

HOUSTON INDEPENDENT SCHOOL DISTRICT

2004-2005

Recommended Budget



EVERY  
student  
EVERY day

# General Fund Revenue Sources

- **Local**

- Property Taxes
- Investment Earnings

- **State**

- Foundation School Program
- State Revenue Non-formula (\$110 per weighted ADA)

- **Federal**

- Indirect Costs From Grants
- ROTC



# Revenue Trends—General Fund

- **Local Revenue**

- Property value growth, while still increasing in total dollars, is decreasing in percentage from prior years.
- Interest rates continue to be flat.

- **State Revenue**

- State Foundation Revenue continues to decline.



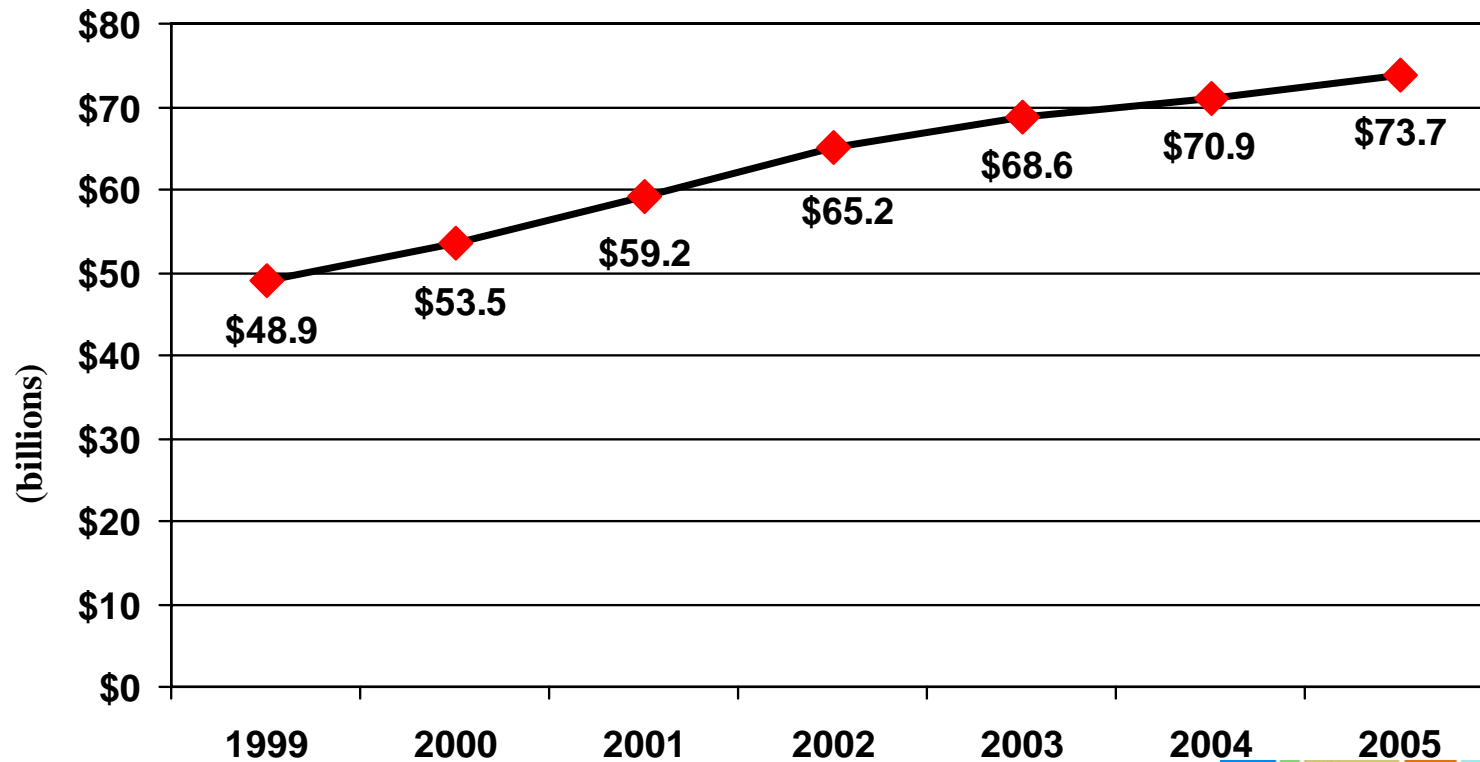
## Tax Roll Assumptions

<b>2004–2005</b>	<b>\$</b>	<b>73.7 billion</b>
<b>2003–2004</b>	<b>\$</b>	<b>70.9 billion</b>
<b>Increase in Roll Value</b>	<b>\$</b>	<b>2.8 billion</b>



# Local Tax Roll

## Total Assessed Value 1999-2005



Note: Represents total assessed value as of each fiscal year-end.



# State Aid

(Per Capita and Foundation School Program)

**2004–2005      \$167.6 million**

**2003–2004      \$180.8 million**

**Decrease      (\$13.2 million)**  
**in State Aid**

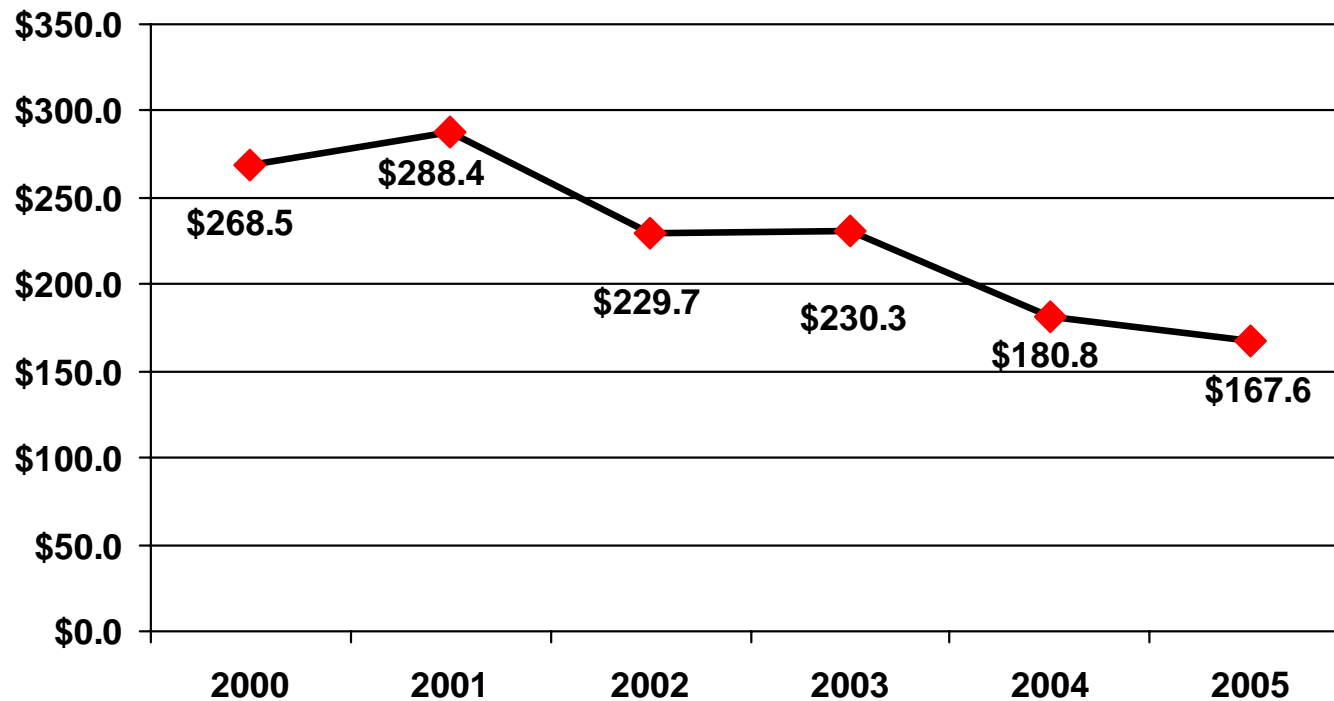
Revenue forecast based on ADA of 190,944 for both years.



# State Revenues

(Foundation School Program and \$110 per Weighted Average Daily Attendance)

## State Revenues 2000-2005



Note: 2000-2003 Are Actual Revenues; 2004-2005 are Projected Revenues



# Why Is State Aid Decreasing?

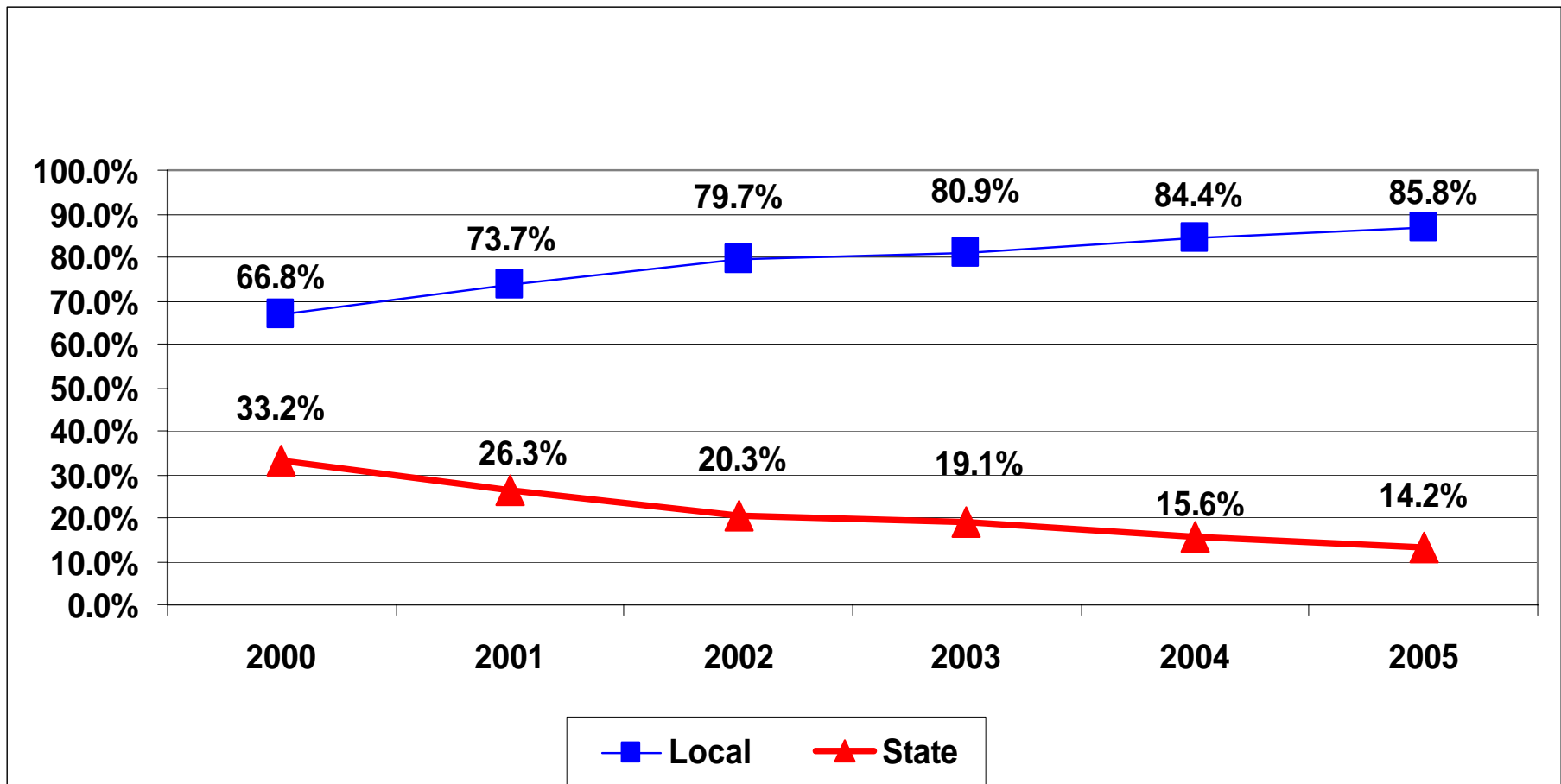
- **As local values rise, state aid decreases.**
- **The Comptroller uses the previous year roll to determine wealth valuation used by the state in calculating aid.**
- **HISD has had double-digit increases in the past and now the growth is projected to be 3.95 percent.**
- **The tax roll has to grow enough to offset the decrease in state aid in order for the district to remain at least even.**





# Local Taxes vs. State Funding

(Per Capita & Foundation School Program)



# Revenue Recap

	2003-2004	2004-2005	% Change
<b>Local</b>			
Current Taxes	\$ 950,067,708	\$ 985,070,744	3.68%
Other Local	\$ 55,104,660	\$ 49,604,660	-9.98%
<b>State</b>			
Per Capita & Foundation	\$ 180,792,775	\$ 167,595,053	-7.29%
TRS on-behalf	\$ 65,270,000	\$ 65,270,000	0.00%
Other State	\$ 1,784,253	\$ 1,784,253	0.00%
<b>Federal</b>			
Federal & Other Sources	\$ 31,695,100	\$ 30,179,100	-5.65%
<b>Total</b>	<b>\$ 1,284,714,496</b>	<b>\$ 1,299,503,810</b>	<b>1.15%</b>



# Appropriation Comparison to Prior Year

<b>2003-2004 Appropriation</b>	<b>\$1,325,000,000</b>
<b>Budget Increases</b>	<b>\$ 39,220,187</b>
<b>Budget Decreases</b>	<b><u>\$ (44,165,886)</u></b>
<b>2004-2005 Recommended Appropriation</b>	<b><u><u>\$1,320,054,301</u></u></b>



# 2004-2005 Appropriation Increase Detail

<b>Salary Package</b>	<b>\$ 12,953,593</b>
<b>Payroll Fallout Adjustment</b>	<b>\$ 8,817,255</b>
<b>Tax Increments Payments</b>	<b>\$ 7,840,000</b>
<b>Health Insurance</b>	<b>\$ 4,000,000</b>
<b>Utilities</b>	<b>\$ 2,729,464</b>
<b>Paint Program</b>	<b>\$ 2,000,000</b>
<b>Crossing Guards</b>	<b>\$ 500,000</b>
<b>Other Operating Expenses</b>	<b>\$ <u>379,875</u></b>
<b>Total Increases</b>	<b>\$ 39,220,187</b>



# 2004-2005 Appropriation Decrease Detail

## Appropriation Decrease Detail- \$44,165,886

Departmental Reductions	\$	(17,328,897)	Worker's Compensation	\$	(2,500,000)
Districtwide Reductions	\$	(1,296,500)	Incentive Program*	\$	(6,500,000)
Small School Subsidy	\$	(7,200,000)	Sign-On Bonuses*	\$	(2,000,000)
E-Rate Funding	\$	(5,000,000)	CAVE Subsidy	\$	(90,489)
Consultants	\$	(2,100,000)			
Travel	\$	(150,000)			

\*Funding shifted to Title Funds

**Decreases include the closing of 128 central-office positions.**



# Alternative Salary Increase Proposal

## Teachers

Minimum of 2% or step, whichever is higher

## Employees Paid on the Master Salary Schedule

Pay grades 5-10	3%
Pay grades 11-14	2%
Pay grades 15-16	1%
Pay grades 17 and Above	Reduction of work schedule by 3 days
Employees whose salary plan is SA3-SA5 (Principals and Assistant Principals)	1% plus reduction of work schedule of 3 days

## Other

Bus Drivers	3%
Food Service Employees	3%
All Other Hourly Employees	1-3% (Based off pay grade)

**Total Salary Package Cost \$15.5 M**



## Salary Proposal Option 2

- **Additional Cost is \$2,555,521**
- **Funding Options**
  - **Potential Tax Revenue from Commercial Personal Property**
  - **Additional Across the Board Cuts**
  - **Cost Containment**
  - **Combination of all the above**



# Financial Projections

	2002-2003*	2003-2004**	2004-2005**
Undesignated Beginning Fund Balance	\$ 106,023,736	\$ 102,951,792	\$ 65,757,345
Revenues			
State	\$ 286,916,213	\$ 237,004,386	\$ 234,649,306
Local	\$ 1,009,153,811	\$ 994,387,105	\$ 1,034,675,404
Federal / Other	\$ 34,312,199	\$ 38,371,535	\$ 30,179,100
Total Revenues	\$ 1,330,382,223	\$ 1,270,754,026	\$ 1,299,503,810
Expenditure and Reserve Adjustments	\$ (1,333,481,814)	\$ (1,302,948,473)	\$ (1,320,054,301)
School Carryover Funding	\$ -	\$ (5,000,000)	\$ (5,000,000)
Unspent Funds	\$ -	\$ -	\$ 12,000,000
Ending Fund Balance	\$ 102,924,145	\$ 65,757,345	\$ 52,206,854

\*Source: HISD CAFR, Fiscal Year Ended June 30, 2003

\*\* Projections by HISD Office of Budgeting and Financial Planning





# Appropriation Reductions-History

**2002-2003 Reductions** **\$ 39,959,833**

**2003-2004 Reductions** **\$117,321,741**

**2004-2005 Reductions** **\$ 44,165,886**

**Total Reductions over 3 Yrs** **\$201,447,460**



# Central Office Staffing

Type of Staff	2001	2005	Difference	% Change
Administrative / Supervisory	552.25	375.30	(176.95)	-32.04%
Professional Staff	481.00	391.25	(89.75)	-18.66%
Paraprofessional & Crafts Staff	1,557.00	1,164.30	(392.70)	-25.22%
Total	2,590.25	1,930.85	(659.40)	-25.46%



# Total Budgets for All Governmental Funds

<b>Fund</b>	<b>2004 Adopted Budget</b>	<b>2005 Proposed Budget</b>	<b>% Change</b>
<b>General</b>	\$ 1,325,000,000	\$ 1,320,054,301	-0.37%
<b>Debt Service</b>	\$ 115,425,136	\$ 128,310,374	11.16%
<b>Special Revenue</b>	\$ 136,260,364	\$ 191,031,651	40.20%
<b>Capital Projects</b>	\$ 118,143,874	\$ 222,123,950	88.01%
<b>Total Expenditures</b>	\$ 1,694,829,374	\$ 1,861,520,276	9.84%



# Total Budgets for Enterprise Funds

Fund	2004 Adopted Budget	2005 Proposed Budget	% Change
Medicaid	\$ 1,449,740.00	\$ 1,461,588.00	0.82%
Food Services	\$ 92,326,617.00	\$ 93,959,515.00	1.77%
CAVE Fund	\$ 447,295.00	\$ 257,247.00	-42.49%
Business Development	\$ 9,016,412.00	\$ 13,149,586.00	45.84%
<b>Total Enterprise Funds</b>	<b>\$ 103,240,064.00</b>	<b>\$ 108,827,936.00</b>	<b>5.41%</b>

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services.



# Total Budgets for Internal Service Funds

Fund	2004 Adopted Budget	2005 Proposed Budget	% Change
Health Insurance Fund	\$ 114,166,980	\$ 108,648,103	-4.83%
Print Shop Fund	\$ 4,629,450	\$ 4,836,942	4.48%
Worker's Compensation	\$ 24,452,125	\$ 18,202,026	-25.56%
Professional Development Fund	\$ 3,061,239	\$ 2,779,731	-9.20%
Alternative Certification Fund	\$ 2,662,798	\$ 4,060,715	52.50%
Media Services Fund	\$ 600,603	\$ 557,227	-7.22%
Athletics Fund	\$ 6,419,203	\$ 6,457,980	0.60%
District Offices Buy-back Fund	\$ 11,096,018	\$ 12,558,644	13.18%
<b>Total Internal Service</b>	<b>\$ 167,088,416</b>	<b>\$ 158,101,368</b>	<b>-5.38%</b>

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.



# Summary

- No tax increase for General Fund
- \$.019 tax increase for Debt Service
- Overall Budget Reduction from prior year
- Reduced central and district office budgets to cover required increases and reduce overall budget



# Future Challenges

- School Finance
- Educational delivery to students
- Additional Appropriation Reductions
- Sale of surplus property
- Tax-rate increases

