

Recommended Budget

Fiscal Year July 1, 2011 – June 30, 2012



Houston Independent School District

June 23, 2011

2011-2012 ISSUES

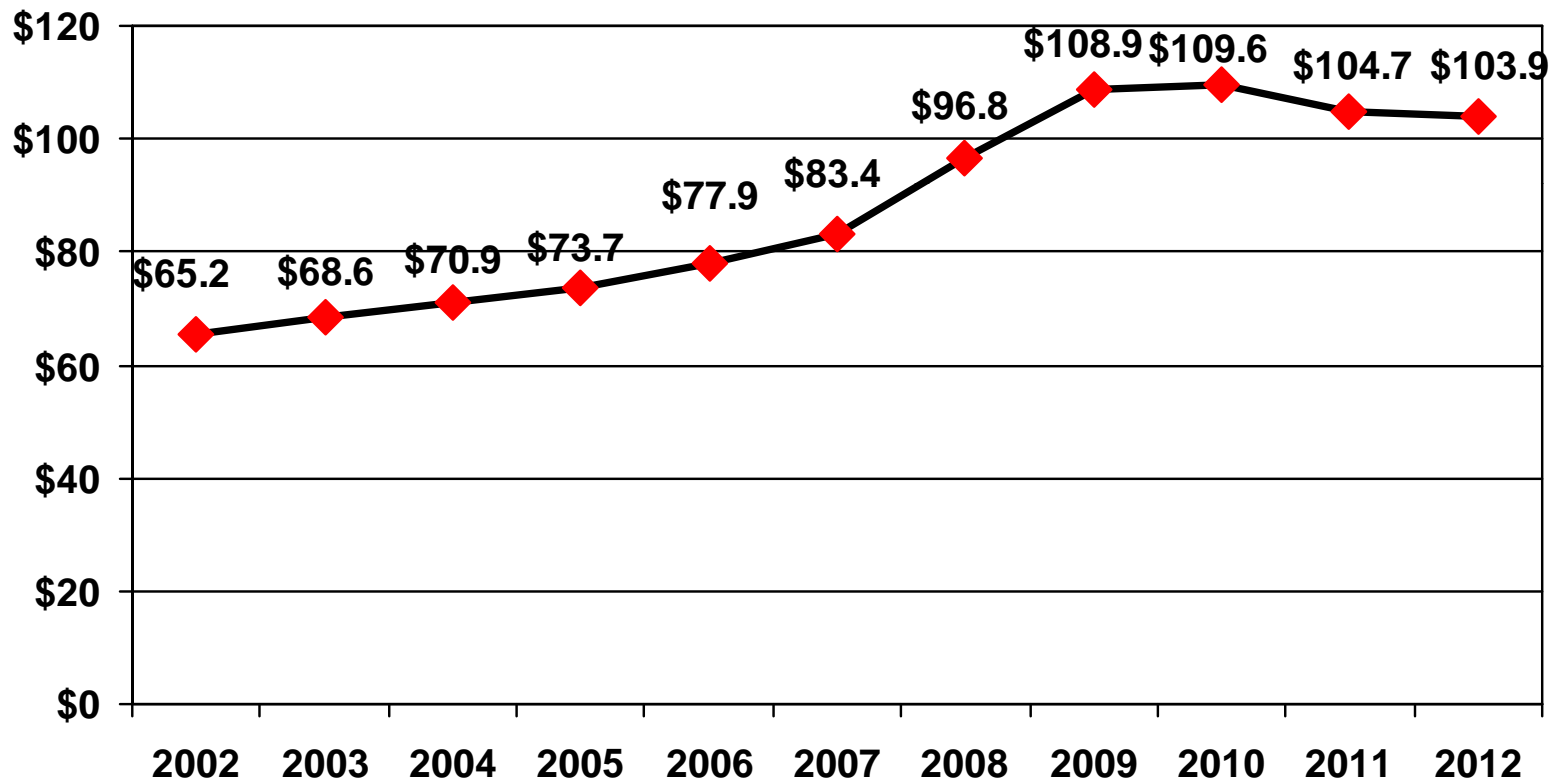
- Anticipated reduction of state funding
 - Methodology of distribution of reduction
- Potential Loss of state grants
 - Pre-K Early Start Grant
 - DATE – Teacher Incentive Fund
 - Student Success Initiative
- Potential Reduction or loss of federal grants
 - Reduced Title Funds
 - Reduced IDEA, Part B – Special Education
 - Loss of Stimulus Funding

Revenue Assumptions

- Local Roll \$103.97 B (.32% decrease from prior year original budget)
- Enrollment 202,000
- Average Daily Attendance 182,244
- Comptroller's Property Tax Value (CPTD) \$105.209 B
- Local Tax Rate remains the same as 2010-2011 at \$1.1567 total

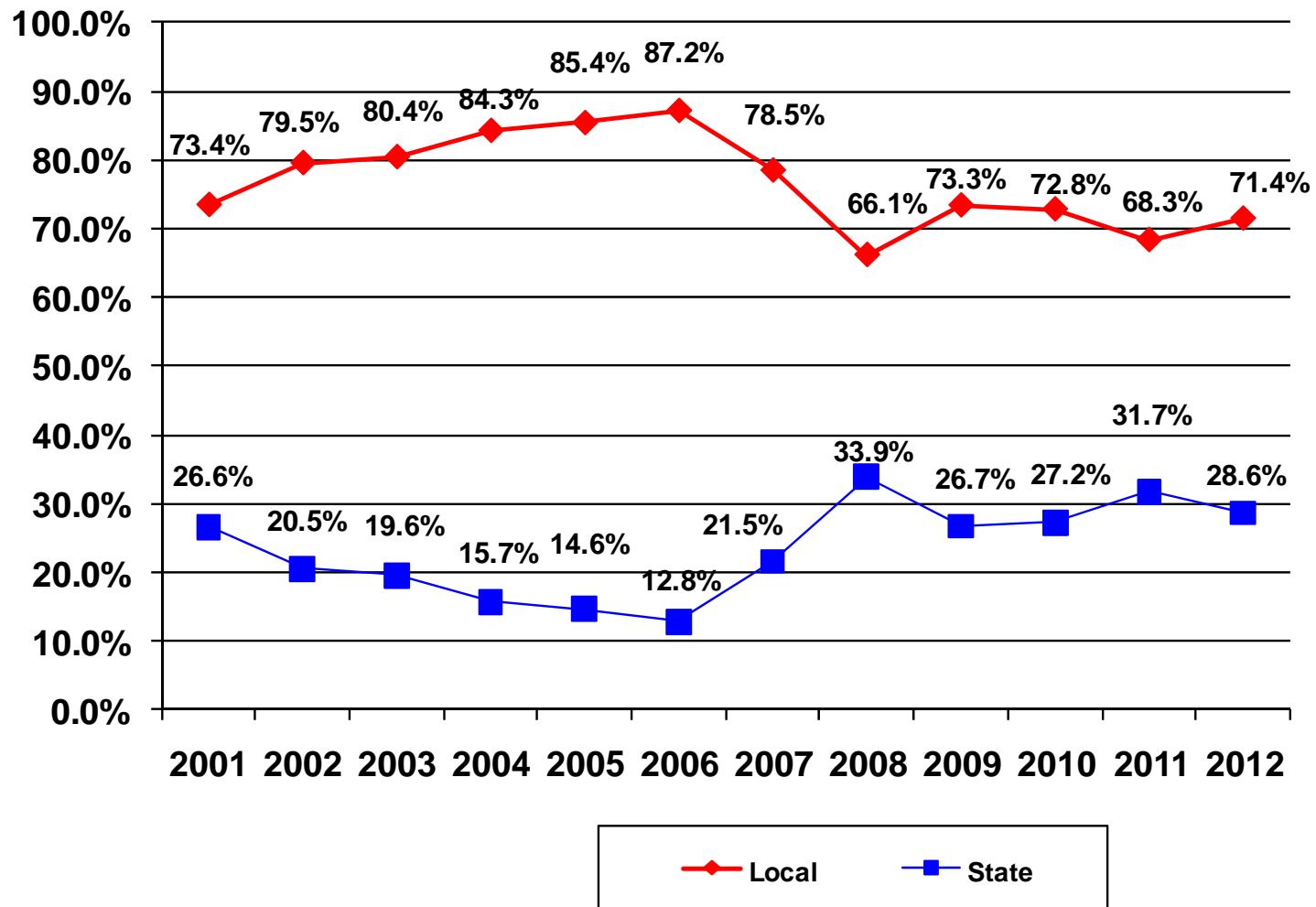
Local Tax Roll

Total Assessed Value 2002 - 2012



Note: 2001-2010 are HCAD Certified, 2011 is HCAD Certified Estimated

Local Taxes vs. State Formula Funding



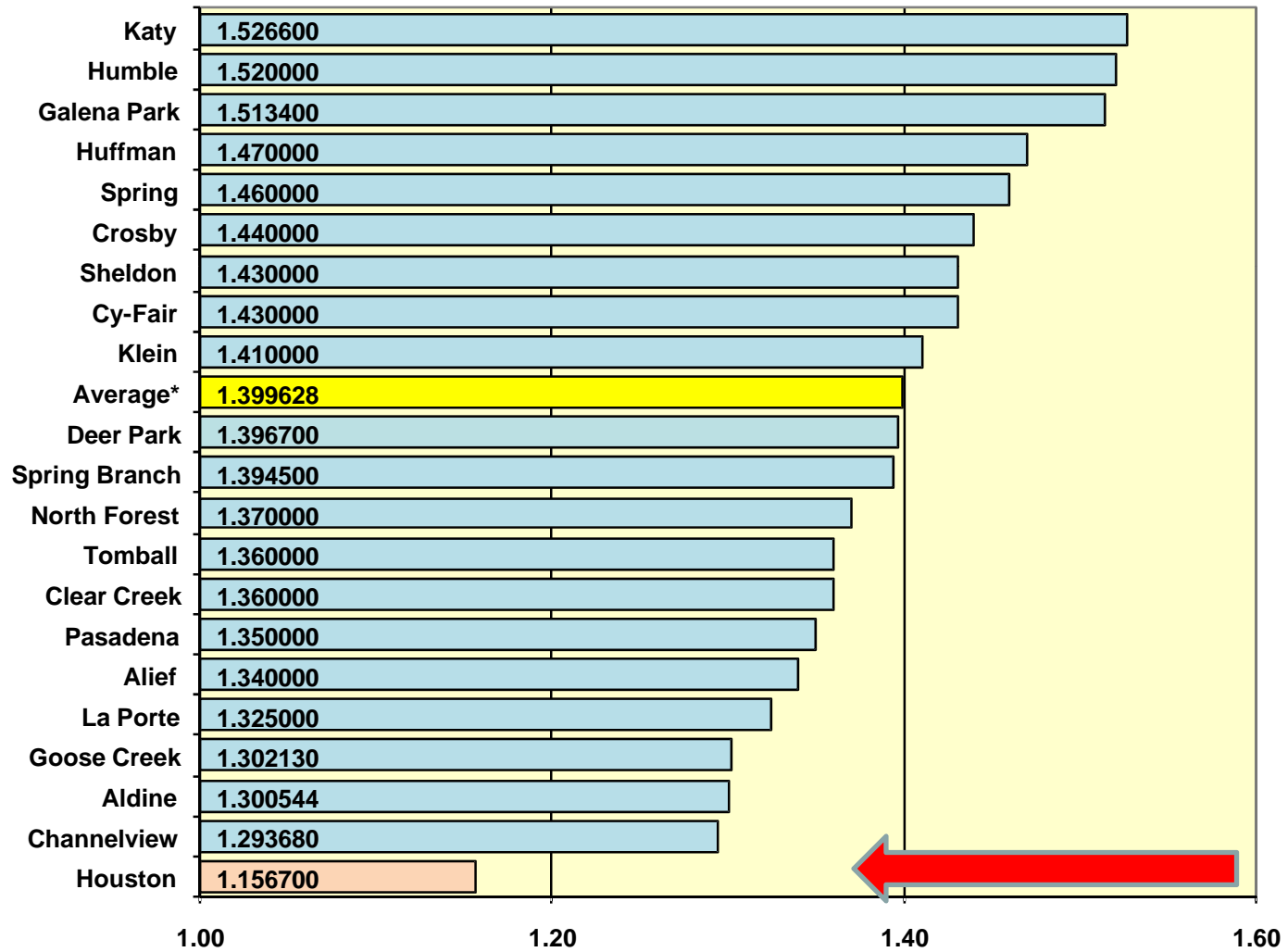
Note: 2000-2011 Are Actual Revenues; 2011-2012 are Projected Revenues

2009-2010 and 2010-2011 include State Fiscal Stabilization Funds (SFSF) for comparison purposes.

Total Tax Rate (M&O and I&S)

M&O Tax Rates	Maintenance & Operations	Debt Service	Total
2005-2006 Tax Rate	\$1.4500	\$0.1700	\$1.6200
2006-2007 Tax Rate	\$1.3257	\$0.1500	\$1.4757
2007-2008 Tax Rate	\$1.0067	\$0.1500	\$1.1567
2008-2009 Tax Rate	\$1.0067	\$0.1500	\$1.1567
2009-2010 Tax Rate	\$1.0067	\$0.1500	\$1.1567
2010-2011 Tax Rate	\$1.0067	\$0.1500	\$1.1567
2011-2012 Tax Rate	\$1.0067	\$0.1500	\$1.1567

FY 2011 ADOPTED HARRIS COUNTY DISTRICT TAX RATES (2010 TAX YEAR)



HARRIS COUNTY DISTRICTS WITH OPTIONAL HOMESTEAD EXEMPTIONS

Jurisdiction / Taxing Unit	Homestead Percent
CYPRESS-FAIRBANKS ISD	20%
DEER PARK ISD	20%
GALENA PARK ISD	20%
HOUSTON ISD	20%
LA PORTE ISD	20%
SHELDON ISD	20%
SPRING BRANCH ISD	20%
STAFFORD MSD	20%
GOOSE CREEK ISD	10%
PASADENA ISD	10%
CLEAR CREEK ISD	5%

Basis of State Revenue Calculations

- 2011-2012 HB 1 proposes a 6 percent reduction to all districts of target revenue
- 2012-2013 HB 1 proposes a hybrid model which will reduce the hold harmless funding districts receive
- Subsequent years, if not changed in the next legislative session, will continue to reduce the hold harmless funding until all districts are on a straight formula funding model

General Fund Revenues

Revenue Source	2010-2011 Original Budget	2010-2011 June Adjusted Budget	2011-2012 Projection
Sale of bonds	\$ 14,500,000	\$ 15,227,960	\$ 23,500,000
Transfers from other funds	20,968,642	30,900,000	30,400,000
Proceeds-leases-other	75,000	-	-
Taxes, current year	971,987,868	992,600,000	970,863,347
Taxes, delinquent prior years	8,000,000	15,500,000	15,000,000
Taxes, penalty and interest	16,000,000	16,000,000	17,000,000
Revenue in lieu of taxes	1,800,000	1,367,471	1,300,000
Insurance Recovery	-	3,157,892	446,000
Tuition	775,000	865,322	741,000
Interest earnings	3,400,000	1,125,000	1,700,000
Rental of facilities	750,000	810,641	750,000
Miscellaneous revenues	3,000,000	4,249,744	4,250,000
Revenue other governments	3,000,000	2,400,000	2,400,000
Per capita state revenues	15,425,076	59,888,278	47,748,084
Foundation school program	405,739,175	354,064,538	359,201,037
Other state revenues	300,000	644,000	300,000
TRS on behalf of	74,000,000	71,000,000	71,000,000
Federal revenue	8,660,000	7,896,245	5,523,000
Total revenue	\$ 1,548,380,761	\$ 1,577,697,091	\$ 1,552,122,468
Plus State Fiscal Stabilization Fund (SFSF)	57,826,307	54,495,618	-
Total Revenue including SFSF funding	\$ 1,606,207,068	\$ 1,632,192,709	\$ 1,552,122,468

2011-2012 Financial Analysis – General Fund

REVENUES FY 2011-2012	\$ 1,567,122,468
CARRYOVER APPROPRIATIONS 2009-2010	\$ 1,613,380,761
ANTICIPATED FALLOUT	(30,000,000)
CARRYOVER APPROPRIATIONS NET OF FALLOUT	<u>1,583,380,761</u>
INCREASES TO DATE	
ARRA State Fiscal Stabilization Funding (Stimulus)	\$ 57,826,307
Enrollment Growth	\$ 11,201,293
Other Increases	\$ 34,102,184
TOTAL INCREASES TO DATE	\$ 103,129,784
DECREASES TO DATE	\$ (141,365,172)
NET BUDGET INCREASE (DECREASE) TO DATE	<u>(38,235,388)</u>
EXCESS DISTRICT CUTS OVER REVENUE	<u>\$ 21,977,095</u>

2010-2011 General Fund – Appropriation Increases

INCREASES WITH OFFSETTING REVENUE

<i>Capital</i>	9,000,000
<i>Federal Stimulus Funding - Governor Stabilization Funds</i>	57,826,307
<i>Texas Connections Academy</i>	1,800,000
2010-2011 Enrollment Increase	11,201,293

TOTAL INCREASES WITH OFFSETTING REVENUE

\$ 79,827,600

OTHER INCREASES

Health Insurance	7,287,419
Unemployment Insurance	3,874,320
TIRZ	2,521,156
Literacy Initiative	1,750,000
Legal Fees	1,707,000
Project Grad	1,350,000
<i>AP/IB/SAT Tests</i>	918,789
Liability Insurance	726,502
Bus Contract (Transportation)	671,000
Tejas Lee-TPRI Pre-K and Kindergarten Assessment	455,000
Gas (Utilities)	429,477
<i>Duke Tip</i>	384,533
<i>Bus Contract (School Portion)</i>	329,000
Workers' Compensation	289,603
Automobile Insurance	274,205
<i>Internal Charter Audits</i>	225,000
Medicare	69,180
Audit Fees	40,000

TOTAL OTHER INCREASES

23,302,184

TOTAL INCREASES

\$ 103,129,784

2010-2011 General Fund – Appropriation Decreases

DECREASES TO APPROPRIATIONS

School PUA Reduction	(58,443,000)
Fall Out Reduction	(20,000,000)
Maintenance of Effort	(15,000,000)
Central Services	(17,972,312)
Districtwide Stipends	(4,771,959)
Unique PUA Schools	(4,638,855)
ASPIRE	(4,620,000)
TRS On-behalf of	(3,000,000)
TRS Above State Minimum	(2,916,633)
Small School Subsidy	(2,356,615)
Gasoline	(2,000,000)
JJAEP	(1,000,000)
Elementary DAEP Re-organization	(713,337)
CEP	(710,040)
School Closures	(631,611)
Transfers to other funds	(599,220)
Property Insurance	(571,778)
Appraisal District Fees	(510,179)
High School Stanford Testing	(459,895)
Districtwide - Travel Matching	(400,000)
Armored car contract	(25,464)
Bond Crime Insurance	(24,274)

TOTAL DECREASES TO APPROPRIATIONS

(141,365,172)

School Resources

Weighted Student Allocations

	2010-2011 Total	2010-2011 Salary Adjustment	2010-2011 Salary Adjustment	2010-2011 Total
Elementary Schools	\$3,485	\$47	(\$275)	\$3,257
Middle Schools	\$3,510	\$47	(\$275)	\$3,282
High Schools	\$3,474	\$47	(\$275)	\$3,246
Total Reduction for PUA			\$58,443,000	

Title Funds 2010-2011

Title I Regular Funding	Tier I Schools	\$	210 per student
	Tier II Schools	\$	175 per student
Title III, Part A	All Schools	\$	45 per student

Recommended Budget Reductions

Central Office Budget Reductions

General Fund Reduction of (\$17,972,312)

General Fund Positions: 221

Grant Fund Positions: 56

General Fund Staffing FY2000 versus FY 2011

General Fund Staffing by Assignment

	<u>2000</u>	<u>2011</u>	<u>Difference</u>	Percentage
School Staff	16,973	16,095	(878)	-5.17%
Central Office	2,017	1,610	(407)	-20.18%
Operations	2,168	1,985	(183)	-8.44%
	<u>21,158</u>	<u>19,690</u>	<u>(1,468)</u>	<u>-6.94%</u>

2012-2013 SB1811 Conference Committee Report

Projected Shortfall		(\$126,881,833)
Original Fixed Cost Increases		(\$11,038,690)
Adjustment to Fixed Increases--Renew Houston		\$3,117,485
Increase for External Bus Contract Revenue		\$1,000,000
Yr 2 Fixed Cost Increase Projection		(\$14,000,000)
Adjusted Projected Shortfall		(\$147,803,038)
Reductions/Recommendations		
• Central Office Reductions	\$	17,972,312
• District-wide Reductions	\$	22,595,336
• School PUA Reduction	\$	58,443,000
• Unique PUA Schools	\$	2,356,615
• Small School Subsidy	\$	4,638,855
• ASPIRE Program	\$	4,620,000
• High School Stanford Testing	\$	459,895
• Benefits - Positions Reductions	\$	2,000,000
• Project Grad	\$	(1,350,000)
• Tejas Lee/TPRI	\$	(455,000)
• Literacy Initiative	\$	(1,750,000)
• Internal Charter Audits	\$	(225,000)
• AP/IB/SAT Tests	\$	(918,789)
• Duke Tip	\$	(384,533)
• School Closures	\$	631,611
• Bus Initiative with KIPP and YES	\$	(1,000,000)
Excess Appropriations or (Shortfall)	\$	(40,168,736)

Title I, Part A

Sources of Funding	Original Board Approved Title I Funding for 2011-		Proposed Title 1 Budget after required increases and recommended unfunded program recommendations
	2012	Adjustments	
Planning Entitlement	\$ 93,510,832	\$ 4,021,972	\$ 97,532,804
Carryover Funds	\$ 9,638,000	\$ 5,862,000	\$ 15,500,000
Planning Budget	\$ 103,148,832	\$ 9,883,972	\$ 113,032,804
Use of Funds:			
Grant Required			
Supplemental Education Service Providers	\$ 18,702,166	\$ 804,395	\$ 19,506,561
Professional Development	\$ 9,351,083	\$ 402,197	\$ 9,753,280
Indirect Costs	\$ 2,446,070	\$ 234,388	\$ 2,680,458
Private School and other Miscellaneous	\$ 1,153,840	\$ 35,912	\$ 1,189,752
Parent Engagement	\$ 924,743	\$ 39,996	\$ 964,739
Other Initiatives			
Campus Allocations	\$ 32,884,388	\$ 618,943	\$ 33,503,331
Pre-K Programs	\$ 21,387,640	\$ -	\$ 21,387,640
Summer School	\$ 11,889,155	\$ 4,110,845	\$ 16,000,000
Twilight Schools	\$ 550,000	\$ 686,400	\$ 1,236,400
General Administration	\$ 2,160,000	\$ -	\$ 2,160,000
APEX Online Course Fee	\$ 1,192,500	\$ -	\$ 1,192,500
PSAT Testing	\$ 507,247	\$ -	\$ 507,247
AP/IB Exams	\$ -	\$ 1,454,336	\$ 1,454,336
Campus Online	\$ -	\$ 600,000	\$ 600,000
Naviance	\$ -	\$ 401,706	\$ 401,706
Houston Urban Debate League	\$ -	\$ 394,854	\$ 394,854
Scholastic Scheduling Solutions	\$ -	\$ 100,000	\$ 100,000
Total Title I Funding	\$ 103,148,832	\$ 9,883,972	\$ 113,032,804

It is recommended that items in yellow be moved to the General Fund should the district receive reduced entitlement.

Title II, Part A (Professional Development)

	AS PRESENTED	ADJUSTMENTS	REVISED PLANNING AMOUNT
Sources of Funding			
Planning Entitlement	\$ 15,300,007	\$ (3,530,064)	\$ 11,769,943
Carryover Funds	\$ 4,416,844	\$ -	\$ 4,416,844
Planning Budget	\$ 19,716,851	\$ (3,530,064)	\$ 16,186,787
Use of Funds			
Campus Based Allocations	\$ 3,048,720	\$ (3,048,720)	\$ -
Private Non-Profit	\$ 1,100,000	\$ (304,410)	\$ 795,590
General Administration	\$ 345,114	\$ -	\$ 345,114
Sign-On Bonuses	\$ 1,150,000	\$ -	\$ 1,150,000
Teach for America	\$ 600,000	\$ -	\$ 600,000
Professional Development	\$ 13,473,017	\$ (560,517)	\$ 12,912,500
Highly Qualified Teachers and Staff			
Teacher Development/core content			
Teacher Development/special populations			
Leadership Development			
Indirect Costs	\$ -	\$ 383,583	\$ 383,583
Total Title II Funding	\$ 19,716,851	\$ (3,530,064)	\$ 16,186,787

Title III, Part A – Limited English Proficiency (LEP)

	As		
	Presented	Adjustment	Revised
Source of Funding:			
Planning Budget	\$ 6,492,032	\$ (328,995)	\$ 6,163,037
General Allocations:			
Campus Allocations	\$ 2,722,865	\$ -	\$ 2,722,865
Private Non-Profit	\$ 54,500	\$ -	\$ 54,500
General Administration	\$ 2,691,929	\$ -	\$ 2,691,929
District Initiatives:			
Quality Bilingual/ESL Programs	\$ 200,000	\$ (64,336)	\$ 135,664
Newcomer Support	\$ 334,000	\$ (107,441)	\$ 226,559
Transitional Support	\$ 185,640	\$ (59,717)	\$ 125,923
Dropout Prevention of ELL Students	\$ 303,098	\$ (97,501)	\$ 205,597
	<u>\$ 1,022,738</u>	<u>\$ (328,995)</u>	<u>\$ 693,743</u>
Total Title III Allocations	<u>\$ 6,492,032</u>	<u>\$ (328,995)</u>	<u>\$ 6,163,037</u>

Total Budgets for Other Governmental Funds

Fund	2010 Adopted Budget	2011 Recommended Budget	% Change
Debt Service	208,618,298	217,046,088	4.04%
Special Revenue	341,016,845	278,566,808	-18.31%
Capital Projects	211,186,408	261,893,544	24.01%
Total Expenditures	\$ 760,821,551	\$ 757,506,440	-0.44%

Total Budgets for Internal Service Funds

Fund	2011 Adopted Budget	2012 Recommended Budget	% Change
Health Insurance Fund	\$ 139,744,988	\$ 123,202,508	-11.84%
Workers' Compensation Fund	15,822,490	15,001,039	-5.19%
Athletic Fund	6,697,586	6,324,955	-5.56%
Special Education Shared Services	5,964,870	5,834,574	-2.18%
Alternative Certification Fund	1,619,203	855,185	-47.18%
Print Shop Fund	5,509,653	3,992,696	-27.53%
UIL	706,857	643,830	-8.92%
Total Internal Service	\$ 176,065,647	\$ 155,854,787	-11.48%

Total Budgets for Enterprise Funds

Fund	2011 Adopted Budget	2012 Recommended Budget	% Change
Medicaid	\$ 22,326,648	\$ 31,913,615	42.94%
Food Services	111,834,796	116,747,242	4.39%
Business Development	10,710,778	10,990,361	2.61%
Total Enterprise Funds	\$ 144,872,222	\$ 159,651,218	10.20%

Budget Implications beyond 2012

- **Declining State Revenues**
- **Cost of Federal Health Care Proposal**
- **Operational Fixed Cost Increases**
- **Salary Increases**
- **Instructional Programs**