



Houston  
Independent  
School  
District

Creating a  
College-Bound  
Culture

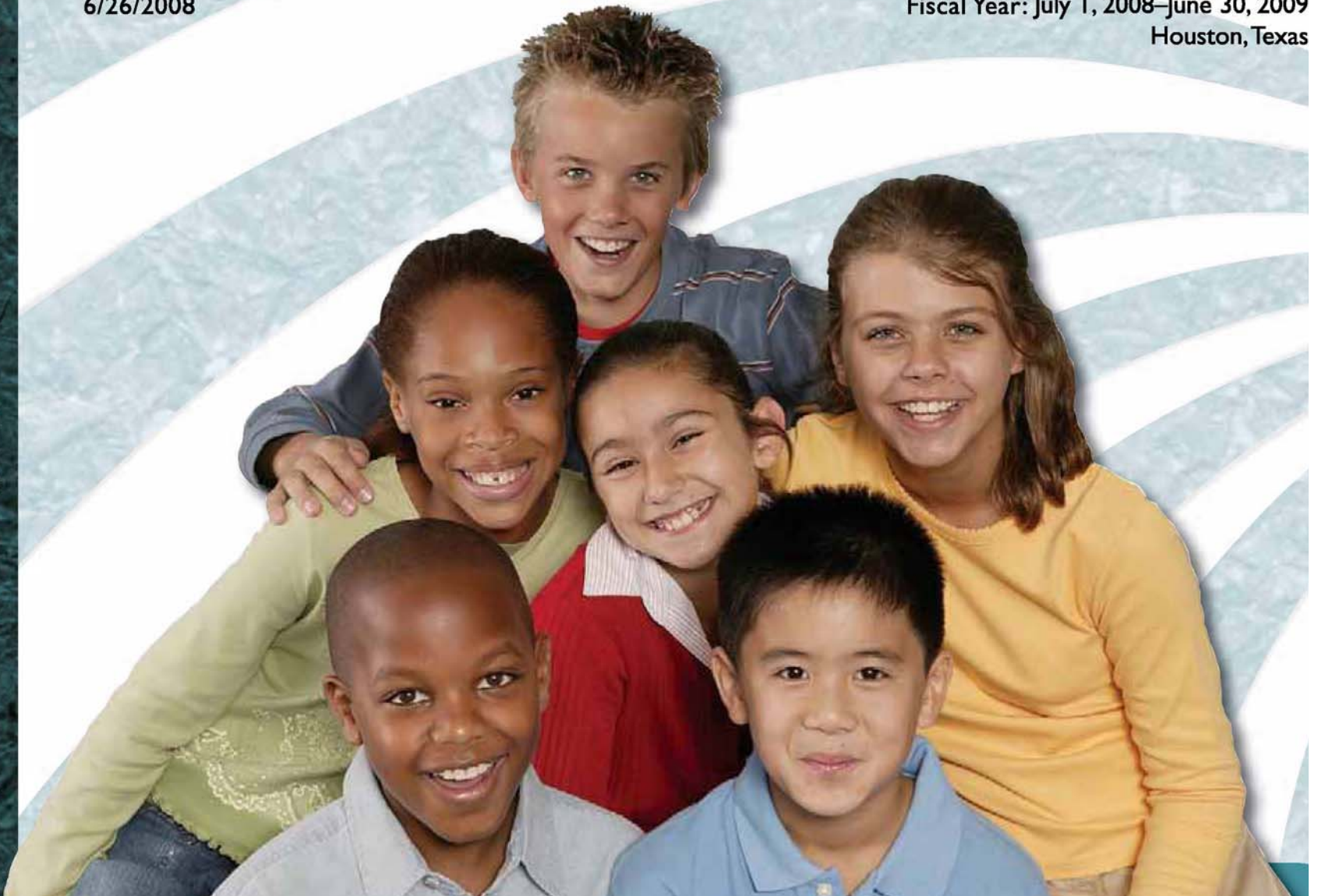
DRAFT

Recommended 2008-2009

# DISTRICT BUDGET

6/26/2008

Fiscal Year: July 1, 2008–June 30, 2009  
Houston, Texas



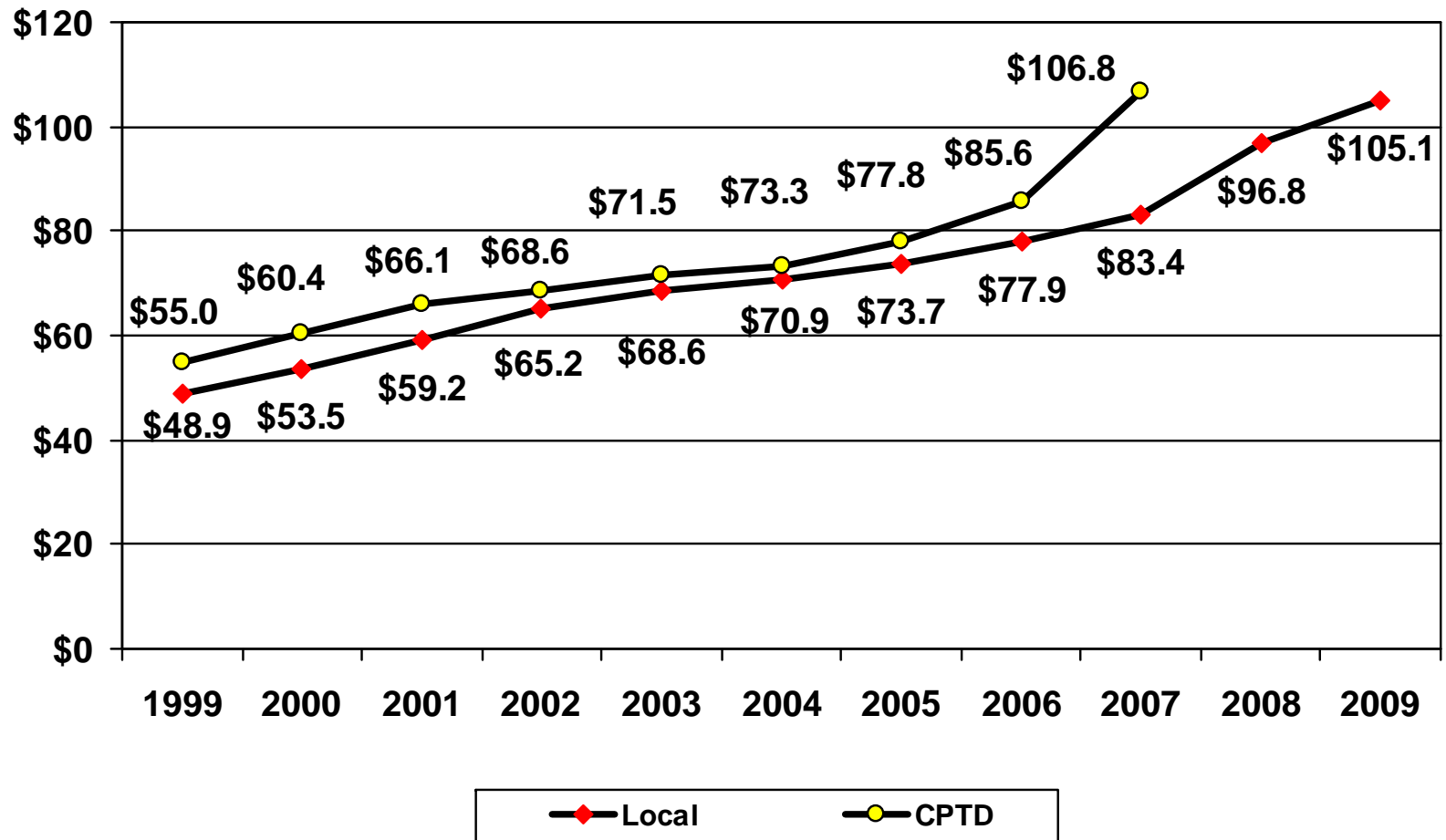
## 2008-2009 Budget Summary

---

- Based on new HB1 funding formulas
- No tax increase
- Adds funding for salaries, schools and instructional programs
- No increase for employee health insurance

# Tax Rolls – State & Local Values

## Total Assessed Value 1999-2009



Note: 1999-2008 are HCAD Certified, 2009 is HCAD Certified Estimated

## State vs. Local Value

---

- HCAD determines appraised value of property at market value (Local value)
- The state value is compared to the local value and if the differential is 5% or less the district receives the lower local value, if the differential is greater than 5% the district receives the higher state value
- State uses their value in computation of state funding and to determine the District's property wealth status per student

# Unequal Appraisal

- **One of the major factors impacting the difference between the state and local appraisal values is the unequal appraisal provisions in the tax code.**
- **School district funding is adversely affected when property owners successfully appeal their property value on the basis of unequal appraisal of value. It's "double jeopardy" for HISD: the appraisal district must make a mandatory value reduction (which isn't taxed locally) & the state doesn't recognize such adjustments in its annual property-value study, which reduces state funding for the district & increases the amount of potential recapture.**
- **In the 2006 study, such appeals were a factor in determining estimated taxable value for 15% of the state's sample selection; in 2007, the number increased to 28.23%.**
- **Before 2003, the effective date of the legislation requiring adjustments for unequal appraisal, the state study was reasonably accurate.**

## State Funding - Target Revenue

---

- Level of revenue available is governed by a hold harmless provision referred to as target revenue.
- Target Revenue is the district's 2006-2007 revenue per weighted average daily attendance (WADA) times the 2008-2009 WADA.

# Target Revenue Calculation

	<b>REVENUE</b>	<b>WADA</b>	<b>REVENUE PER WADA</b>
<b>2006-2007 (using 2005-2006 M&amp;O rate)</b>	<b>\$ 1,292,596,949</b>	<b>253,849</b>	<b>\$ 5,092</b>
<b>Target Revenue =</b>	<b>2006-2007 revenue per WADA times 2008-2009 WADA</b>		
	<b>\$ 5,092</b>	<b>245,532</b>	<b>\$ 1,250,251,760</b>

## 2008-2009 Total Target Revenue

---

<b>Target Revenue</b>	<b>\$1,250,251,760</b>
<b>High School Allotment</b>	<b>11,572,929</b>
<b>Salary Allotment</b>	<b><u>32,032,500</u></b>
<b>Total Revenue</b>	<b><u><u>\$1,293,857,189</u></u></b>



# Additional State Aid for Tax Reduction

## Calculation of Additional State Aid for Tax Reduction

Target Revenue	<u>\$ 1,293,857,189</u>
Formula Calculations:	
Total Cost of Tier I	\$ 837,188,378
Less Local Share	\$ (765,731,395)
Tier 1 State Aid (Per Capita)	<u>\$ 71,456,983</u>
HB1 \$110 per WADA	\$ 19,494,994
Transportation Adjustment	\$ 1,072,305
Taxes at compressed rate (net of recapture)	\$ 821,021,772
Total State/Local Revenue Before Hold Harmless	<u>\$ 913,046,054</u>
Additional State Aid for Tax Reduction	<u>\$ 380,811,135</u>

## Chapter 41

---

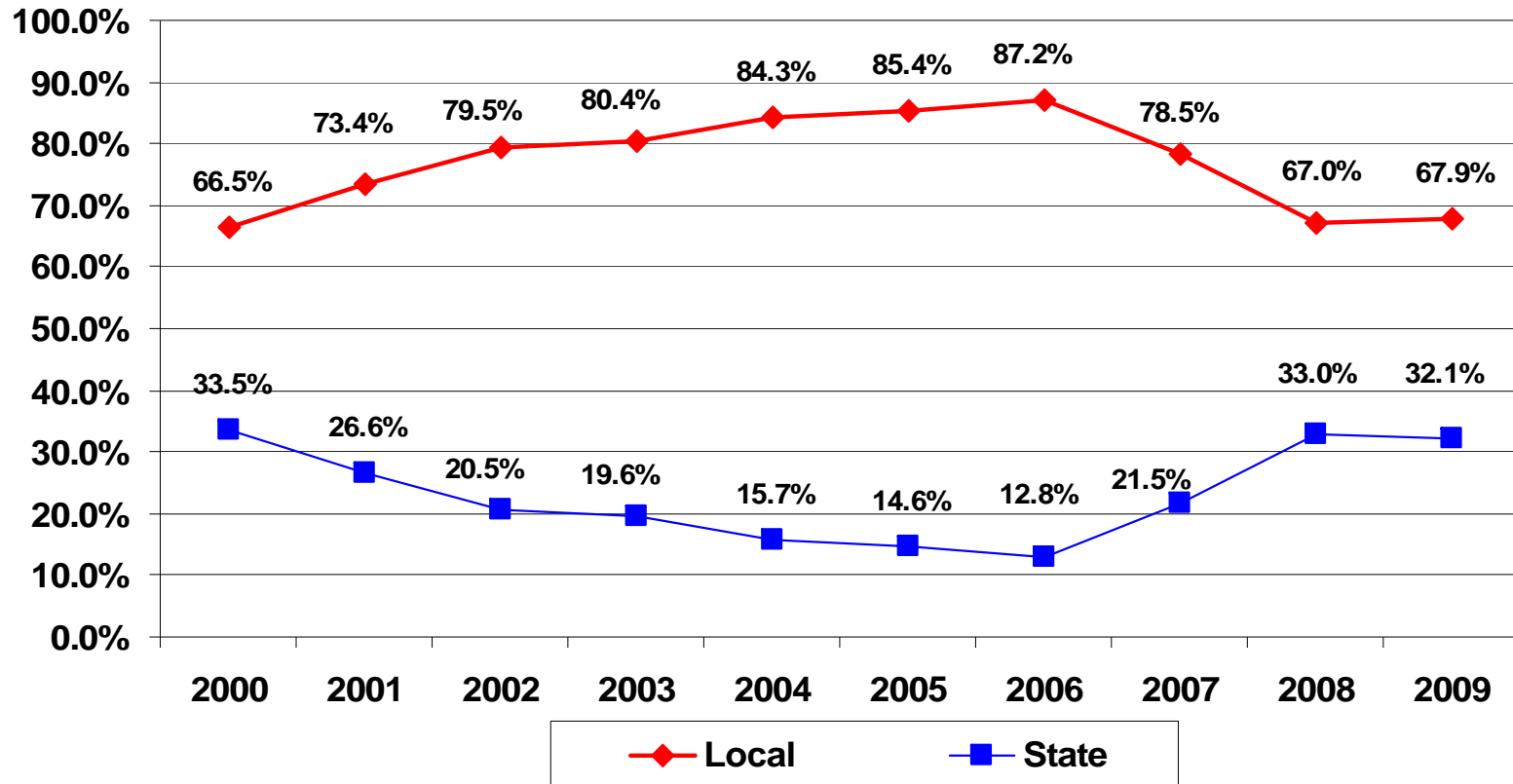
School Districts are required to equalize their wealth when their tax value per WADA is greater than \$374,200

<u>2007 CPTD</u>	<u>\$106,760,300,925</u>
2008-09 WADA	245,532
HISD Value/WADA	\$434,812

## Impact of Chapter 41

Local Tax Collections	\$984,024,608
State Revenue	\$489,043,372
	<hr/>
Total	\$1,473,067,980
Target Revenue (excludes new school funding)	\$1,298,743,939
	<hr/>
Net Revenue over Target Revenue	\$174,324,041
<b>Recapture Payment</b>	<b>\$126,911,390</b>
	<hr/>
Net Change to Revenue	<b>\$47,412,651</b>
	<hr/> <hr/>
Tax Collections (net of recapture)	\$857,113,218
State Estimated Tax Collection (net of recapture)	\$821,021,772
	<hr/>
Difference between Actual Tax Collections and State estimated Tax Collections	\$36,091,446
Difference in Tax Revenue for 4 pennies	\$39,057,188
	<hr/>
Revenue lost	<b>-\$2,965,742</b>
	<hr/> <hr/>

# Local Taxes vs. State Formula Funding



Note: 2000-2007 Are Actual Revenues; 2008-2009 are Projected Revenues

# General Fund Revenues

Revenue Source	2007-2008 Original	2007-2008 Final	2008-2009 Recommended
Sale of bonds	\$ 23,500,000	\$ 23,599,065	\$ 14,500,000
Transfers from other funds	13,200,000	13,200,000	13,200,000
Proceeds-leases	75,000	75,000	75,000
Taxes, current year	840,456,181	902,869,312	982,971,786
Taxes, delinquent prior years	26,000,000	26,000,000	30,000,000
Taxes, penalty and interest	18,000,000	18,000,000	22,000,000
Revenue in lieu of taxes	1,350,000	1,350,000	1,350,000
Tuition	350,000	350,000	350,000
Interest earnings	24,150,000	22,150,000	14,550,000
Miscellaneous revenues	3,000,000	3,000,000	3,000,000
Revenue other governments	3,247,660	3,247,660	3,247,660
Per capita state revenues	62,330,303	52,655,558	71,456,983
Foundation school program	428,152,150	404,775,469	407,286,960
Other state revenues	722,000	722,000	722,000
TRS on behalf of	61,000,000	61,000,000	61,000,000
Federal Revenue	5,163,139	5,163,139	5,163,139
<b>Total Revenue</b>	<b>\$ 1,510,696,433</b>	<b>\$ 1,538,157,203</b>	<b>\$ 1,630,873,528</b>
Less Recapture	-	-	(126,911,390)
<b>Total Revenue Net of Recapture</b>	<b>\$ 1,510,696,433</b>	<b>\$ 1,538,157,203</b>	<b>\$ 1,503,962,138</b>

# Appropriation Roll Forward from Prior Year

	<u>Gross</u>	<u>Net of Recapture</u>
<b>2007-2008 Appropriations</b> (Net of one-time fund balance transfer)	1,538,196,433	1,538,196,433
<b>Budget Increases</b>	183,963,774	57,052,384
<b>Budget Decreases</b>	(36,591,276)	(36,591,276)
<b>2007-2008 Recommended Appropriation</b> (Including fallout and fund balance contribution)	1,685,568,931	1,558,657,541
<b>2008-2009 Expected Fallout</b>	(50,000,000)	(50,000,000)
<b>2008-2009 Pay-As-You-Go from Fund Balance</b>	(4,695,403)	(4,695,403)
<b>2008-2009 Net Appropriations</b>	<u>1,630,873,528</u>	<u>1,503,962,138</u>

# 2008-2009 Appropriation Increases

## INCREASES TO APPROPRIATIONS:

<b>Salary Package</b>	36,286,057
<b>School Resources</b>	
<i>PUA Increase</i>	10,162,599
<i>Small School Subsidy</i>	1,102,912
<b>Charter Schools</b>	
<i>Mt. Carmel Academy</i>	1,268,750
<i>Leader's Academy</i>	1,224,000
<i>Inspired for Excellence Academy</i>	687,200
<i>Energized for Excellence Enrollment Increase</i>	613,600
<i>Charter School Increase-PUA and CEP Cola</i>	537,443
<i>TSTEM High School</i>	453,900
<i>Salary Increase</i>	249,564
<b>Instructional Related</b>	
<i>Aspiring Principal's Institute</i>	2,170,000
<i>Renzulli GT Curriculum</i>	514,000
<i>Expansion of 4 yr old GT Testing</i>	350,000
<i>SAS Contract-ASPIRE</i>	236,250
<i>Virtual Schools Curriculum</i>	100,000
<b>Departments / Other</b>	
<i>Aramark Contract CPI</i>	351,022
<i>Dell Performance Management</i>	179,952
<i>Broad Grant (Aspire)</i>	44,329
<i>Other miscellaneous</i>	160,726
<i>Appraisal District Fees</i>	310,000
<i>Audit Contract</i>	50,080
<b>TOTAL INCREASES</b>	<b>57,052,384</b>
<i>Chapter 41 Payment</i>	126,911,390
<b>TOTAL INCREASES WITH RECAPTURE</b>	<b>183,963,774</b>

# Analysis of Salary Increase Proposal

	<b>DISTRICT FUNDED</b>
<b>Teacher Pay Increase</b>	<b>\$ 24,540,054</b>
<b>Master Schedule</b> <i>(excluding Principals and Assistant Principals)</i>	<b>\$ 6,217,184</b>
<b>School Administrators</b> <i>(Principals and Assistant Principals)</i>	<b>\$ 2,787,022</b>
<b>Longevity</b>	<b>\$ 290,273</b>
<b>Speech Therapist Assistants</b>	<b>\$ 69,229</b>
<b>Bus Drivers</b>	<b>\$ 489,777</b>
<b>Hourly</b>	<b>\$ 607,289</b>
<b>Substitutes</b>	<b>\$ 285,229</b>
<b>Hourly to Contract conversions</b>	<b>\$ 1,000,000</b>
<b>Total Cost of Salary Package</b>	<b>\$ 36,286,057</b>



## 2008-2009 Appropriation Decreases

### DECREASES TO APPROPRIATIONS

<b>Departments</b>	\$	(416,165)
<b>Transfers to Other Funds</b>		(10,148,219)
<b>Charter Schools</b>		
<i>Closure of St. John's</i>		(322,072)
<i>Closure of BAMA</i>		(790,144)
<b>Districtwide</b>		
<i>Districtwide</i>		(15,920,084)
<i>Reduction of Refined Units</i>		(7,611,578)
<i>Auto, Property, &amp; Liability Insurance</i>		(717,685)
<i>Food Service Cost Allocation</i>		(470,514)
<i>Non-Title I Funding</i>		(194,815)
<b>TOTAL DECREASES</b>	\$	<u>(36,591,276)</u>

## One-Time Increases

---

- Per Unit Allocation - \$5,000,000 (\$23 per weighted unit)
- Library Updates - \$10,000,000
- Fine Arts - \$10,000,000
- Capital Items - \$20,000,000
- Athletics and Title IX - \$8,700,000
- Employee Benefit - \$2,850,000

All funded from 2007-2008 Fallout

**Total \$56,550,000**

## Total Budgets for Other Governmental Funds

<b>Fund</b>	<b>2008 Adopted Budget</b>	<b>2009 Recommended Budget</b>	<b>% Change</b>
<b>Debt Service</b>	<b>182,196,194</b>	<b>209,790,403</b>	<b>15.15%</b>
<b>Special Revenue</b>	<b>282,592,988</b>	<b>294,626,489</b>	<b>4.26%</b>
<b>Capital Projects</b>	<b>128,690,000</b>	<b>112,090,511</b>	<b>-12.90%</b>
<b>Total Expenditures</b>	<b>\$ 593,479,182</b>	<b>\$ 616,507,403</b>	<b>3.88%</b>

# Total Budgets for Internal Service Funds

Fund	2008 Adopted Budget	2009 Recommended Budget	% Change
Health Insurance Fund	\$ 112,870,740	\$ 118,920,280	5.36%
Workers' Compensation Fund	12,462,919	15,098,944	21.15%
Athletic Fund	7,256,510	7,438,112	2.50%
Special Education Shared Services	7,103,988	7,811,057	9.95%
Alternative Certification Fund	5,450,625	4,242,389	-22.17%
Professional Development Fund	4,661,730	6,039,532	29.56%
Print Shop Fund	4,392,188	4,703,066	7.08%
Media Services Fund	503,124	519,482	3.25%
UIL	286,200	508,267	77.59%
<b>Total Internal Service</b>	<b>\$ 154,988,024</b>	<b>\$ 165,281,129</b>	<b>6.64%</b>

## Total Budgets for Enterprise Funds

Fund	2008 Adopted Budget	2009 Recommended Budget	% Change
Medicaid	\$ 13,434,231	\$ 13,480,082	0.34%
Food Services	105,569,797	97,320,694	-7.81%
Business Development	11,084,555	11,069,894	-0.13%
<b>Total Enterprise Funds</b>	<b>\$ 130,088,583</b>	<b>\$ 121,870,670</b>	<b>-6.32%</b>