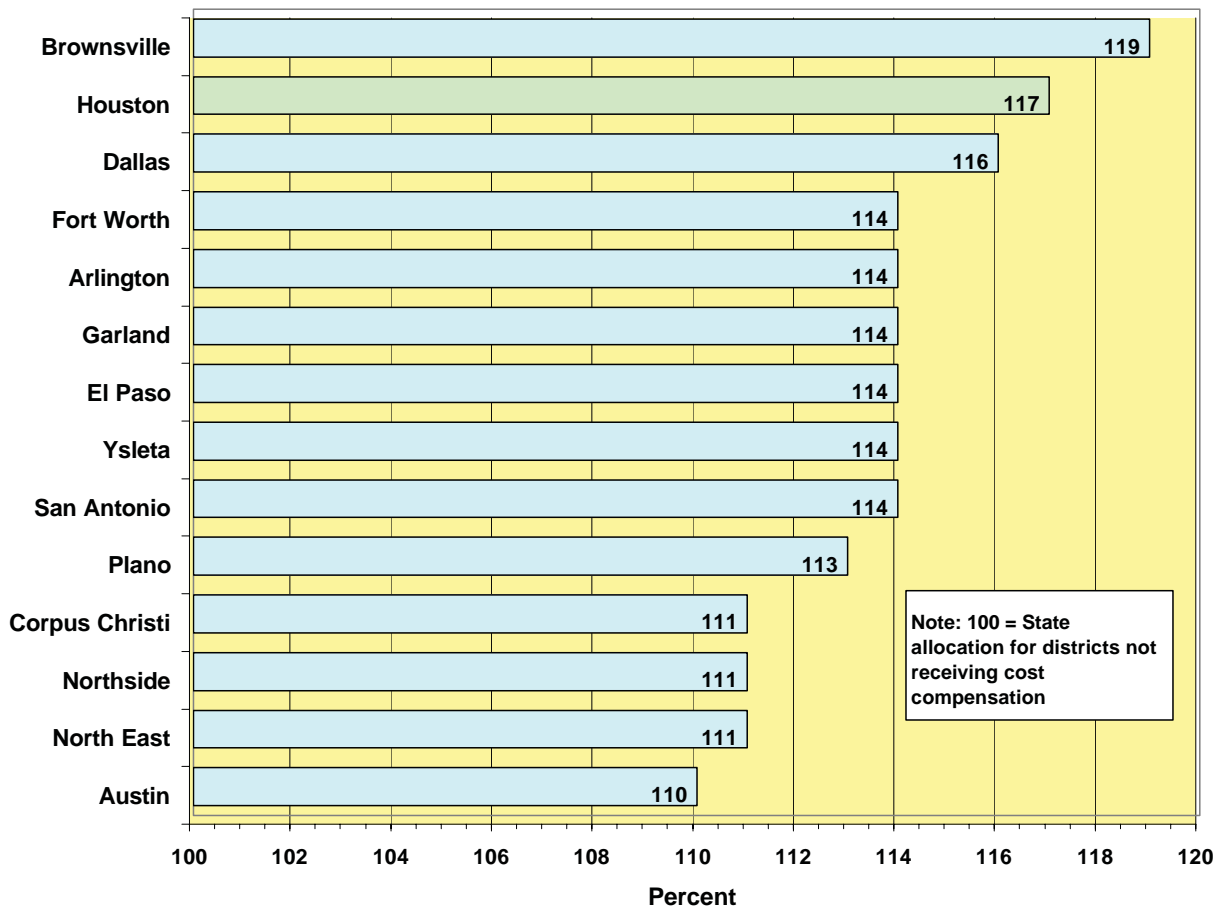


## Education Costs

### Houston Independent School District

The **Cost of Education Index (CEI)** is a component of the State Education funding formula used to adjust state funding allocations. As shown in the table below, the CEI is higher for HISD than most large Texas school districts. The CEI index compensates for variation among Texas school districts in several key areas:

- 1) Greater number of students in high cost categories (e.g., economically disadvantaged, LEP, etc.)
- 2) Regional labor costs causing higher salaries for school districts
- 3) Higher costs for goods and services in the region
- 4) Greater security needs

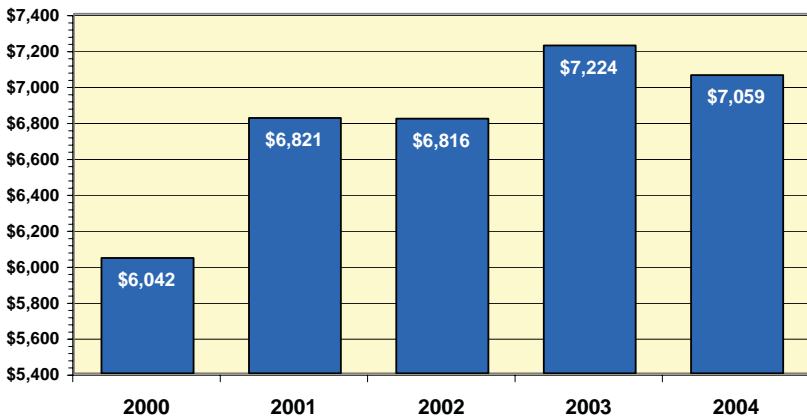


The Cost of Education Index was examined in great detail in a study commissioned by the 77th Legislature, but was not amended or updated in the 2001 legislative session.

## Per Pupil Expenditures

HISD per-pupil expenditures are calculated according to the convention established by the Texas Education Agency. The TEA per pupil calculation uses the sum of all **operating** expenditures (which do not include debt service, capital outlay, or community services) divided by the total number of students (October enrollment snapshot used by PEIMS).

### HISD Per Pupil Operating Expenditures



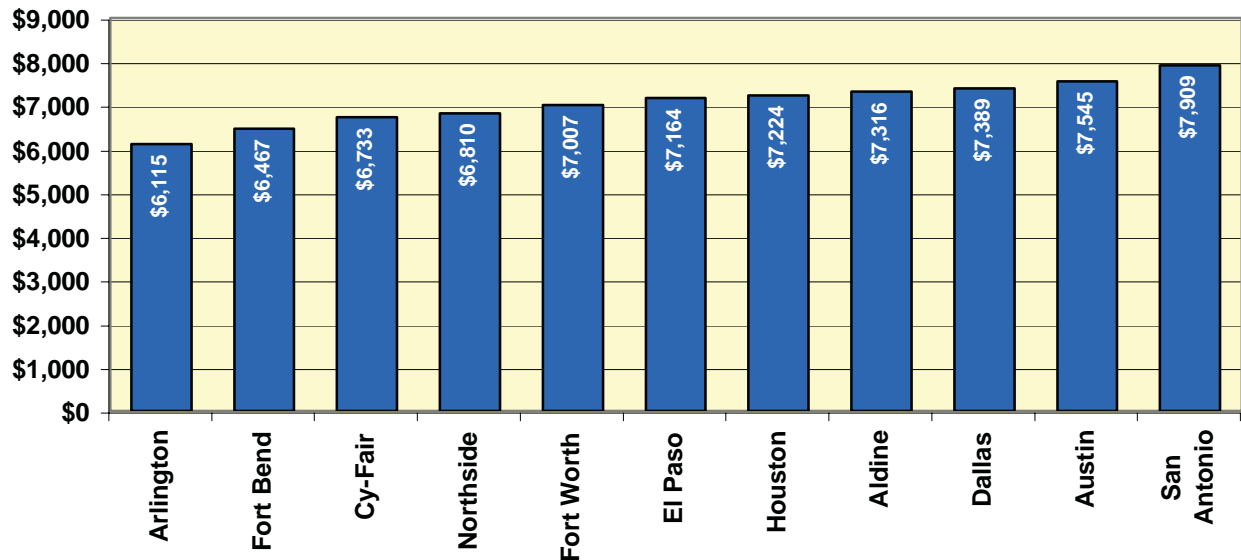
Source: TEA, Academic Excellence Indicator System 2000-2003; 2004 estimated by the HISD Office of Budgeting and Financial Planning

Cost-per-pupil measures offer a more intuitive view of the cost of educating students and provide a basis for comparison of

the costs of education with prior years, other local districts, other Texas districts, and national averages. Also, the larger increases in per pupil expenditures generally coincide with the biennial appropriations by the state legislature. As seen in the tables, HISD has maintained competitive cost-per-pupil averages in spite of having a student population in need of comparatively greater services and support. The chart below shows HISD with the second highest operating expenditures per pupil.

It is important to note that the school funding formula in Texas equalizes funding to compensate school districts for differences in student population (numbers of students served in special programs, such as Special Education and Bilingual/ESL Education) as well as the cost of education in a particular area of the state, so that differences in spending per pupil reflect the needs of the student body rather than the ability of a district to generate local revenue.

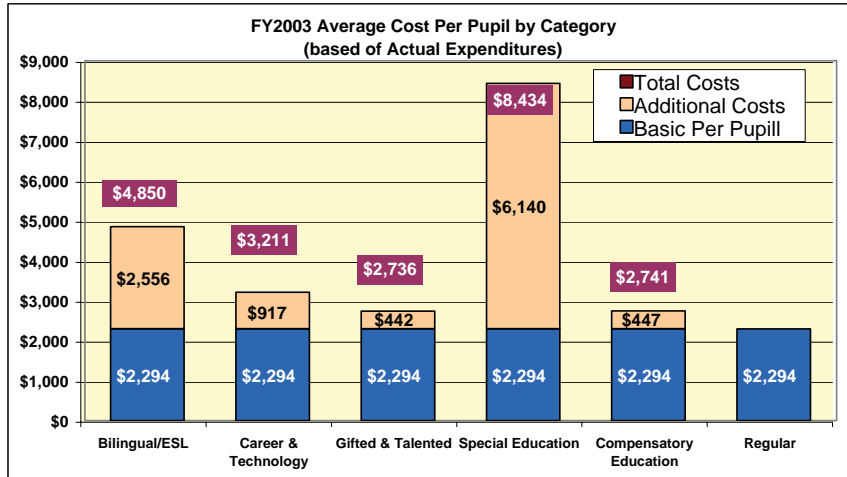
### Large Texas Districts Actual Operating Per Pupil (FY2003)



Source: TEA, 2003-2004 Academic Excellence Indicator System Report

## Expenditures for Different Types of Pupils

The cost of educating different categories of pupils vary. Special Education, Bilingual and English-as-a-Second-Language (ESL), Career and Technology, and Gifted and Talented programs, for example, all require additional funding to serve the students participating in them. The chart illustrates the average costs associated with some of these programs. These figures are based on data from the 2002-2003



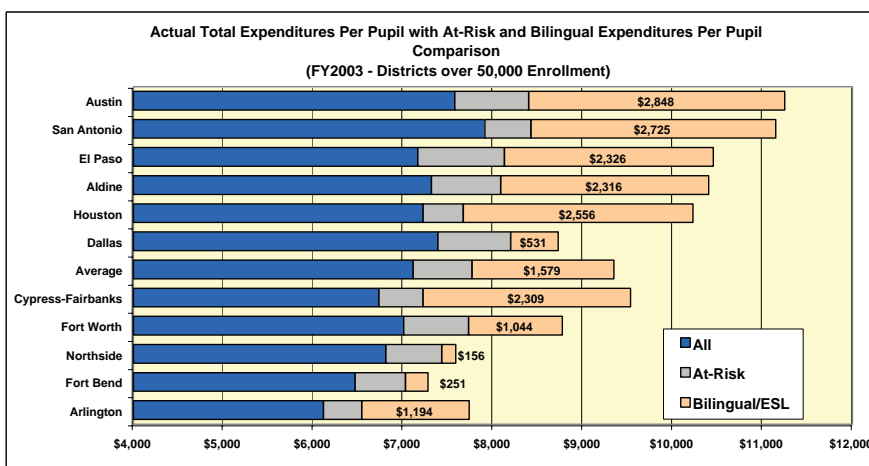
Source: TEA, 2003-2004 Academic Excellence Indicator System Reports

school year and represent an estimate of the actual costs, which should be added to the regular education allocation of \$5,242 to derive total costs for each student category. It is important to note that these are average expenditures; differences among students even within the same category can lead to wide variation in expenditures. Some Special Education children, for example, spend very little time outside the regular classroom while others require intensive medical and instructional attention from Special Education teachers and staff.

\*Note to the chart: *These are estimates of the costs, and the figures provided are not meant to imply a degree of accuracy to the nearest single dollar. Only the 2003 appropriations for the General Fund are represented. Compensatory education and athletic programs have been omitted as distinct categories since accurate student participation numbers are not available (this does not affect the overall figure for regular education). Self-contained students in Special Education programs have not been separated from the total number of Special Education students. Fringe benefit costs for each program have been estimated based on analysis of prior-year expenditure patterns.*

## A Comparison of Per Pupil Expenditures

HISD's per pupil expenditures were a little above the average for large school districts (over 50,000 students) in the state, but a very large portion of total expenditures were devoted to At-risk and Bilingual programs because of the large numbers of students requiring these services.



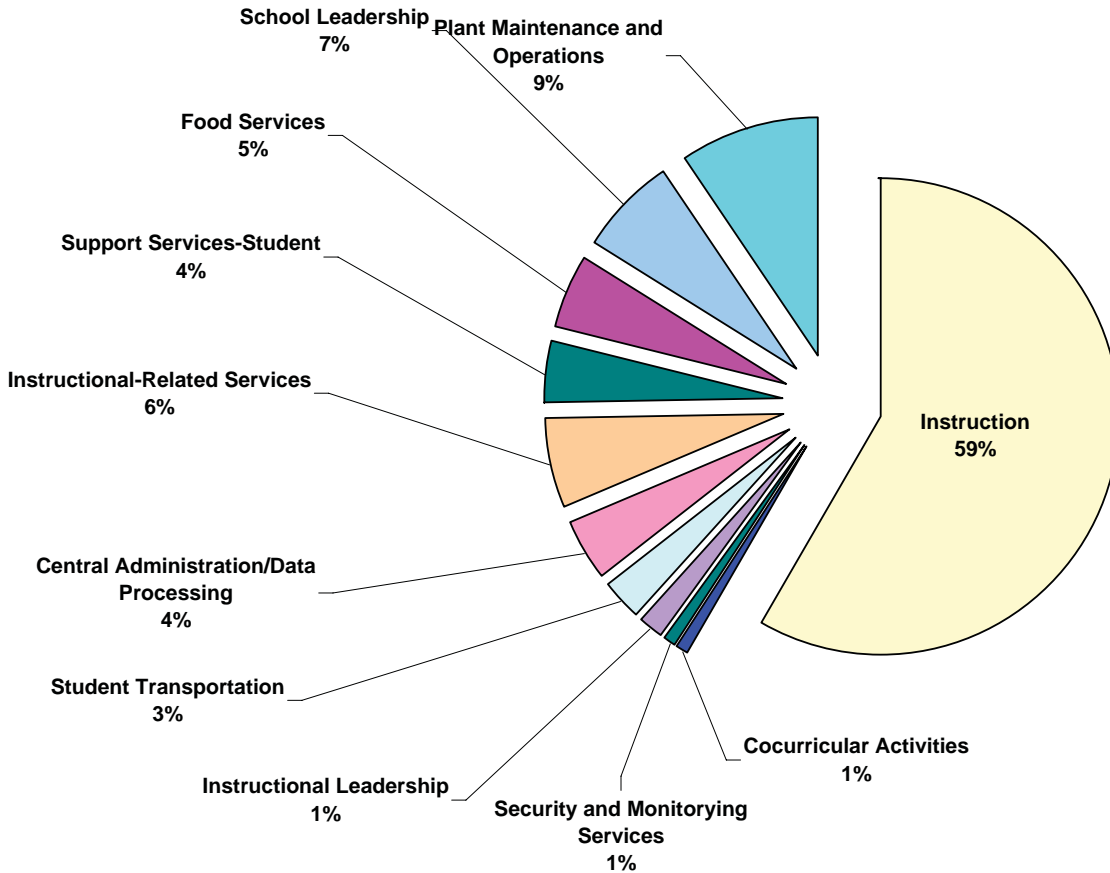
Source: TEA, 2003-2004 Academic Excellence Indicator System Reports

Note: Average does not include HISD

Aldine, Austin, and Cypress-Fairbanks showed the three largest amounts of funds used for educating economically disadvantaged and bilingual children.

# How was the \$6,816 for each pupil spent?

One way to analyze expenditures is to show how the operating budget affects a typical student. For the 2002-2003 school year, the operating budget of \$1,617,094,666 (as defined by the Texas Education Agency) funded 211,762 students for an average cost of \$6,816 per pupil. The chart below shows how the different functional areas and services contribute to the overall cost of educating each student.



## Explanation of Categories:

**Instruction:** Includes salaries, benefits, and related expenses for classroom teachers, teacher aides, and teacher assistants, etc.

**Transportation:** Includes expenses and salaries related to student transportation – fuel, equipment, vehicles, maintenance and repair, etc.

**Facility Management & Operations:** Includes salaries and other expenditures for the maintenance of schools and other district facilities. Also includes districtwide utilities and physical plant insurance expenses.

**Instructional-Related Services:** Includes expenses and salaries related to curriculum and staff development, subject/grade level department heads, salaries and expenses for librarians, library services, resource material, production of educational programming, maintenance of instructional networks, etc.

**School Leadership:** Includes salaries and expenses for principals, assistant principals and related staff, staff to record, compile and report pupil attendance data, and other staff related to non-instructional campus administration.

**Instructional Resources & Media:** Includes salaries and expenses for librarians, library services, resource material, production of educational programming, maintenance of instructional networks, etc.

**Counseling/Social Work/Health:** Includes expenses and salaries for counselors, mental health screening, diagnosticians, student appraisal services, standardized tests, truant/attendance officers, social workers, school physicians and nurses, health screening, inoculations, etc.

**Security & Monitoring:** Includes salaries and expenses for campus police, security guards, security devices, vehicles, school bus security monitors, school crossing guards, etc.

**Communications/Data Processing/Gen. Administration:** Includes expenses and salaries related to general administration (human resources, finance, legal, etc.), technology hardware and software, parental involvement programs, community services, etc.

**Instructional Leadership:** Includes salaries and expenses for instructional supervisors, special programs/population coordinators, and others involved in managing and coordinating instructional activity.

**Food Services:** Includes breakfast, lunch, and other meal services for students.

**Co-curricular Activities:** Includes salaries, stipends, and expenses for operating athletics programs and other extra-curricular programs such as debate, FFA, drama, band, etc.



## Performance Results: District Administration

### Houston Independent School District

The Houston Independent School District is continuing to examine key performance ratios and statistics to ensure that overall administration is efficient and effective. One important indicator used is the percentage of expenditures going to different categories of operations. This helps administrators ensure that central administration costs are being held to acceptably low levels and that instructional expenditures remain as high a percentage of total expenditures as possible.

### Percentage of Total Expenditures Allocated for Different Operational Areas

Six categories of expenditures have been defined by TEA's Division of Performance Reporting for use in determining the overall direction of district spending. **Instructional Expenditures** includes all activities dealing with the instruction of pupils, including teacher salaries and computer-aided instruction. **Central Administration** includes expenditures for the general administration of the district, instructional leadership, and data processing and technology services. **School Leadership** includes expenditures for administrative and operational expenses for campuses in the district. **Plant Services** contains the expenditures for physical and plant maintenance for all facilities in the district as well as security and monitoring services. **Other Operations** includes such outlays as student support services (counselors, nurses, etc.), pupil transportation, food services, co-curricular activities, and curriculum and staff development. **Non-Operations** expenditures include capital outlay expenditures, the capital projects fund, debt service expenses, and community service expenditures. The following table shows HISD trends in these areas over the past seven years.

As depicted in the table, central administration expenditures have been successfully lowered while the level of instructional expenditures has remained fairly constant. Compared with other districts in Texas, expenditures for central administration and other operations are relatively low, but plant services expenditures are somewhat high, most likely due to the high average age of HISD facilities. Overall, expenditure patterns have remained relatively stable since 1995.

	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Instructional</b>	53.0%	53.0%	57.0%	53.0%	52.0%	52.0%	54.7%	54.2%	61.0%
<b>Central Administration</b>	7.0%	7.0%	5.0%	5.0%	6.0%	6.0%	6.1%	5.8%	5.1%
<b>School Leadership</b>	6.0%	6.0%	7.0%	6.0%	6.0%	7.0%	6.1%	6.1%	6.5%
<b>Plant Services</b>	11.0%	11.0%	12.0%	12.0%	12.0%	11.0%	11.4%	11.6%	9.8%
<b>Other Operations</b>	15.0%	14.0%	16.0%	16.0%	16.0%	16.0%	12.1%	12.3%	12.1%
<b>Other Non-Operations</b>	9.0%	9.0%	9.0%	8.0%	7.0%	9.0%	9.5%	10.1%	5.4%

*Source: TEA, 1995 - 2004 Academic Excellence Indicator System Reports.*

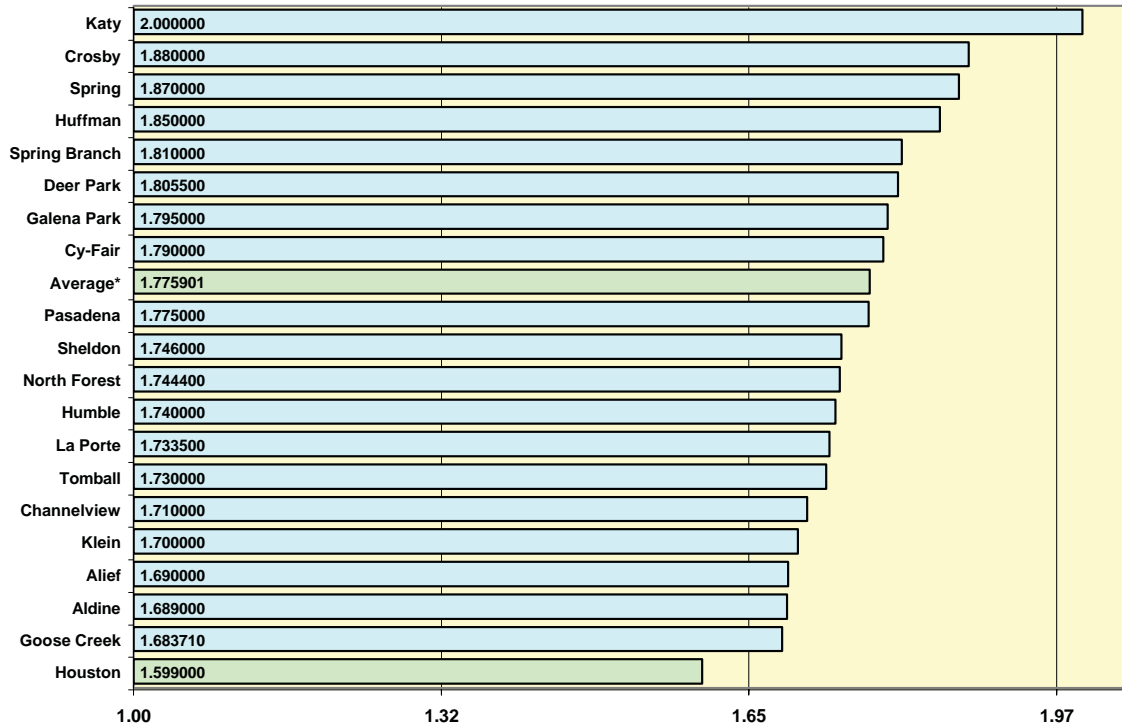
### HISD Tax Rate and Teacher Salaries

Two extremely important groups that influence the reputation and operations of the district are the local taxpayers and district teachers. If neither of these groups are satisfied with HISD's performance, it can have a very negative effect on the ability of the district to carry out its mission.

The chart on the following page compares the HISD tax rate with other Harris County school districts. HISD not only has the lowest tax rate by a significant margin, but also offers a 20 percent optional homestead exemption that many area districts do not offer, lowering the effective tax rate even further. Even with possible increases in the tax rate, which may prove necessary due to potential reductions in state funding, HISD's rate would likely remain among the lowest in the region.



## FY2004 Adopted Harris County District Tax Rates



*Note:* The average for Harris County does not include HISD.

## Teacher Salaries

Teacher salaries are an important performance indicator since the ability to provide competitive salaries reflects the ability of the district to attract and retain qualified, successful teachers. Secondly, adequate salaries are a prime component of job satisfaction for teachers and other employees; lower salaries can result in low morale, high turnover, lower student performance, and increased training and recruitment expenses. The following tables show HISD salaries compared with those of other large Texas school districts and other Houston-area school districts (2004-2005 data).

## Tax Rates and Salaries vs. Inflation

### 2004-2005 Teacher Salary Survey Large Texas Districts

District	Bachelor's		Master's		Doctorate	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Austin	35,080	54,980	35,900	55,800	35,900	55,800
Corpus Christi	35,000	49,624	36,700	53,175	37,870	56,640
Dallas	38,500	55,464	39,500	61,632	41,500	63,820
El Paso	34,000	50,777	35,000	54,558	36,000	55,550
Fort Worth	38,500	59,371	39,350	60,879	42,350	64,170
Houston	<b>35,000</b>	<b>56,669</b>	<b>36,000</b>	<b>59,720</b>	<b>37,000</b>	<b>62,770</b>
Northside	35,020	54,028	36,050	59,051	37,450	60,450
San Antonio	38,200	51,118	40,200	53,118	40,200	53,118
Ysleta	35,250	50,470	37,250	52,470	38,750	53,970

Source: HISD Salary Administration



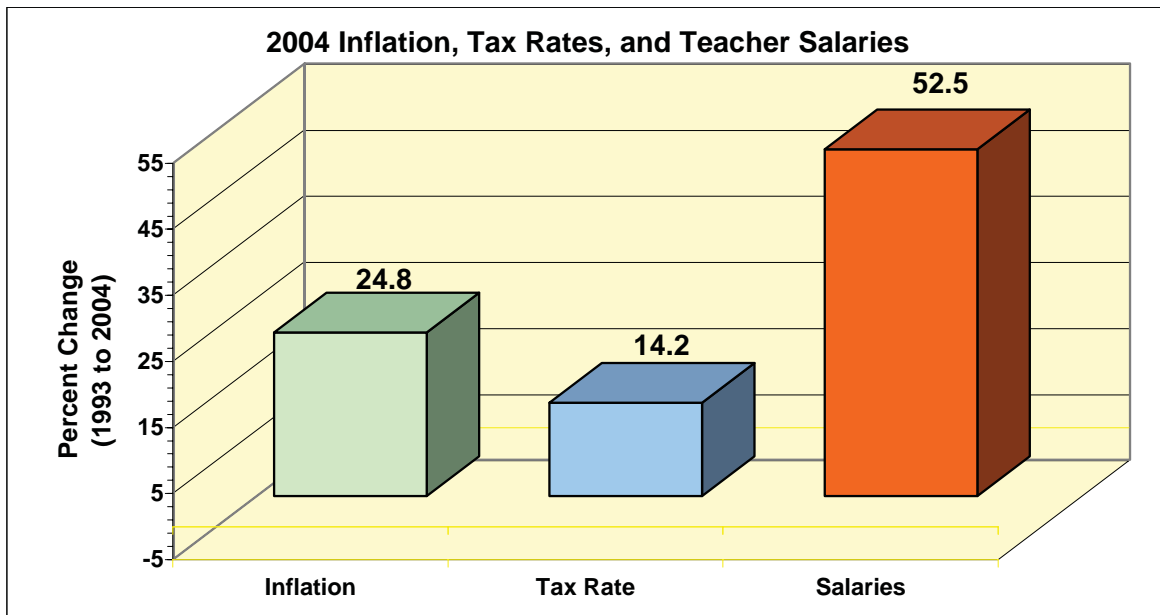
**2004 - 2005 Teacher Salaries (Bachelor degreed): Houston Area School District Comparisons**

District	0 Years Exp		1 Years Exp		2 Years Exp		3 Years Exp		4 Years Exp		5 Years Exp		6 Years Exp	
	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank
Aldine	37,000	3	37,000	5	37,000	7	37,500	6	38,000	6	38,429	7	39,303	5
Alief	38,200	2	39,164	1	39,639	1	40,085	1	40,574	1	41,664	1	42,454	1
Clear Creek	37,000	4	37,250	4	37,600	4	38,050	4	38,550	4	39,075	5	39,600	4
Cy-Fair	36,000	7	36,600	7	37,244	5	37,644	5	38,044	5	38,444	6	39,008	7
Deer Park	38,365	1	38,640	2	38,940	2	39,290	2	39,690	2	40,090	2	40,540	2
Galena Park	36,275	6	36,975	6	37,175	6	37,375	7	37,575	8	38,275	8	38,475	8
HISD	35,000	8	35,808	8	36,524	8	37,065	8	37,614	7	39,225	4	39,225	6
Klein	37,000	5	38,225	3	38,775	3	38,935	3	39,135	3	39,335	3	39,635	3

District	7 Years Exp		8 Years Exp		9 Years Exp		10 Years Exp		15 Years Exp		20 Years Exp		25 Years Exp	
	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank
Aldine	40,176	3	41,050	3	42,327	2	43,603	2	48,839	1	54,147	1	54,147	1
Alief	42,710	1	43,637	1	44,222	1	44,854	1	48,287	2	51,557	2	53,755	2
Clear Creek	40,125	4	40,650	5	41,175	5	41,700	5	44,325	7	46,965	6	49,815	8
Cy-Fair	39,929	6	40,920	4	41,320	4	42,060	4	44,708	6	46,924	7	50,510	7
Deer Park	40,990	2	41,440	2	41,840	3	42,490	3	45,740	4	48,990	5	51,590	5
Galena Park	38,675	8	38,875	8	39,075	8	40,475	7	42,925	8	46,725	8	50,125	6
HISD	39,225	7	40,010	7	40,010	7	40,316	8	46,140	3	49,030	4	52,020	4
Klein	39,935	5	40,235	6	40,535	6	40,835	6	45,668	5	49,746	3	53,398	3

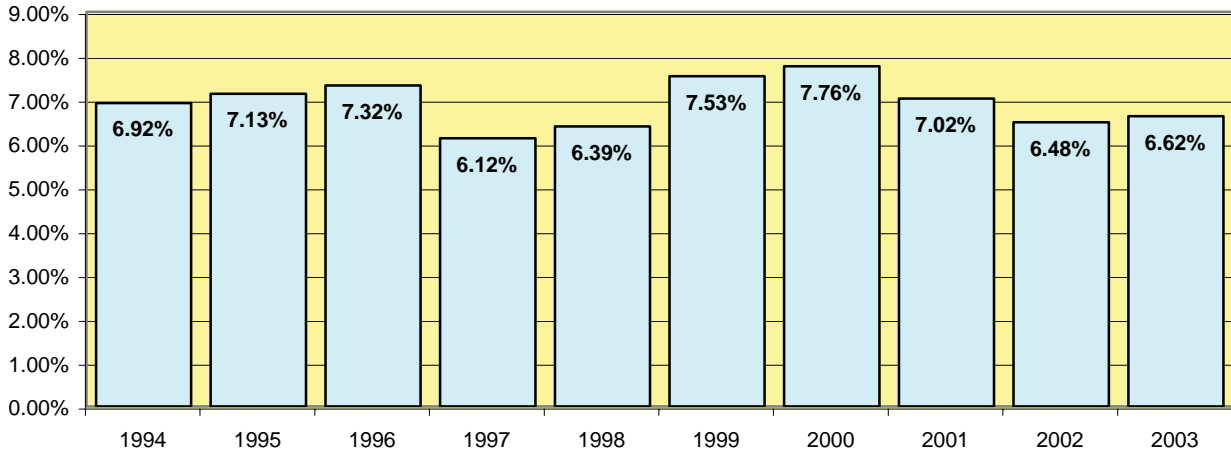
Source: HISD Compensation and Salary Administration

Another verification of the effectiveness of tax rate and salary policy is to compare them with the rate of inflation over a specified period of time. Tax-rate and salary increases that either out-distance or fail to keep up with the rate of inflation, respectively, do not satisfy the groups involved. The following chart compares the Houston-area rate of inflation with the increases of each item from 1993 to 2004. The chart shows that from 1994 to 2004, the Houston area total inflation was 19.0% (about 1.9 percent annually), while the tax rate increased by only 14.2 percent and teacher salaries increased 52.5 percent over the same period. In other words, tax rate increases were less than three-fourths the inflation rate, and teacher salary increases were more than double the rate of inflation.



Source: Bureau of Labor Statistics February 2005 (inflation data) CPI, All U.S. Cities; 1994 base year; HISD Office of Budgeting and Financial Planning.

## HISD Administrative Cost Ratios



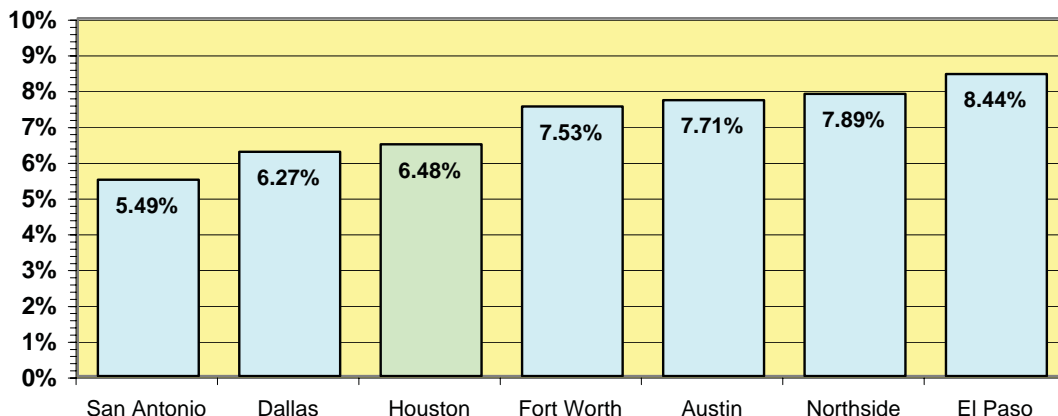
**Source:** Years 1994-2002 TEA, May 2003; Years 2003-2004 HISD Office of Budgeting and Financial Planning

### Administrative Cost Ratio

The administrative cost ratio is the ratio of administrative costs (central and regional offices) to instructional costs (related to direct classroom instruction and student services). This ratio is legally defined and calculated annually by the TEA (as per Senate Bill 1). As illustrated below, the administrative cost ratio has declined from over 9.58 percent in 1990 to an estimated 7.02 percent for 2001. This decline is a result of having reduced administrative positions, transferring or increasing resources to the schools, and closely watching administrative costs throughout the district. The district has seen recent increases in this ratio, but is still about 36% lower than the state standard of 11.05. Recent upward movement in the ratio reflects the implementation of new business systems and technologies (SAP, PeopleSoft, etc.) which caused some increased expenditure up front, but should ultimately help to improve administrative efficiency. Since larger districts benefit from greater economies of scale, the state has set a more stringent standard for large districts such as HISD.

Comparison of administrative cost ratios among the 7 largest Texas districts reveals that HISD continues to maintain a competitive position among the 7 largest districts in Texas. Combined with the information from the previous chart, the data confirm that HISD is successful in maintaining and promoting efficient operations. Monitoring and improving this ratio will continue to be a district priority in the future. However, SB 900 enacted during the 78th Texas Legislature's Regular Session in 2003 repealed Section 42.201 of the Texas Education Code (TEC) relating to administrative cost ratios. The bill continued the statute only for the limited purpose of recovering amounts from districts that meet the criteria for excess administrative costs for 2002-2003. Historical Information from 1995-2002 will continue to be maintained at this site for reference purposes.

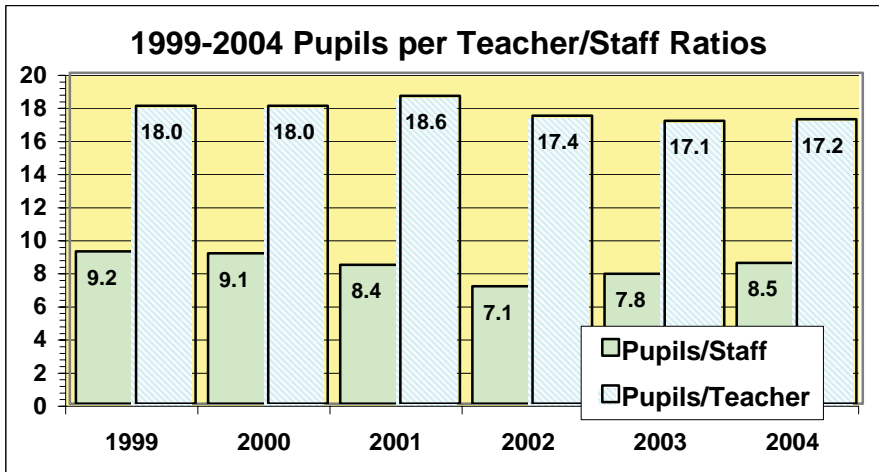
### Administrative Cost Ratios District Comparisons for 2003



**Source:** Texas Education Agency, May 2003.

## Pupil-Teacher, Pupil-Staff Ratios

Two ratios that provide an overall look at the effectiveness of resource allocation for educating children are the pupil-teacher and pupil-staff ratios. The ratios are measured in terms of Full Time Equivalents (FTEs), which take into consideration staff and teachers who are not full-time employees. The chart shows that HISD has kept the total number of pupils per staff members fairly constant over the last four years, but the average class size has increased by almost 5 percent from 17.4 to 18.0 students per teacher.



Source: TEA 1999-2004 Academic Excellence Indicator System Reports.

The ideal situation is to have the lowest pupil-teacher ratio possible, while at the same time keeping the ratio of students to total staff members as high as possible. Currently, there are no specified targets or standards for these ratios other than legal requirements such as the 22:1 pupil-teacher ratio for elementary grades.



## Public vs. Private Sector

### Houston Independent School District

The U.S. Equal Employment Opportunity Commission (E.E.O.C.) produces a report comparing the types of positions occupied by different ethnic groups as well as a breakdown by industry. Within each industry the E.E.O.C. further defines the totals by Administrative-Supervisory and Non-Administrative and then provides a ratio of Administrative-Supervisory to Non-Administrative employees. The private sector shows to have a much lower Supervisor to Non-Supervisor ratio than the Public Sector.

The following chart shows a breakdown of this information.

Note: FTE = Full-Time Equivalent; E.E.O.C. data from 2002 modified 2004 and U. S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "State Nonfiscal Survey of Public Elementary/Secondary Education," 2001-02; HISD, all Funds from June 2005.

<b>Private Sector</b>				
<b>USA by Industry:</b>	<b># Total Employ.</b>	<b># Admin. Sup.</b>	<b># Non-Sup.</b>	<b>Ratio</b>
Agriculture, Forestry, & Fishing	140,680	13,891	126,789	9:1
Mining	271,375	35,825	235,550	7:1
Construction	916,689	99,290	817,399	8:1
Manufacturing	10,397,677	1,182,021	9,215,656	8:1
Transportation and Public Utilities	2,623,738	265,420	2,358,318	9:1
Wholesale Trade	1,544,996	211,738	1,333,258	6:1
Retail Trade	6,336,601	556,746	5,779,855	11:1
Finance, Insurance & Real Estate	3,388,469	594,758	2,793,711	5:1
Other Services	17,014,954	1,662,093	15,352,861	9:1
				8:1
<b>TOTAL EMPLOYMENT USA</b>	<b>42,635,179</b>	<b>4,621,782</b>	<b>38,013,397</b>	<b>8:1</b>
<b>TOTAL EMPLOYMENT TEXAS</b>	<b>3,086,110</b>	<b>348,276</b>	<b>2,737,834</b>	<b>8:1</b>
<b>TOTAL EMPLOYEMENT HOUSTON</b>	<b>788,283</b>	<b>97,419</b>	<b>690,864</b>	<b>7:1</b>
<b>Public Sector</b>				
<b>TOTAL EMPLOYMENT USA</b>	<b>5,902,916</b>	<b>224,157</b>	<b>5,678,759</b>	<b>25:1</b>
<b>TOTAL EMPLOYMENT TEXAS</b>	<b>582,555</b>	<b>36,735</b>	<b>545,820</b>	<b>15:1</b>
HISD Salary Personnel (FTE's)	22,797	2,076	20,720	10:1
HISD Hourly Personnel (FTE's)	19,228	0	19,228	0
<b>TOTAL EMPLOYMENT HISD</b>	<b>42,025</b>	<b>2,076</b>	<b>39,948</b>	

Source: Private Sector data from E.E.O.C., 2002 last modified March 17, 2004; Houston, TX PMSA last modified February 16, 2004. Public Sector data from U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "State Nonfiscal Survey of Public Elementary/Secondary Education," 2001-02. HISD Positions as of June, 2005.

On the following two pages you will find a more detailed comparison of the types of positions that HISD has had from 2002-2005 and budgeted for 2006.

**HISD - General Fund Position FTE's by Staff Types 2002 - 2006**

Contract Positions Only (excludes Bus Drivers)

Position Type	2002	2003	2004	2005	2006
Principals, Asst Princ, Assoc Princ	598.32	603.00	589.83	569.32	562.65
Manager / Supervisors	24.00	45.10	40.74	51.61	50.57
Deans	28.00	29.00	29.00	31.00	31.00
Coordinators, Instr Supv.	134.87	159.17	159.67	180.03	186.73
Counselors,Psychologists, Nurses	601.73	585.93	550.92	522.83	513.59
Consultants, Specialists	185.00	267.39	268.91	274.35	280.40
Teachers	12,132.23	12,274.94	11,916.99	11,736.24	11,591.37
Librarians	230.80	237.80	217.90	190.59	193.09
Professional	3.00	5.00	6.00	9.00	7.00
Trainers	0.00	6.00	9.00	8.00	6.00
School Secretary	273.00	270.00	263.00	266.00	259.00
Teacher Aides & Assistants	1,815.19	1,724.24	1,671.35	1,640.55	1,574.34
Paraprofessional	1,208.65	1,308.78	1,238.60	1,200.08	1,160.29
Custodial	1,303.50	1,276.50	1,231.00	1,186.00	5.00
Maintenance	3.00	3.00	2.00	3.00	0.00
Police	89.00	85.00	76.00	72.00	72.00
Other	2.00	0.00	0.00	1.00	1.00
<b>Total School Staff</b>	<b>18,632.29</b>	<b>18,880.85</b>	<b>18,270.91</b>	<b>17,941.60</b>	<b>16,494.03</b>
District Superintendents	12.00	13.00	11.00	12.00	1.00
Regional Superintendent	0.00	0.00	0.00	3.00	5.00
Directors	16.00	18.50	17.00	20.54	6.00
Principals, Asst Princ, Assoc Princ	7.00	7.00	5.00	19.50	19.00
Manager / Supervisors	17.00	29.00	23.53	39.01	33.00
Coordinators, Instr Supv.	97.00	73.98	32.06	24.12	0.00
Counselors,Psychologists, Nurses	18.50	11.00	3.84	3.82	0.00
Consultants, Specialists	138.50	113.00	13.52	9.18	0.00
Teachers	55.30	53.25	11.15	8.64	1.00
Professional	4.00	6.00	1.26	2.28	0.00
Trainers	14.00	14.00	1.17	2.17	0.00
School Secretary	0.00	0.00	1.00	1.00	0.00
Teacher Aides & Assistants	0.00	0.00	0.00	1.00	0.00
Paraprofessional	78.10	61.80	43.80	44.14	29.00
Custodial	16.00	16.34	15.34	18.34	10.00
Police	1.00	1.00	0.00	0.50	0.00
Other	0.00	0.00	0.00	0.00	0.00
<b>Total Regional Office Staff</b>	<b>474.40</b>	<b>417.87</b>	<b>179.67</b>	<b>209.24</b>	<b>104.00</b>
General Superintendent	1.00	1.00	1.00	1.00	1.00
Asst Sup., Deputy, Chief	25.00	26.00	25.00	25.50	24.50
Directors	28.00	25.00	21.00	21.50	22.50
Principals, Asst Princ, Assoc Princ	24.00	26.00	15.00	1.00	1.00
Manager / Supervisors	307.00	285.80	277.30	262.55	251.55
Coordinators, Instr Supv.	134.00	84.50	84.00	79.00	85.00
Counselors,Psychologists, Nurses	38.00	29.30	22.80	18.00	33.30
Consultants, Specialists	159.50	137.29	135.00	131.00	150.50
Teachers	53.50	54.50	45.50	39.00	51.70
Professional	209.75	189.75	177.75	168.25	163.25
Trainers	21.00	15.00	10.00	6.00	6.00
Teacher Aides & Assistants	6.00	6.00	6.00	0.00	1.00
Paraprofessional	608.00	443.00	423.00	370.30	423.50
Custodial	84.00	67.66	64.66	61.66	1,188.50
Maintenance	660.00	623.00	594.00	584.00	490.00
Police	109.00	81.00	82.00	84.50	84.00
Other	4.00	1.00	1.00	2.00	2.00
<b>Total Central Office Staff</b>	<b>2,471.75</b>	<b>2,095.80</b>	<b>1,985.01</b>	<b>1,855.26</b>	<b>2,979.30</b>
<b>TOTAL STAFF</b>	<b>21,578.44</b>	<b>21,394.52</b>	<b>20,435.59</b>	<b>20,006.09</b>	<b>19,577.33</b>

NOTES: 2002, 2003, 2004, 2005, and 2006 position file as of 5/7/2002, and 5/22/2003, 04/30/2004, 04/30/2005, and 2006 File has been adjusted to reflect retirements and department reductions as of 6/30/2005.  
Position Types and Data from HISD Office of Budgeting and Financial Planning

## HISD - All Funds Position FTE's by Staff Types 2002 - 2006

Contract Positions Only (excludes Bus Drivers)

Position Type	2002	2003	2004	2005	2006
Principals, Asst Princ, Assoc Princ	599.00	603.00	591.50	575.50	569.00
Manager / Supervisors	29.00	59.00	62.50	72.94	72.47
Deans	29.00	29.00	29.00	31.00	31.00
Coordinators, Instr Supv.	193.10	225.30	227.50	246.61	249.61
Counselors,Psychologists, Nurses	635.50	622.80	589.46	562.63	548.20
Consultants, Specialists	195.00	275.02	279.20	288.00	327.16
Teachers	13,010.59	13,234.38	12,788.24	12,560.95	12,451.90
Librarians	233.80	241.30	220.40	193.30	196.30
Professional	3.00	5.00	6.00	10.00	8.00
Trainers	0.00	6.00	9.00	8.00	6.00
School Secretary	275.00	271.00	264.00	269.00	262.00
Teacher Aides & Assistants	2,197.02	2,073.60	1,977.65	1,943.60	1,895.80
Paraprofessional	2,165.65	2,176.25	2,091.35	1,966.75	1,918.55
Custodial	1,303.50	1,276.50	1,231.00	1,186.00	5.00
Maintenance	3.00	3.00	2.00	3.00	0.00
Police	89.00	85.00	76.00	80.00	80.00
Other	2.00	1.00	1.00	1.00	1.00
<b>Total School Staff</b>	<b>20,963.16</b>	<b>21,187.15</b>	<b>20,445.80</b>	<b>19,998.28</b>	<b>18,621.99</b>
District Superintendents	12.00	13.00	11.00	12.00	1.00
Regional Superintendent	0.00	0.00	0.00	3.00	5.00
Directors	16.00	19.00	17.50	21.50	6.46
Principals, Asst Princ, Assoc Princ	7.00	9.00	6.00	20.50	19.00
Manager / Supervisors	17.00	33.00	31.50	48.06	35.50
Deans	0.00	1.00	0.00	0.00	0.00
Coordinators, Instr Supv.	119.00	161.00	112.25	100.14	38.53
Counselors,Psychologists, Nurses	24.50	26.00	16.84	12.82	1.00
Consultants, Specialists	140.50	227.50	132.30	106.60	5.37
Teachers	72.30	154.25	112.75	77.50	65.75
Professional	4.00	9.00	6.00	7.50	2.50
Trainers	15.00	15.00	2.00	3.00	0.83
School Secretary	0.00	1.00	2.00	2.00	1.00
Teacher Aides & Assistants	0.00	0.00	0.00	1.00	0.00
Paraprofessional	89.10	87.80	64.80	65.80	47.00
Custodial	16.00	16.34	17.34	20.34	12.00
Police	1.00	1.00	0.00	0.50	0.00
Other	0.00	0.00	0.00	0.00	0.00
<b>Total Regional Office Staff</b>	<b>533.40</b>	<b>773.89</b>	<b>532.28</b>	<b>502.26</b>	<b>240.94</b>
General Superintendent	1.00	1.00	1.00	1.00	1.00
Asst Sup., Deputy, Chief	28.00	29.00	29.00	27.50	26.50
District Superintendents	0.00	1.00	1.00	1.00	1.00
Directors	28.00	28.00	24.00	24.50	24.50
Principals, Asst Princ, Assoc Princ	24.00	26.00	16.00	2.00	2.00
Manager / Supervisors	402.60	399.00	398.00	391.50	387.50
Coordinators, Instr Supv.	185.60	149.60	147.00	147.00	208.00
Counselors,Psychologists, Nurses	53.00	49.30	43.80	43.00	62.30
Consultants, Specialists	186.50	183.08	182.00	183.00	288.63
Teachers	53.50	62.72	52.50	46.00	64.70
Professional	246.00	226.50	225.50	219.00	216.00
Trainers	31.00	39.50	46.50	41.00	41.00
Teacher Aides & Assistants	6.00	6.00	7.00	1.00	2.00
Paraprofessional	793.00	694.00	688.50	661.00	723.00
Custodial	85.00	71.66	66.66	68.66	1,195.50
Maintenance	761.00	711.00	704.00	692.00	601.00
Police	114.00	86.00	87.00	86.50	86.00
Other	4.00	1.00	1.00	3.00	3.00
<b>Total Central Office Staff</b>	<b>3,002.20</b>	<b>2,764.36</b>	<b>2,720.46</b>	<b>2,638.66</b>	<b>3,933.63</b>
<b>TOTAL STAFF</b>	<b>24,498.76</b>	<b>24,725.40</b>	<b>23,698.54</b>	<b>23,139.20</b>	<b>22,796.56</b>

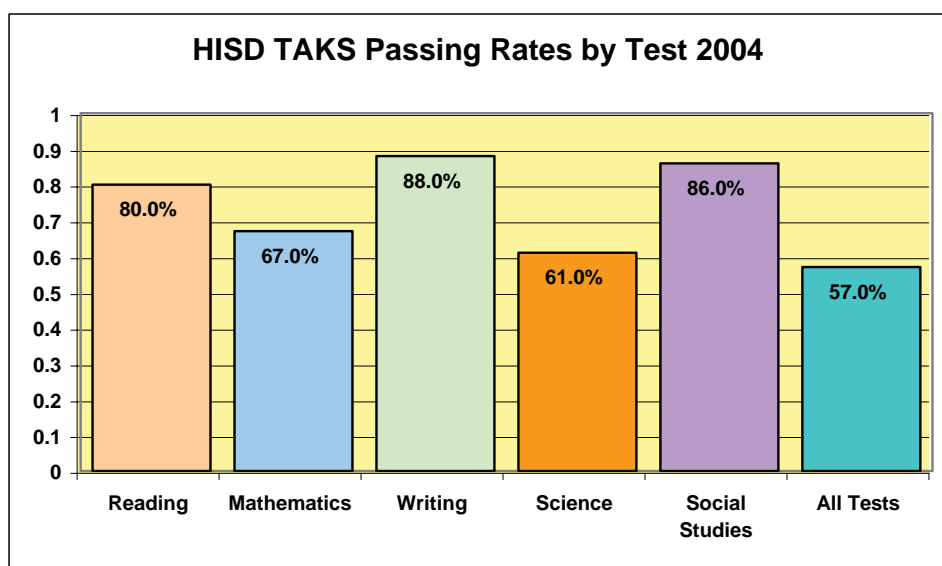
NOTES: 2002, 2003, 2004, 2005, and 2006 position file as of 5/7/2002, and 5/22/2003, 04/30/2004, 04/30/2005, and 2006 File has been adjusted to reflect retirements and department reductions as of 6/30/2005.  
Position Types and Data from HISD Office of Budgeting and Financial Planning



## Performance Results: Student Achievement Houston Independent School District

The Houston Independent School District regularly evaluates student performance in many areas in order to ensure that Houston children receive the finest education possible. Additionally, student achievement results are used by district staff to evaluate different educational initiatives and to ensure that funds are expended in the most efficient and effective ways possible. Student achievement reports to students, parents, and the community in general are provided regularly, as well as detailed reports submitted to the Texas Education Agency (TEA). The most widely used measure of student performance in the state of Texas is the **Texas Assessment of Knowledge and Skills (TAKS)**, which is administered each year in the spring. Through a comprehensive reporting mechanism, student results are compiled so that regions, districts, and even individual schools can compare themselves to other similar areas or schools as well as statewide averages in order to more accurately gauge performance.

Other measures of HISD student achievement include the **Stanford Achievement Test (Stanford 10)** and the **Apranda** (Spanish-language), which are norm-referenced tests that can be used to compare student performance nationally, dropout rates, SAT I and ACT examinations (for high schools), and attendance rates.



Source: TEA Academic Excellence Indicator System, 2004, Met Standard

### Texas Assessment of Academic Skills Results

The Texas Education Agency replaced the Texas Assessment of Academic Skills (TAAS) with the (TAKS) as the state-mandated criteria-referenced test. TAKS is a completely reconceived testing program. It includes more of the Texas Essential Knowledge and Skills (TEKS) than the TAAS did and attempts to ask questions in more authentic ways. TAKS has been developed to better reflect good instructional practice and more accurately measure the student learning.

Spring 2003 was the first administration of the TAKS. In November 2002, the Texas State Board of Education received recommended passing standards from a panel of experts. The Board adopted a two-year phase-in process for the passing standard on the test. The passing standard for 2003 is two SEM (Standard Error of Measurement) below the panel recommendation. One SEM is the passing standard for 2004, and the panel recommendation will be the passing standard for 2005 and beyond.

The chart above shows passing rates by test for the district.

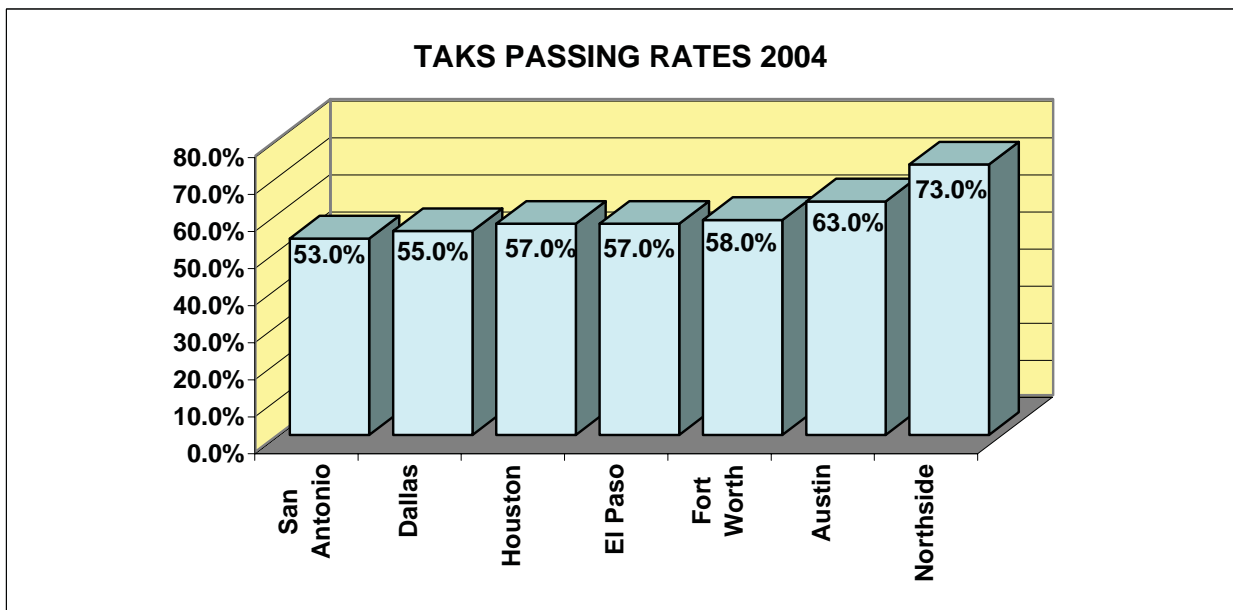


Six Texas districts make up a reasonable comparison group for benchmarking against HISD. All are large (more than 50,000 students) urban/suburban districts in Texas. Accurate benchmarking is possible since TEA maintains a significant database of information regarding the performance of Texas schools and school districts. The following table provides summary information regarding the districts used in the comparisons.

The following chart shows that HISD TAKS performance compares favorably with that of similar districts in the state. In fact, when viewed in light of the number of economically disadvantaged and Bilingual/ESL students, HISD pupils exceed expectations. HISD has been able to increase overall TAKS passing rates from 43.7 percent in 1994 to 81.7 percent in 2004. This is a significant accomplishment when more than three out of four students come from economically disadvantaged households.

2004 Percent of Student Enrollment by Program							
# Students		% Econ. Dis.		% Bilingual / ESL		% Special Ed.	
<b>Houston</b>	211,157	<b>San Antonio</b>	90.0%	<b>Dallas</b>	29.6%	<b>Northside</b>	14.6%
<b>Dallas</b>	160,319	<b>Houston</b>	81.7%	<b>Houston</b>	27.0%	<b>San Antonio</b>	12.8%
<b>Fort Worth</b>	80,223	<b>Dallas</b>	79.5%	<b>Fort Worth</b>	25.4%	<b>Austin</b>	12.3%
<b>Austin</b>	78,172	<b>El Paso</b>	67.9%	<b>El Paso</b>	22.4%	<b>Houston</b>	10.0%
<b>Northside</b>	71,307	<b>Fort Worth</b>	69.4%	<b>Austin</b>	20.7%	<b>Fort Worth</b>	9.5%
<b>El Paso</b>	63,101	<b>Austin</b>	55.6%	<b>San Antonio</b>	15.0%	<b>El Paso</b>	8.9%
<b>San Antonio</b>	56,812	<b>Northside</b>	43.4%	<b>Northside</b>	4.5%	<b>Dallas</b>	7.8%

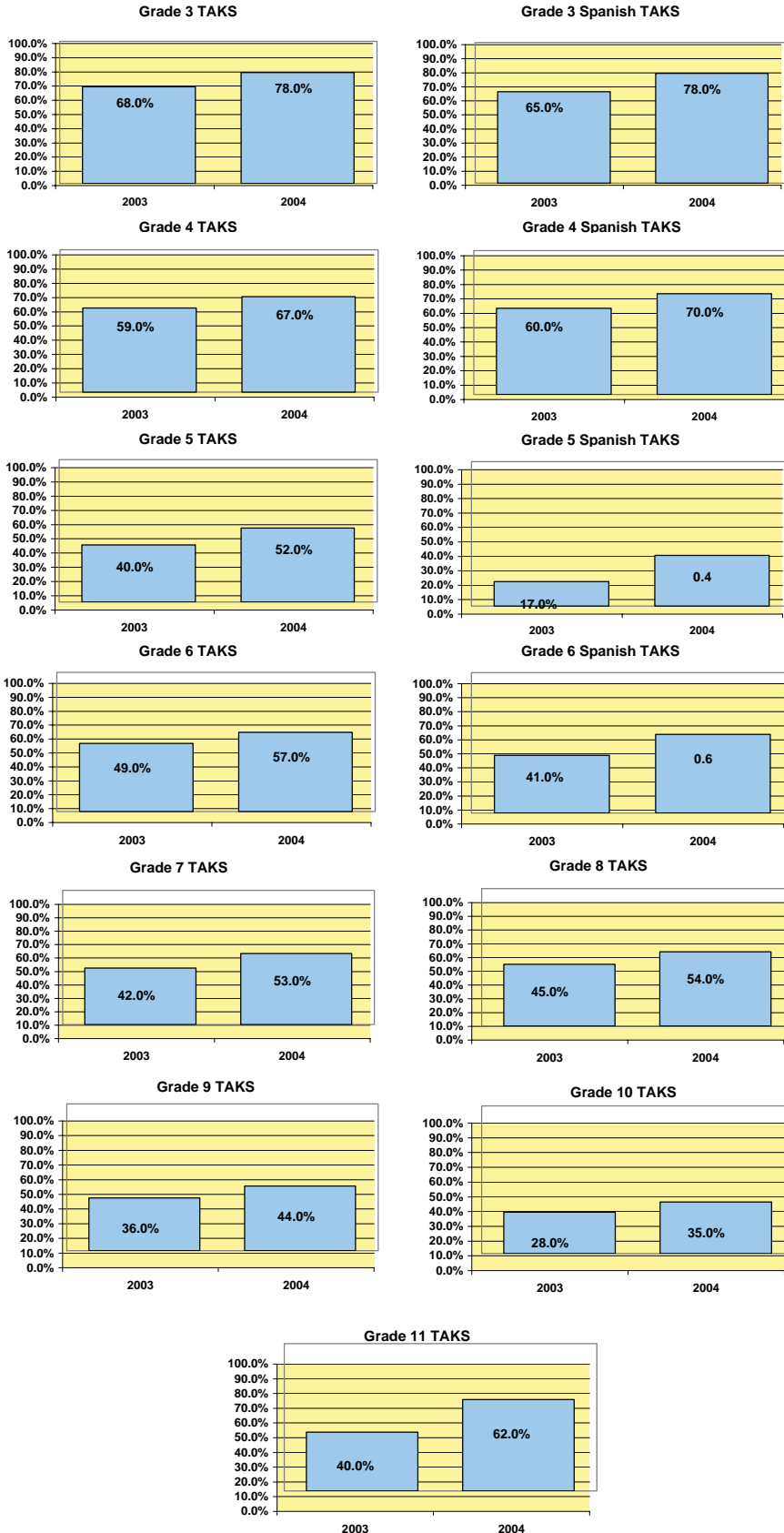
Source: Texas Education Agency, AEIS District Financial Database 2004



Source: TEA Academic Excellence Indicator System, 2004, Met Standard



**Texas Assessment of Knowledge and Skills, All Tests Taken 2004  
(Met Standard)**



Source: Academic Excellence Indicator System (AEIS) on TEA Website, 2004, Met Standard

## Dropout Rate

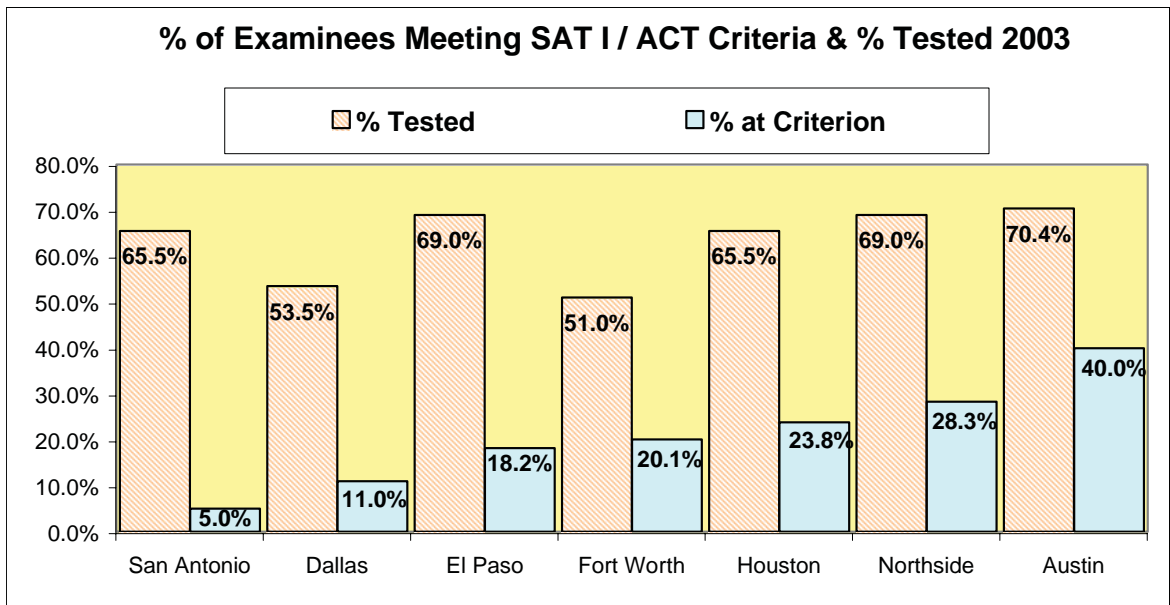
Last May 2004, HISD and Houston First Lady Andrea White convened a summit meeting called “expectation: GRADUATION”, that recruited the entire city to help more students to complete high school. The goal of the meeting, was to increase public awareness of the dropout issue, develop ways to address it, create action plans based on those strategies, and get all community, business, education, and religious leaders actively engaged in carrying out the plans.

As a result of “expectation: GRADUATION”, nearly 300 former students returned to HISD campuses during the 2004–2005 school year.

## Scholastic Assessment Test (SAT I) and American College Test (ACT)

The SAT I and ACT exams are given as entrance examinations to college-bound students. HISD has

	2001				2002				2003			
	Grad	GED	Cont	Drop	Grad	GED	Cont	Drop	Grad	GED	Cont	Drop
All Students	72.0	4.3	11.0	12.7	75.3	3.2	12.3	9.2	71.3	2.9	11.2	14.6
African American	74.2	2.9	9.2	13.7	78.9	2.2	10.8	8.1	74.2	2.3	9.5	14.1
Hispanic	66.0	4.7	14.9	14.5	67.9	3.5	16.4	12.2	64.2	2.8	14.8	18.2
White	83.1	6.9	3.5	6.6	86.3	5.3	4.6	3.8	84.2	5.3	4.7	5.7
Native American	50.0	0.0	16.7	33.3	NR	NR	NR	NR	66.7	0.0	0.0	33.3
Asian/Pacific Island	86.6	1.7	6.2	5.5	91.1	1.5	4.8	2.5	89.5	1.5	4.4	4.6
Male	66.5	6.2	13.9	13.4	68.7	4.3	16.4	10.6	66.3	3.5	14.7	15.4
Female	77.2	2.4	8.3	12.0	81.3	2.2	8.6	7.9	76.0	2.3	7.9	13.8
Special Ed	57.0	4.3	18.3	20.3	59.8	1.6	23.8	14.8	61.8	1.0	23.4	13.8
Economically Disadvantaged	67.7	3.1	15.2	14.0	70.5	2.8	16.0	10.6	70.9	1.7	15.7	11.7
LEP	NR	NR	NR	NR	47.1	0.6	29.7	22.5	42.2	0.8	28.5	28.6



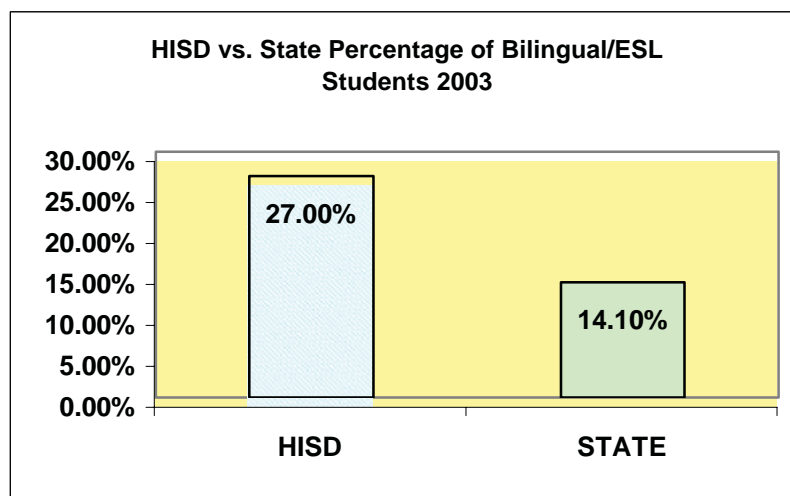
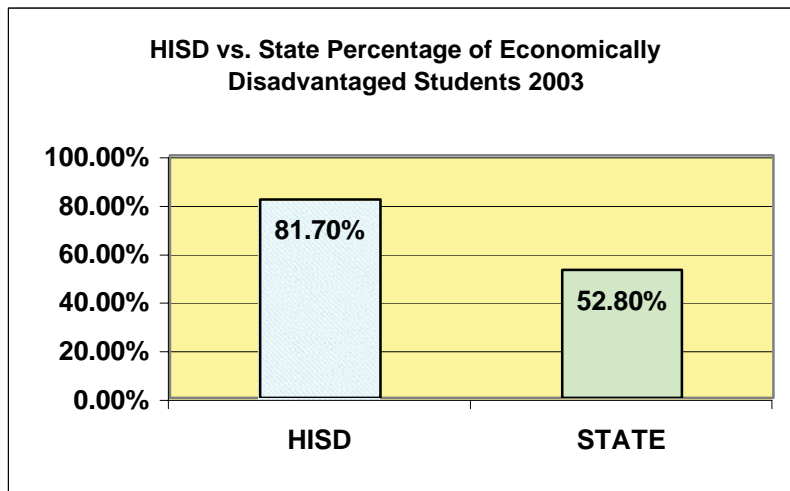
Source: TEA, Academic Excellence Indicator System, 2004 (Class of 2003)  
 Note: Criterion for SAT1= 1,100 or above, criterion for ACT = 24 or above

<b>SAT I / ACT</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>% Tested</b>	<b>59.5</b>	<b>59.0</b>	<b>62.6</b>	<b>62.6</b>	<b>65.5</b>
<b>% at Criterion</b>	<b>22.8</b>	<b>21.7</b>	<b>22.6</b>	<b>23.3</b>	<b>23.8</b>
<b>SAT Mean</b>	<b>935</b>	<b>929</b>	<b>940</b>	<b>939</b>	<b>942</b>
<b>ACT Mean</b>	<b>19.2</b>	<b>19.0</b>	<b>18.6</b>	<b>18.5</b>	<b>18.8</b>

shown progress from 1994 to 1997 in both increasing the number of students who take the exam and increasing the actual scores, but 1998 scores show slight declines compared to the previous year. The following table illustrates four key statistics regarding these exams for the latest periods available.

Comparison with the state average and other similar districts reveals HISD students to be performing well, especially considering the large number of students with special needs. In fact, HISD is well ahead of the two districts with demographics most closely resembling its own, San Antonio and Dallas. Considering the fact that for the 2002-2003 school year, HISD educated over 54 percent more economically disadvantaged children (by percentage of student population) and almost double the percentage of Bilingual/ESL pupils than the state average, HISD student achievement is commendable.

### Stanford 10 Achievement Test and Aprenda Test



Source: TEA Academic Excellence Indicator System, 2004

In 1996, the district instituted a national norm-referenced achievement test in an effort to continue its commitment to academic achievement. Tests of student academic achievement are designed to measure the degree of learning that has taken place as a result of exposure to specific learning experiences and an educational environment. The Spring 2003 administration of the Stanford 10 represents the fifth spring administration of this norm-referenced test of academic achievement districtwide.

As a norm-referenced measure, the Stanford 10 provides a means of determining the relative standing of HISD students' academic performance when compared to the performance of students from nationally representative samples. It also allows a comparison of HISD results with the results from other school districts that use the Stanford 10. The Stanford 10 was designed to assess student achievement in reading, mathematics, language, environment/science, social science, spelling, study skills, thinking skills, and listening.

As a non-biased, norm-referenced measure, the Aprenda provides a culturally fair method of determining the relative standing of HISD Spanish-speaking students' academic performance when compared to the performance of Spanish-speaking students from a nationally representative sample. It also allows for the comparison of HISD results with the results from other school districts that use the Aprenda 3.

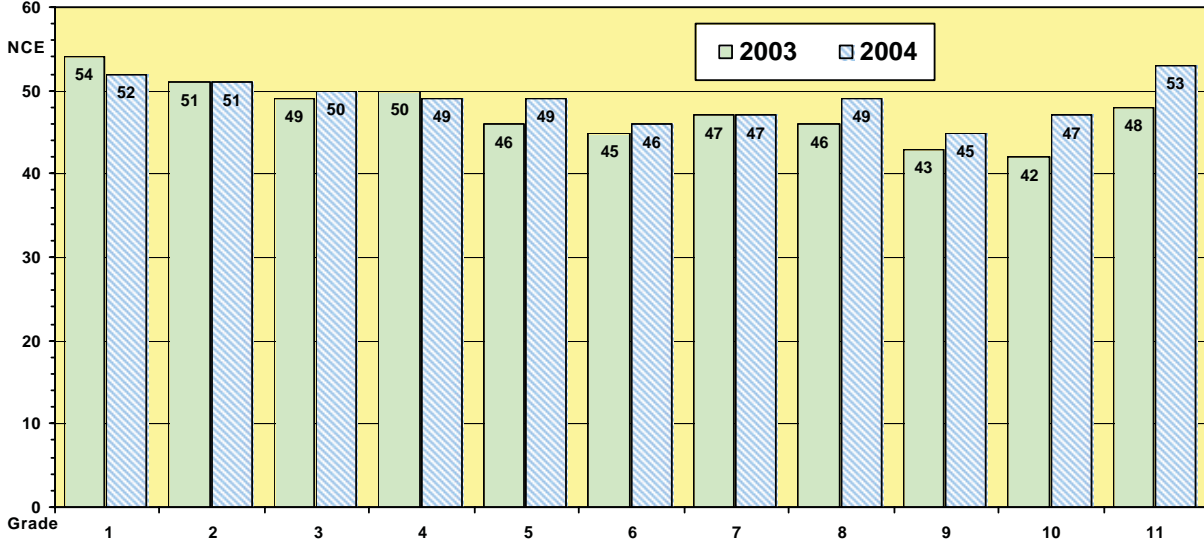
The construction of the Aprenda was aligned with the content measured by the Stanford Achievement Test Series (specifically, the Stanford 10), and the Aprenda was manufactured to meet the needs of students receiving most of their instruction in Spanish at all grade levels, K-12. Although parallel in content to the Stanford 10, Aprenda in order to provide a complete assessment of educational achievement: reading, language, mathematics, and listening. For all sub tests, except Calculos Matematicos (Mathematics Computation), test items were developed entirely in Spanish in order to ensure a non-biased test construction process. The Calculos Matematicos Sub test, which contains only numerals, was taken directly from the Stanford Achievement Test Series in order to provide a statistical link between the two batteries.

## Stanford 10 Achievement Tests: All Students Spring 2003/Spring 2004

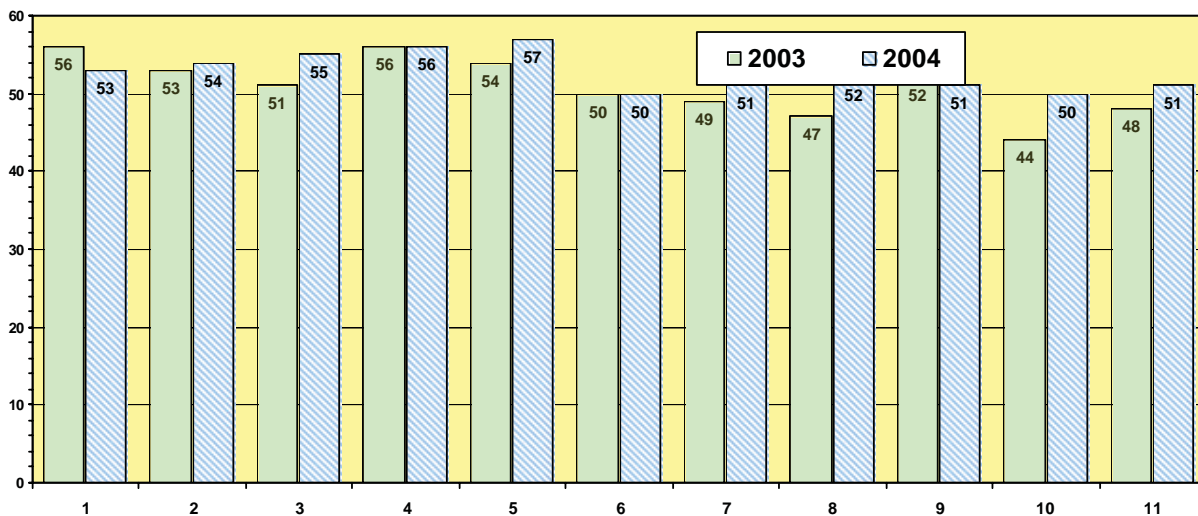
Grade	Number Taking		Reading			Mathematics			Language			Enviro./Science			Social Sciences			
			03		04		03		04		03		04		03		04	
			NCE	NCE	NPR	NCE	NCE	NPR	NCE	NCE	NPR	NCE	NCE	NPR	NCE	NCE	NPR	
1	11,847	11,695	54	52	53	56	53	56	58	57	64	49	47	44				
2	11,409	10,977	51	51	52	53	54	57	51	53	56	47	50	49				
3	12,221	11,402	49	50	50	51	55	60	50	52	54	50	50	50	49	50	50	
4	14,124	13,564	50	49	47	56	56	61	57	57	62	49	51	51	49	50	50	
5	15,694	15,534	46	49	48	54	57	62	51	51	51	50	52	53	47	50	50	
6	15,116	14,724	45	46	43	50	50	50	48	47	45	45	46	43	43	46	42	
7	13,702	14,603	47	47	44	49	51	53	50	50	50	47	44	39	49	47	44	
8	13,168	13,038	46	49	47	47	52	53	46	50	50	47	49	47	47	51	53	
9	16,744	16,398	43	45	41	52	51	52	51	47	43	46	46	42	46	48	46	
10	11,220	11,498	42	47	45	44	50	50	45	47	45	42	46	42	41	48	46	
11	8,244	8,686	48	53	57	48	51	52	49	53	56	45	53	56	49	53	56	

Notes: NCE = Normal Curve Equivalent. It is included to compare performance between the HISD Spring 03 and Spring 04 exam administrations.  
 NPR = National Percentile Ranking. This number is used to compare scores with other students nationally.

### Stanford 10 Reading-Normal Curve Equivalents



### Stanford 10 Math-Normal Curve Equivalents



# APRENDA : Non-Special Ed. Students, Spring 2003 and Spring 2004

Grade	Number Taking		Reading			Mathematics			Language		
	03	04	03 NCE	04 NCE	04 NPR	03 NCE	04 NCE	04 NPR	03 NCE	04 NCE	04 NPR
1	6,417	6,544	58	60	68	49	51	51	55	57	62
2	5,959	5,766	57	59	66	58	59	67	56	57	64
3	5,394	5,281	59	61	70	54	56	61	52	54	57
4	2,929	3,244	56	59	66	53	56	62	53	56	61
5	500	482	64	62	71	54	53	56	47	45	41
6	91	84	59	52	54	40	37	26	46	40	32
7	31	53	57	55	58	34	39	30	42	44	39
8	39	44	50	56	61	34	44	38	42	43	37

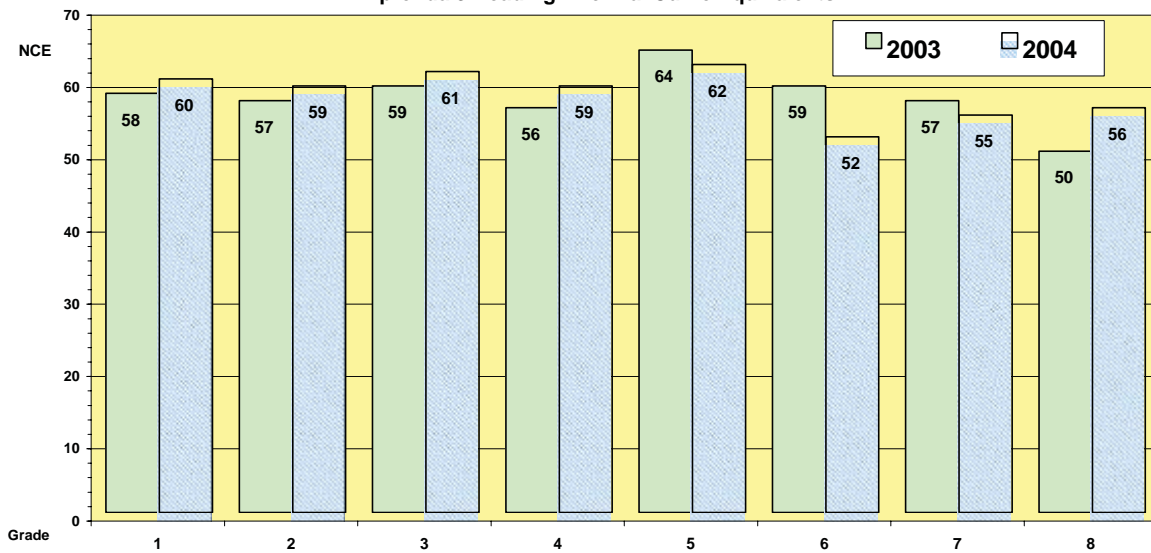
\* Less than 5 students tested.

Notes: The Aprenda 3 is a Spanish language companion to the Stanford 10 (SAT) examination.

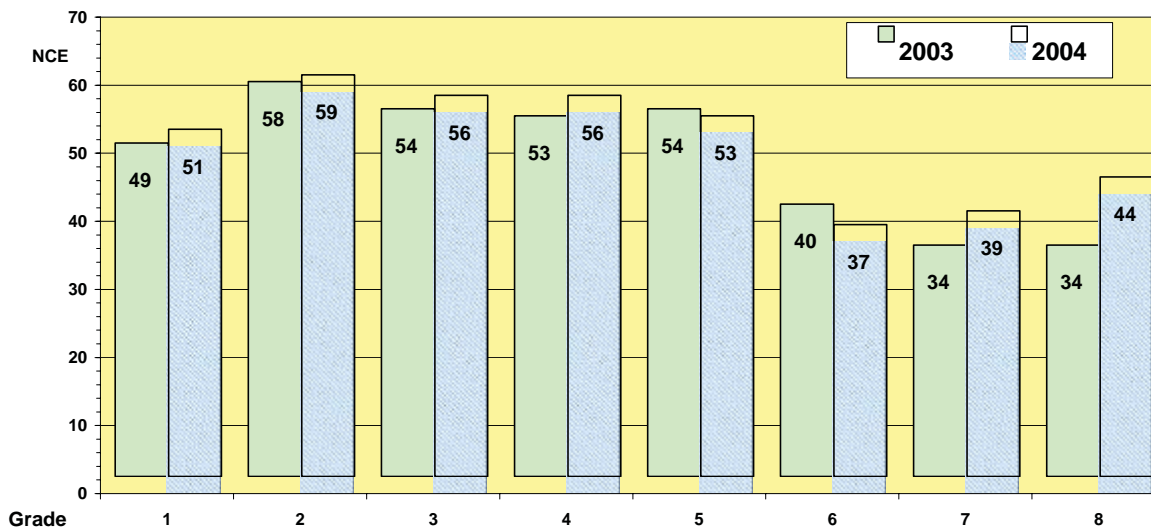
NPR = National Percentile Ranking. This number is used to compare scores with other students nationally.

NCE = Normal Curve Equivalent. It is included to compare performance between the HISD Spring 03 and Spring 04 exam administrations.

### Aprenda 3 Reading - Normal Curve Equivalents



### Aprenda 3 Math - Normal Curve Equivalents





## National Comparisons

Comparison of HISD's performance with that of other large urban/suburban school districts across the country is difficult since each district uses different examinations and test a different percentage of the student population. The following chart represents the best information available from the nation's largest school districts. The test score information does not include the percentage of the total student population taking the exams, so the results must be interpreted with caution.

### College Entrance Examination Performance: Class of 2004

Exam		New York	Los Angeles	Chicago	Miami-Dade County	Broward County	Houston	Detroit County
SAT	Verbal	N/A	473	N/A	469	480	463	N/A
	Math		499		465	487	471	
	Combined		972		934	967	34	
ACT	Composite	N/A		N/A	N/A	19.8	19.1	

### Achievement Test Performance, Percentage Scoring At or Above 50th Percentile: 01-02

Sub-Test	Grade	New York	Los Angeles	Chicago	Miami-Dade County	Broward County	Houston	Detroit County
Reading	1						55	
Math	1						58	
Reading	2		37				55	
Math	2		50				60	
Reading	3	45.7	22	23	57	65	53	
Math	3	57.7	45	23.3	56	68	64	
Reading	4	49.6	22	22.9	68	70	51	51.1
Math	4		39	26.8	62	68	66	39.1
Reading	5	49.3	29	25.6	49	60	52	
Math	5	38.5	40	27	47	58	70	
Reading	6	33.3	31	23	40	56	47	
Math	6	40.2	37	24.2	35	53	53	
Reading	7	33.5	27	29.3	41	56	47	33.7
Math	7	33.6	28	29.1	40	56	60	
Reading	8	35.6	24	31.6	35	47	55	
Math	8		30	32.3	46	60	58	
Reading	9		30		22	30	44	
Math	9		29		41	55	48	
Reading	10		36		26	34	50	
Math	10		36		53	65	50	
Reading	11		37				62	
Math	11		34				54	
<b>Test Name</b>		<b>ELA/CTB</b>	<b>CAT/6</b>	<b>ITBS</b>	<b>FCAT</b>	<b>FCAT</b>	<b>Stanford 10</b>	<b>MEAP</b>

#### Notes:

ELA/CTB= English Language Arts/City Wide Test-Percent meeting or exceeding standard

FCAT=Florida's Comprehensive Assessment Test (median NPR)

Stanford 10=Stanford Achievement Test, Tenth Edition

MEAP=Michigan Educational Assessment Program-Percent meeting or exceeding standards (only 4th and 7th grades tested in reading, only 4th grade tested in math)



## Houston Economic/Demographic Conditions

### Houston Independent School District

The Houston Independent School District exists in the heart of the Houston metropolitan area, and the fortunes and trends of the entire area directly impact the day-to-day operations and future of the district. This section represents a view of the recent growth and diversification of the Houston economy, some selected statistics and key indicators, and projections for the future.

### Overview and Economic Indicators

For decades, Houston's strong economic development was attributable to the oil industry. Much of the city's revenues were derived from oil and gas exploration and production. Currently, Houston's business economy is diversifying into various industries such as technology, healthcare, international trade, and higher education, not relying so heavily on the oil and gas industry. The September 11 terrorist attacks, the plunge of Enron, and more recently the war on Iraq and the Tsunami disaster has haunted Houston as well as the nation. Even with this, Houston's employment growth has been favorable, Houston is still ranked third among the U.S. employment centers.

The **Houston Primary Metropolitan Statistical Area** (PMSA) consists of Chambers, Fort Bend, Harris, Liberty, Montgomery and Waller counties. With an estimated population of more than 4.4 million in 2005, Houston is ranked the fourth most populous city in the United States, and the largest in the South and Southwest regions. The downtown area has a 7-mile, 20-foot wide underground air-conditioned tunnel system that connects 81 buildings, including hotels and a shopping mall. Houston is the home to the Texas Medical Center, one of the largest medical care and research facilities in the world. The Port of Houston is the second largest port in the United States in total tonnage and first in foreign waterborne commerce. Houston is also the headquarters not only for U.S. manned space flights, but also major oil corporations and many other large high-tech firms.

Since the mid-1990's, major revitalization efforts have transformed Downtown Houston into a vibrant culmination of business, entertainment and residences. Some attractions include Bayou Place, a 150,000 square-foot retail and entertainment center; Minute Maid Park, a state-of-the art ballpark with a retractable roof; the Toyota Center, home to the Houston Rockets, Houston Comets, and the Houston Aeros; the George R. Brown Convention Center, used for annual business meetings, conferences, exhibits, and shows; Market Square Historic District with its historical buildings/markers, restaurants/clubs, and residential units; the Theater District, contains in total 12,948 seats for live performances and 1,480 movie seats; Chase Tower, one of the world's tallest buildings, has a public observation deck on the 60th floor; and the Downtown Aquarium, a \$38 million dollar restaurant and entertainment facility.

Other projects completed for the downtown area were the Hilton Americas-Houston, a 24-story, 1,200-room convention center hotel. In addition, a \$324-million light-rail commuter transportation system on Main Street, linking downtown to the Museum District, Reliant Park and the Medical Center. Light-rail, along with the new trolleys will continue to contribute toward reduction of Houston's traffic congestion. The Cotswald Project, improves and beautifies the streets, sidewalks and landscaping in downtown's Historic District and provides pedestrian-friendly pathways to Minute Maid Park from Market Square. This project is expected to be completed by the end of 2005.

Among Houston's other attractions are the annual Houston Livestock Show and Rodeo, the largest in the world; the Reliant Stadium, home to the Houston Texans; Space Center Houston; Six Flags Astroworld/Waterworld; SplashTown Waterpark; the Houston Zoo; the Museum District; the Theatre District; Gulf Greyhound Park; Sam Houston Race Park; San Jacinto Battleground State Historical Park; Kemah Boardwalk; and Moody Gardens.

The economy in Houston is definitely improving. The following table shows current and projected economic indicators for the Houston PMSA.



## Economic Highlights

Selected Economic Indicator Five-Year Forecast

	2002	2003	2004	2005	2006
<b>Population</b>	<b>4,340,909</b>	<b>4,383,790</b>	<b>4,429,663</b>	<b>4,488,173</b>	<b>4,591,992</b>
<b>% Growth</b>	<b>1.70</b>	<b>0.99</b>	<b>1.05</b>	<b>1.32</b>	<b>2.31</b>
<b>Per Capita Income</b>	<b>36,866</b>	<b>37,911</b>	<b>39,361</b>	<b>41,514</b>	<b>43,857</b>
<b>% Growth</b>	<b>-0.15</b>	<b>2.83</b>	<b>3.82</b>	<b>5.47</b>	<b>5.64</b>
<b>Retail Sales (millions)</b>	<b>58,799</b>	<b>61,181</b>	<b>63,955</b>	<b>68,434</b>	<b>74,028</b>
<b>% Growth</b>	<b>2.50</b>	<b>4.05</b>	<b>4.53</b>	<b>7.00</b>	<b>8.17</b>
<b>Non-Ag. Employment</b>	<b>2,112,000</b>	<b>2,095,800</b>	<b>2,123,390</b>	<b>2,179,253</b>	<b>2,237,163</b>
<b>% Growth</b>	<b>-0.32</b>	<b>-0.77</b>	<b>1.32</b>	<b>2.63</b>	<b>2.66</b>

Source: University of Houston, Center for Public Policy Institute for Regional Forecasting, January 2005.

**Service**—Services will dominate local job growth through the year 2007, primarily due to the shift of jobs to the business services. Some of the largest employers in the service sector include the Texas Medical Center, the largest in the nation, providing access to over 42 member institutions including 13 hospitals, 2 specialized patient facilities, 2 medical schools, 4 nursing schools, and over 65,000 employees. The Houston Independent School District is also a major employer, with more than 30,000 full-time and part-time employees, including over 13,000 teachers.

**Trade**—Houston's trade is largely tied to the Port of Houston and the airport system. The Port of Houston is ranked first in the U.S. in foreign tonnage, first in import tonnage, third in export tonnage, and second in total tonnage, and sixth in world-wide total tonnage. Houston's top trading partners in terms of combined imports and exports by tonnage are Mexico, Venezuela, Algeria, Saudi Arabia, Germany, Brazil, and the United Kingdom. Air cargo through the Houston Airport System totaled 732,686,000 lb. in 2004. Houston's airport system is the fourth largest in the United States and the sixth largest in the world.

**Cultural** — Houston has much to offer in the areas of art, music, dance, museums, and theatre. There are several venues to showcase various talents, exhibits, and shows such as the Wortham Theater Center, Jesse H. Jones Hall for the Arts, The Alley Theatre, Hobby Center for the Performing Arts, Verizon Wireless Theater, Miller Outdoor Theatre, Cynthia Woods Mitchell Pavilion, Houston Symphony, Houston Grand Opera, Alley Theatre, Theatre Under the Stars, Ensemble Theatre, Stages Repertory Theatre, Main Street Theater, Houston Ballet, Museum of Fine Arts-Houston, The Contemporary Arts Museum-Houston, The Houston Museum of Natural Science, San Jacinto Museum of History, Buffalo Soldiers National Museum, Children's Museum of Houston, Holocaust Museum-Houston, and Houston Fire Museum to name a few.

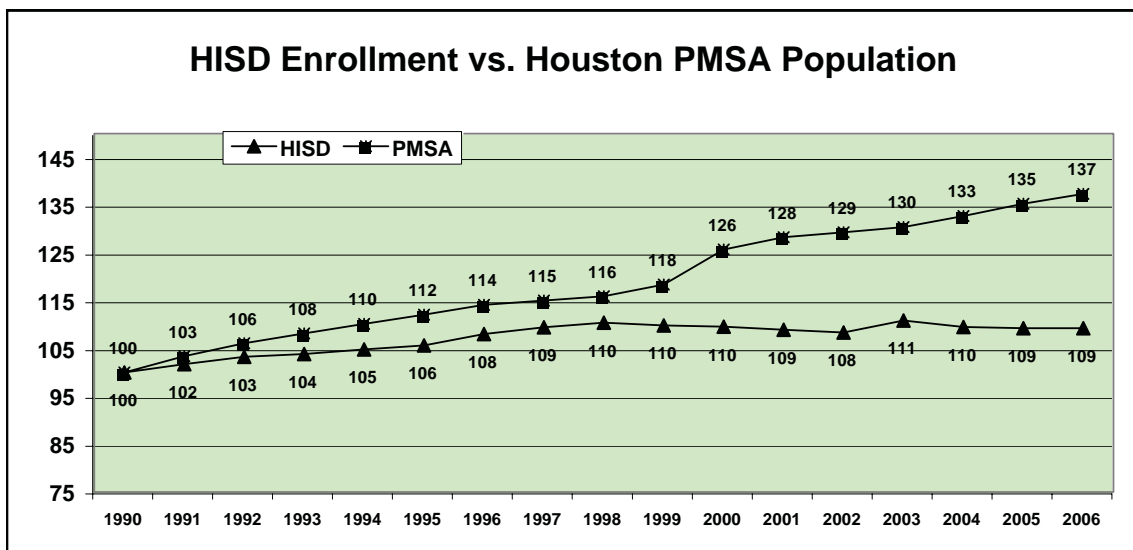
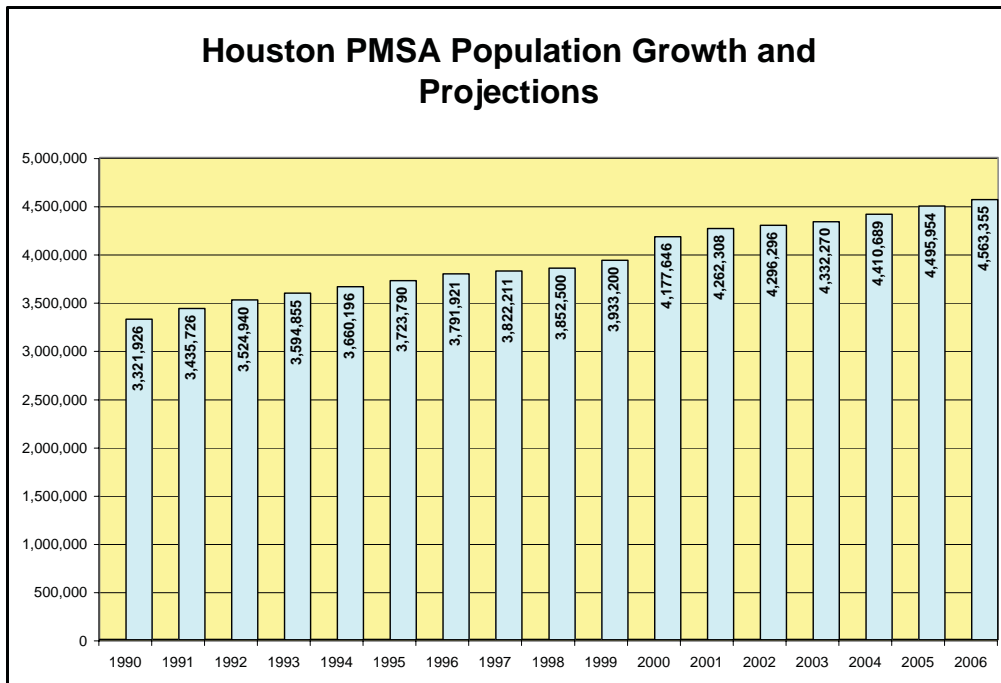
## Demographics

Houston is a multilingual and multicultural city, home to thousands of refugees, immigrants and expatriate workers from all over the world. Communities of foreign-born residents — Arab, Chinese, Dutch, English, Ethiopian, Indian, Japanese, Mexican, Nigerian, Pakistani, Polish, Russian, Salvadoran, and Vietnamese, to name a few — have established a rich blend of educational, cultural, social, and business support organizations.

The following tables illustrate Houston's PMSA population by ethnicity, growth, and provides estimates of future growth. The last table compares HISD's enrollment to Houston's PMSA population.

Population by Ethnicity	
White	46.1%
Black	17.5%
Asian & Other	6.5%
Hispanic	29.9%
<b>Total</b>	<b>100.0%</b>

Source: U.S. Bureau of the Census, Census 2000



Source: University of Houston, Institute for Regional Forecasting; HISD Office of Budgeting and Financial Planning

Note: Base year = 1990. The figures represent the relative increase since 1990. Enrollment numbers for year 2003 and beyond are HISD Office of Budgeting and Financial Planning projections.

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