

Recommended

FY 2016-2017 Budget

Date: June 16, 2016

Presenter:

Glenn Reed

*General Manager, Budgeting and Financial
Planning*

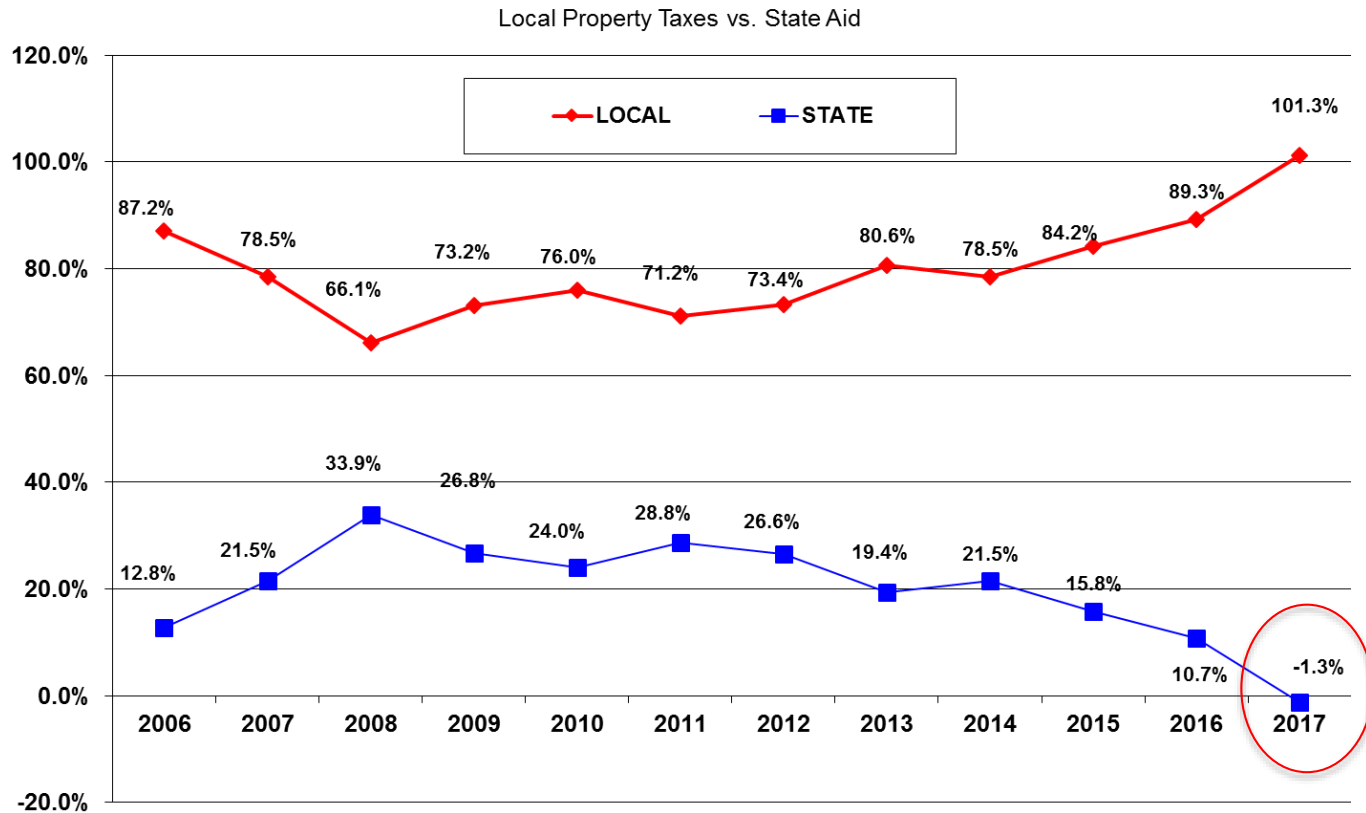


Agenda

- Local Taxes & State Funding
- General Fund Appropriations
- School Resources
- Other Business Area Schedules
- Federal Fund Schedules
- Summary and Future Challenges

LOCAL TAXES AND STATE FUNDING






Local Property Taxes vs. State Aid



State share is negative. Therefore, HISD will send back more than it receives in State Aid due to recapture (about \$52 million).

Chapter 41 Recapture

“Robin Hood”

	1 2014-2015 Budget 2014 Taxable Value		2 2015-2016 Budget 2014 CPTD Value 2015 Taxable Value (2015-16 State Funding)		3 2016-2017 Budget 2015 CPTD Value 2016 Taxable Value (2016-17 State Funding)		4 2016-2017 Budget 2015 CPTD Value 2016 Taxable Value		5
									
Taxable Value	137,428,905,035		138,497,624,993		153,708,307,165		155,051,532,456		166,828,125,533
CPTD Value									
Enrollment	Assumes no growth								
Weighted Average Daily Attendance (WADA)	267,542.939		268,966.738				267,843.780		
Revenue per WADA (net of recapture)	\$	5,029	\$	5,416		\$	5,669		
Wealth per WADA	\$	472,751	\$	514,925		\$	578,888		
Wealth per WADA limit	\$	504,000	\$	514,000		\$	514,000		
Difference Wealth/WADA vs Limit		(31,249)		925			64,888		

When "Wealth per WADA" exceeds the "Wealth per WADA limit" the district is in RECAPTURE (sending money to the state) - aka "Robin Hood"

Chapter 41 Recapture Estimates

FY17-FY19

Fiscal Year	Recapture	Roll Value Increase
2016-2017	\$161,797,408	7.83%
2017-2018	\$257,139,542	3.00%
2018-2019	\$307,661,220	5.00%
2019-2020	\$385,668,948	5.00%

Chapter 41 Recapture estimates based on current law

GENERAL FUND APPROPRIATIONS

Revenue Assumptions

Local Roll Values	\$165.97 Billion (7.83% Increase over tax year 2015 Certified Value)
Comptroller's Property Tax Value (CPTD)	\$155.05 Billion (2015 tax year certified value)
Proposed Local Tax Rate	\$1.2067 (1 penny increase for debt service)
State Aid Calculations	Based on current law (SB1/HB1 of the 84 th Legislature)
Average Daily Attendance (ADA)	193,009.47

2016-2017 Budget Outlook

HOUSTON INDEPENDENT SCHOOL DISTRICT Financial Outlook 2016-2017

		2016-2017 June 16, 2016
Projected Revenues (including fallout)		<u>1,878,657,298</u>
Carryover Appropriations (2015-2016 Original Budget)		<u>1,864,134,651</u>
Increases / Decreases with Offsetting Revenue	(32,894,955)	
Mandatory Increases	169,858,414	
Other Increases	22,069,847	
Decreases	(133,510,659)	
One-Time Funding from 2015-2016	(11,000,000)	
Total Increases/Decreases		<u>14,522,647</u>
2015-2016 Projected Appropriations		<u>1,878,657,298</u>
Budget Surplus/(Deficit)		<u>-</u>

2016-2017

General Fund Appropriations

HOUSTON INDEPENDENT SCHOOL DISTRICT Financial Outlook 2016-2017

2016-2017
June 16, 2016

Projected Revenues (including fallout)	<u>\$ 1,878,657,298</u>
One-time use of fund balance	<u>-</u>
Projected Revenues & Resources	<u>\$ 1,878,657,298</u>
Carryover Appropriations (2015-2016 Original Budget)	<u>\$ 1,864,134,651</u>
Salary Increases	<u>\$ -</u>

2016-2017

General Fund Appropriations (cont.1)

Increases / Decreases with Offsetting Revenue

NF Incentive Funding (net of debt service)	(33,640,126)
TRS on-behalf	(21,000,000)
TCAH increase in enrollment	2,000,000
TIRZ	2,411,668
Victory Prep	3,725,695
Transfers Out (debt service for NF HS and ECC)	\$ 13,607,808
Total Increases / Decreases with Offsetting Revenue	\$ (32,894,955)

Mandatory Increases

Chapter 41 Recapture Payment (Increase Over Prior Year)	161,600,220
Chief Technology Information Officer- SAP Maintenance (Contractual Increase)	6,582,239
HCAD	677,486
Chief Operating Officer- (Contractual Increase)	656,770
Chief of Police- Radio Systems and Sunguard (Contractual Increases)	171,699
Chief Human Resource Officer-Background Check and Physicals (Contractual Increases)	170,000
Total Mandatory Increases	\$ 169,858,414

Other Increases

Full-Day PreK from Title I	21,190,777
Chief Student Support Officer- Support New District Discipline Policy, PBIS Initiative	879,070
Total Other Increases	\$ 22,069,847

2016-2017

General Fund Appropriation(cont. 2)

Decreases

PUA towards deficit (\$179 reduction)		\$	(40,000,000)
Apollo/Extended Day Intervention	(19,615,672)		
ASPIRE	(10,000,000)		
Decrease to district operating reserve	(10,000,000)		
Decrease in campus and special education enrollment	(7,963,796)		
Utilities	(7,730,515)		
Chief Student Support Officer	(6,619,246)		
Chief Technology Information Officer	(5,436,465)		
Chief Academic Officer	(4,579,929)		
District-wide Operating	(3,528,508)		
Decrease to Camelot Contract	(3,300,000)		
Liability and Property Insurance	(2,074,289)		
Decrease to Longterm subs	(2,400,124)		
Chief Human Resource Officer	(1,986,095)		
Major Projects	(1,921,079)		
Reduce Gasoline (savings from decline in gas prices)	(1,303,808)		
Leader in Me	(1,300,000)		

2016-2017

General Fund Appropriation(cont. 3)

Deputy Superintendent/Chief Financial Officer	(906,347)	
Communications	(565,174)	
Transfers out/Pay As You Go	(440,542)	
Legal Fees	(400,000)	
Office of Internal Audit	(290,567)	
Chief School Officer Secondary Schools Area 2	(221,079)	
Chief School Officer Elementary Transformation Schools	(183,900)	
Chief School Officer Secondary Transformation Schools	(180,679)	
Chief School Officer Elementary Schools Area 1	(158,072)	
University of St. Thomas Cohort	(154,440)	
Chief of Staff	(107,053)	
Legal Services	(63,354)	
Chief School Officer Elementary Schools Area 2	(40,542)	
Chief School Officer Secondary Schools Area 1	(39,384)	
Total Department/District-wide Cuts		(93,510,659)
Total Decreases		\$ (133,510,659)

2016-2017

General Fund Appropriation(cont. 3)

One-Time Funding from 2015-2016

District bus and police radio tower and system replacement	(8,000,000)
Bus and fleet replacement	(3,000,000)
	<u>\$ (11,000,000)</u>

2015-2016 Projected Appropriations	<u>\$ 1,878,657,298</u>
------------------------------------	-------------------------

Budget Surplus/(Deficit)	<u>\$ -</u>
---------------------------------	-------------

OTHER BUSINESS AREA SCHEDULES

Total Budgets for Other Governmental Funds

Fund	2017		% Change
	2016 Adopted Budget	Recommended Budget	
Debt Service	\$ 288,281,241	\$ 332,310,001	15.27%
Special Revenue	214,165,530	184,618,276	-13.80%
Capital Projects	512,868,881	514,433,111	0.30%
Total Expenditures	\$ 1,015,315,652	\$ 1,031,361,388	1.58%

Total Budgets for Internal Service Funds

Fund	2017		% Change
	2016 Adopted Budget	Recommended Budget	
Health Insurance	\$ 127,345,934	\$ 149,772,806	17.61%
Workers' Compensation	11,172,019	9,610,775	-13.97%
Athletics	7,462,261	7,429,236	-0.44%
Special Education Shared Services	7,520,256	7,209,428	-4.13%
Alternative Certification	1,584,053	1,243,155	-21.52%
Print Shop	3,744,000	8,419,734	124.89%
UIL	981,482	1,023,418	4.27%
Total Internal Service	\$ 159,810,005	\$ 184,708,552	15.58%

Notes:

In 2016-2017 Copier Services will merge with the Print Shop.
Virtual Schools will transition to GF1 beginning in 2016-2017.

Total Budgets for Enterprise Funds

Fund	2016 Adopted Budget	2017 Recommended Budget	% Change
Medicaid	\$ 38,757,180	\$ 39,705,770	2.45%
Nutrition Services	120,691,411	126,435,722	4.76%
Market Place	918,660	1,011,785	10.14%
Business Development	5,089,982	5,143,707	1.06%
Total Enterprise Funds	\$ 165,457,233	\$ 172,296,984	4.13%

Federal Fund Schedules

Federal Fund Budgets

Fund	2016 Adopted Budget	2017 Recommended Budget	% Change
Title I, Part A	\$ 95,279,776	\$ 92,642,416	-2.77%
Title I, Part C	599,596	474,042	-20.94%
Title I, Part D	-	156,696	100.00%
Title II, Part A	11,896,542	11,237,649	-5.54%
Title III, Part A LEP	6,947,996	6,918,350	-0.43%
Title III, Part A Immigrant	1,846,125	1,882,860	1.99%
IDEA-B	37,157,926	38,506,135	3.63%
IDEA-B Preschool	414,970	861,713	107.66%
Carl D. Perkins	3,079,101	2,797,276	-9.15%
Total	\$ 157,222,032	\$ 155,477,137	-1.11%

SUMMARY AND FUTURE CHALLENGES

Summary and Challenges

Summary

- 2016-2017 Recapture - budget includes \$161.8M Chapter 41 Recapture payment
- 2016-2017 General Fund Deficit was \$95 million due to Recapture
- Funding Full Day Pre-K in the General Fund
- Change to a progressive per student allocation in Title I Allocation based on percent economically disadvantaged

Future Challenges

- Growing recapture – almost \$400 million within next 3-4 years depending on roll values.
- Loss of transportation allotment due to becoming Chapter 41 Recapture – loss of \$12 million starting in 2016-2017
- Teacher and Principal Salary competitiveness with Chapter 41 Recapture impact
- Rising medical costs

Thank you

Date: 06/16/2016

Presenter:

Glenn Reed

*General Manager, Budgeting and Financial
Planning*

