

The Houston Independent School District 2002–2003 Recommended Budget



***PERFORMANCE
by DESIGN***

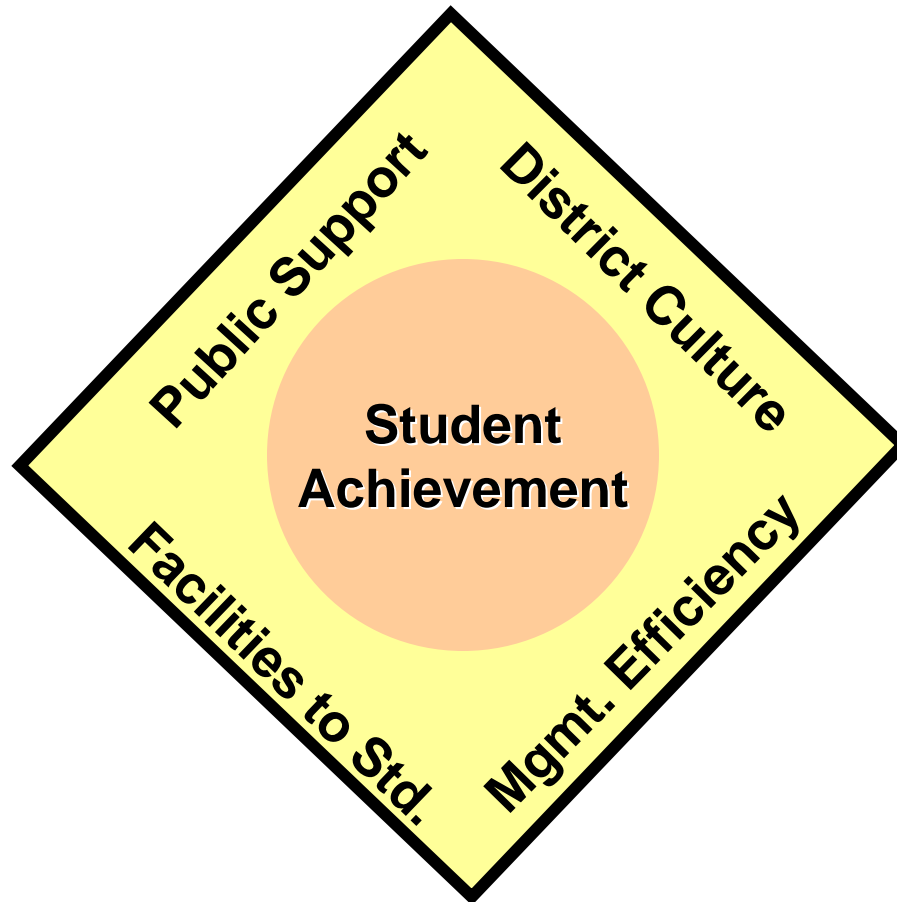
HISD...Urban Success

2002–2003 Recommended Budget

Challenges for Building the Budget

- **Perception of closed development process**
- **Decreased fund balance**
- **Slowing economy**
- **Balancing revenues with rising costs**
- **Convincing the public that HISD is impacted by equalization**

2002–2003 Recommended Budget



Core Values

Safety Above All Else

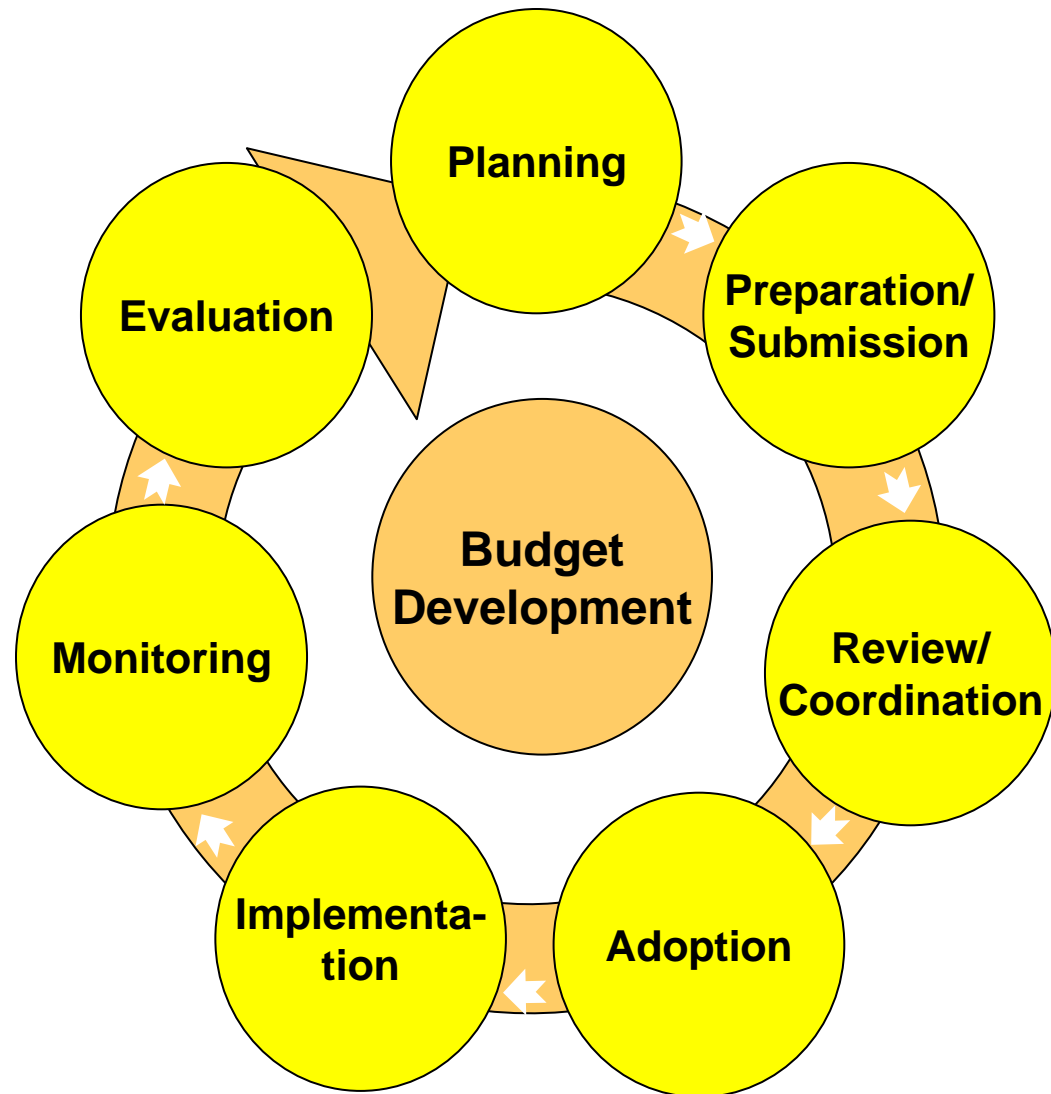
**Student Learning is
the Main Thing**

**Focus on Results
and Excellence**

**Parents as Partners
Common Decency**

2002–2003 Recommended Budget

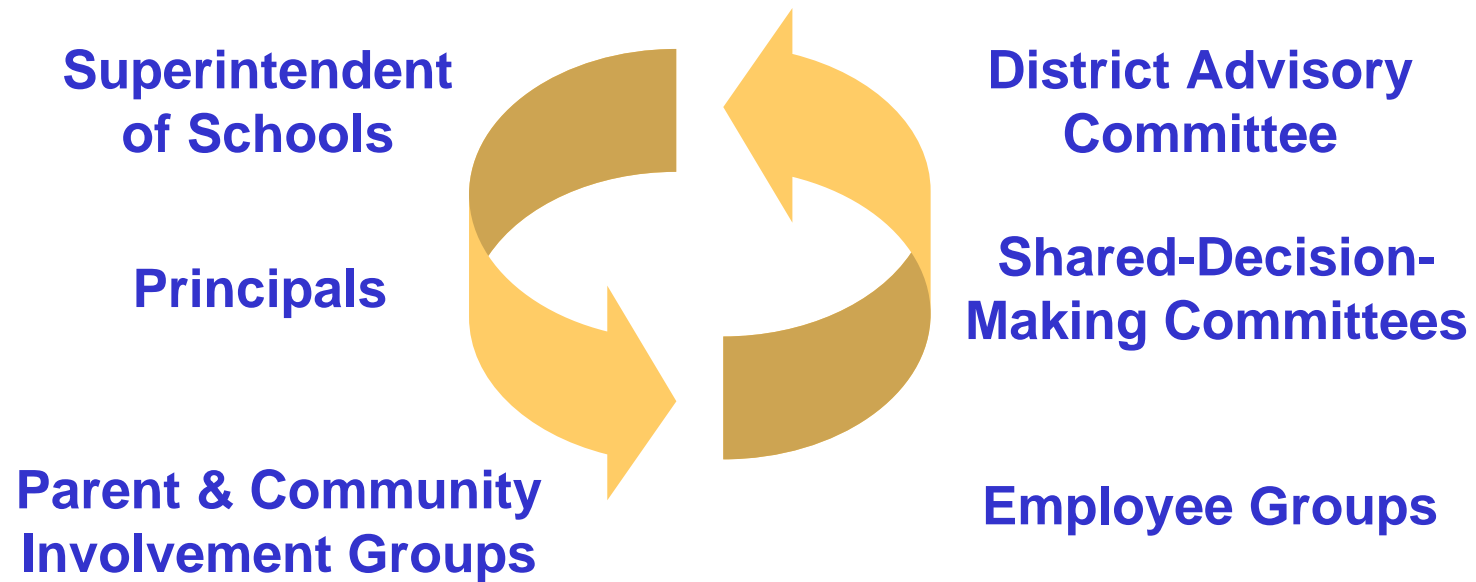
Budget Development Process



2002–2003 Recommended Budget

Stakeholders

Board of Education



2002–2003 Recommended Budget

Shared-Decision-Making Committees

- **FEBRUARY 2002**
 - **Campus administrators were instructed to document the following**
 - **Informing SDMC about budget development**
 - **Receiving input from SDMC process on how resources are to be allocated to build the campus budget**
 - **Regional meetings held at**
 - **Chávez High School**
 - **Madison High School**
 - **Waltrip High School**
 - **Board auditorium**
 - **Inviting public participation**

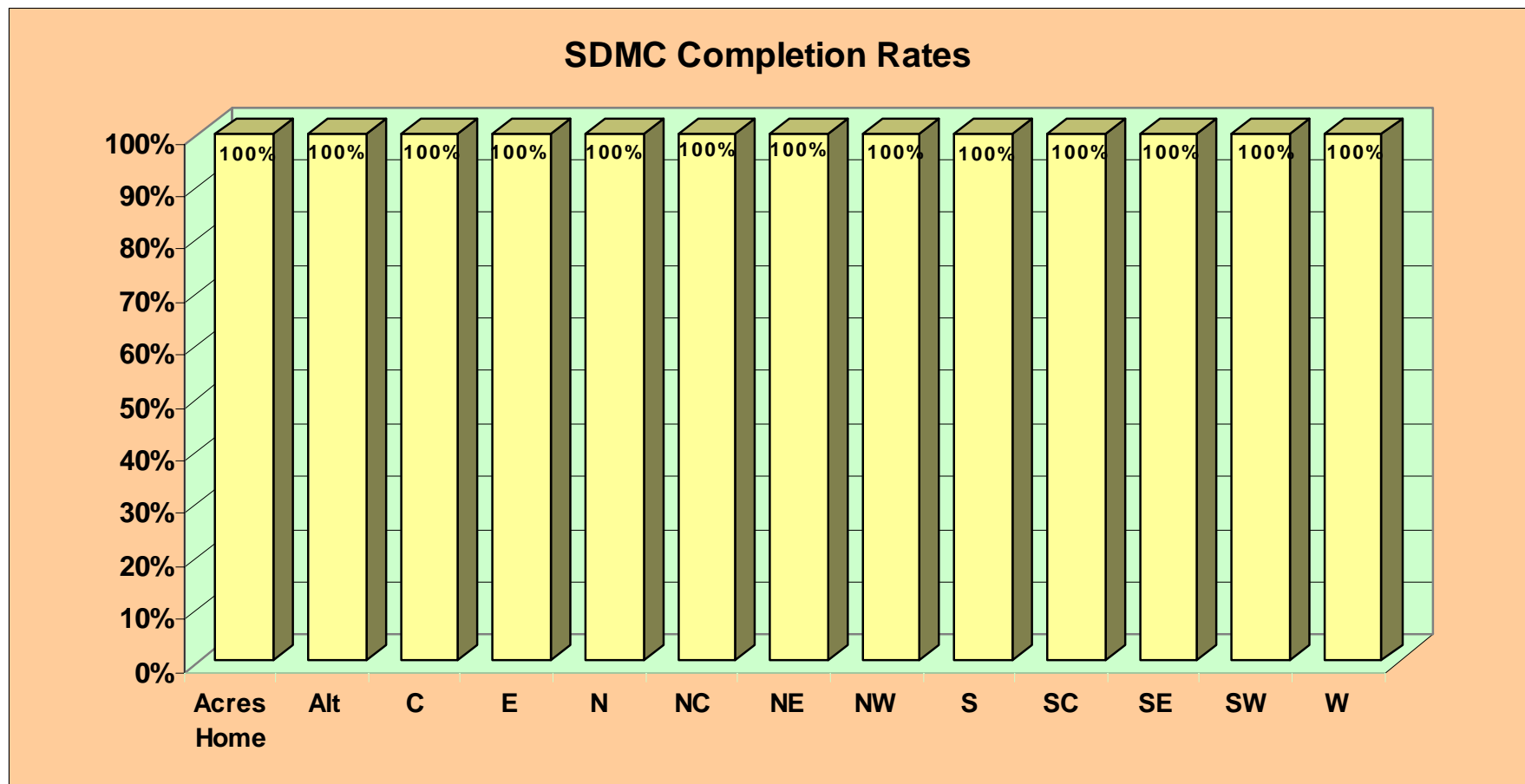
2002–2003 Recommended Budget

Shared-Decision-Making Committees

- **APRIL 2002**
 - **School allocations released along with written instructions to turn in SDMC meeting minutes with signatures and/or rosters**
- **JUNE 2002**
 - **100% of campuses supplied documentation to School Administration**

2002–2003 Recommended Budget

SDMC Completion Rates



2002–2003 Recommended Budget

Overview of Texas School Finance

- **School Finance: Complex, Counter-Intuitive**

- **Large Number of Influential Participants**

Governor

Legislature

Comptroller

TEA

Appraisal District

Attorney General

School Board

Superintendent

Community

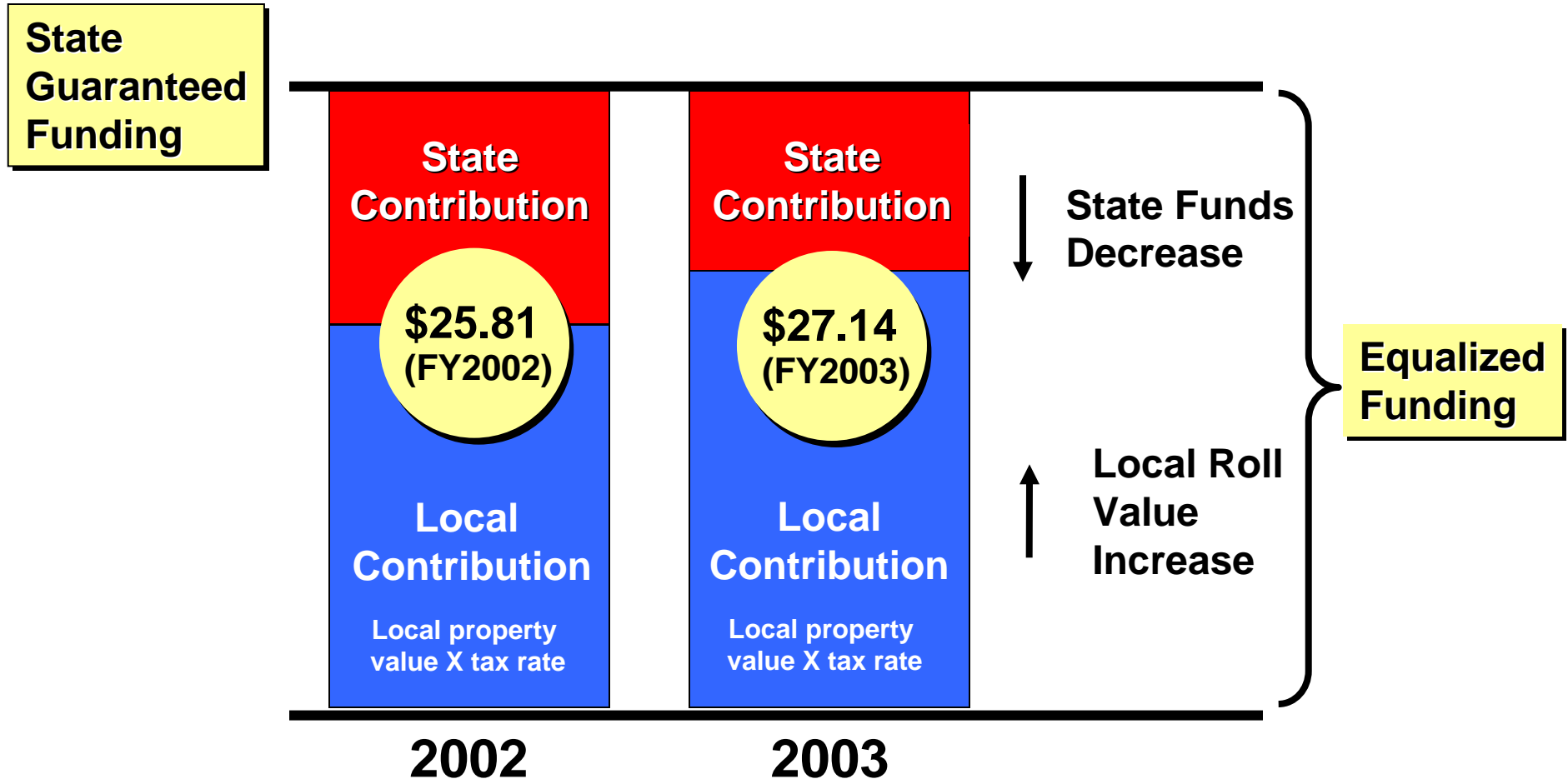
SDMC's

Courts

- **Highly Technical Issues**

2002–2003 Recommended Budget

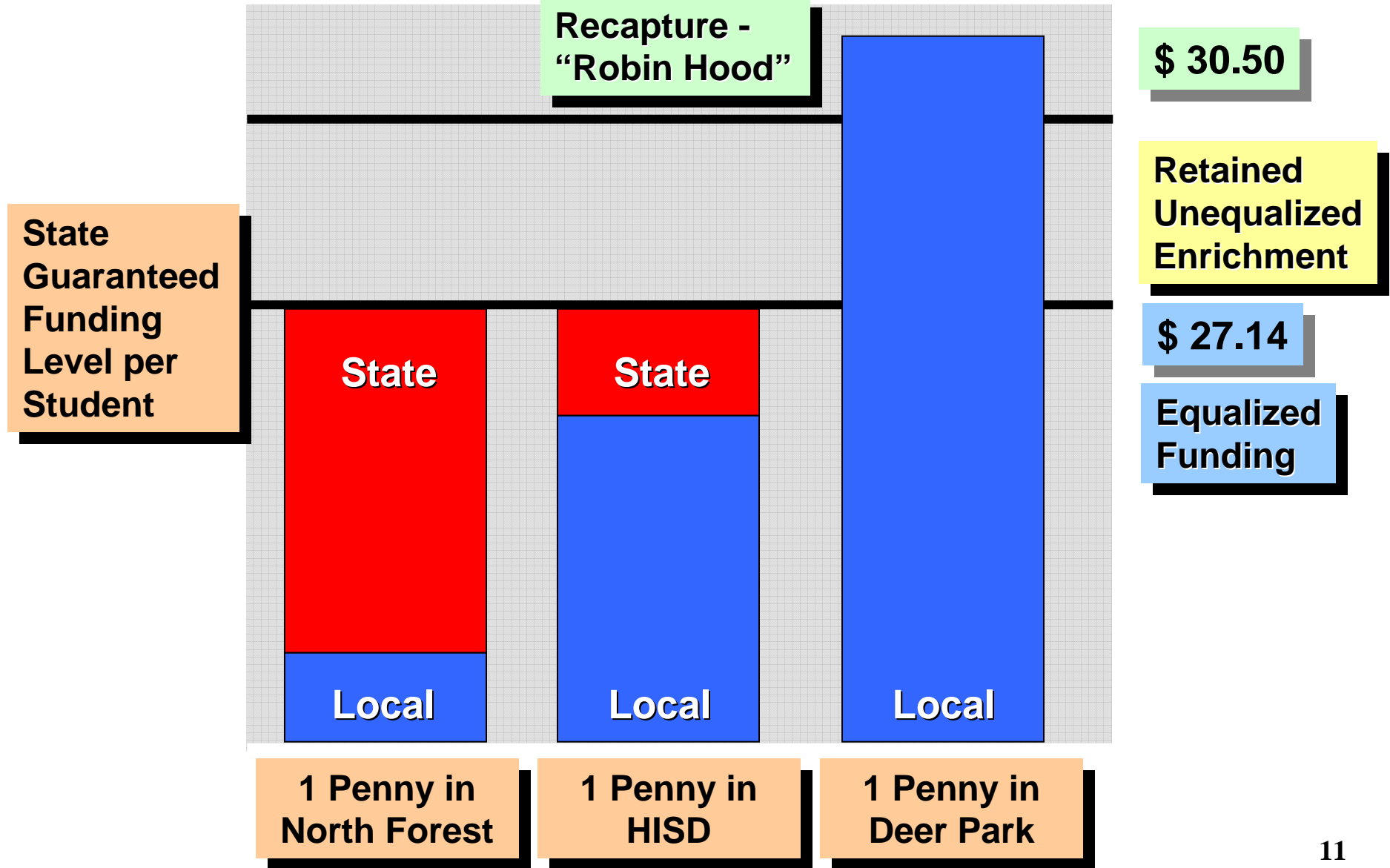
What Happens When the Tax Roll Rises?



When Local Values **Rise** - State Funding **Falls**

2002–2003 Recommended Budget

How the Tax Rate Generates Revenue



2002–2003 Recommended Budget

Revenue Differences Between the City of Houston and HISD

City of Houston Revenues:

Local Roll Value x Tax Rate = Revenue to City



Roll Values



City Revenue

2002–2003 Recommended Budget

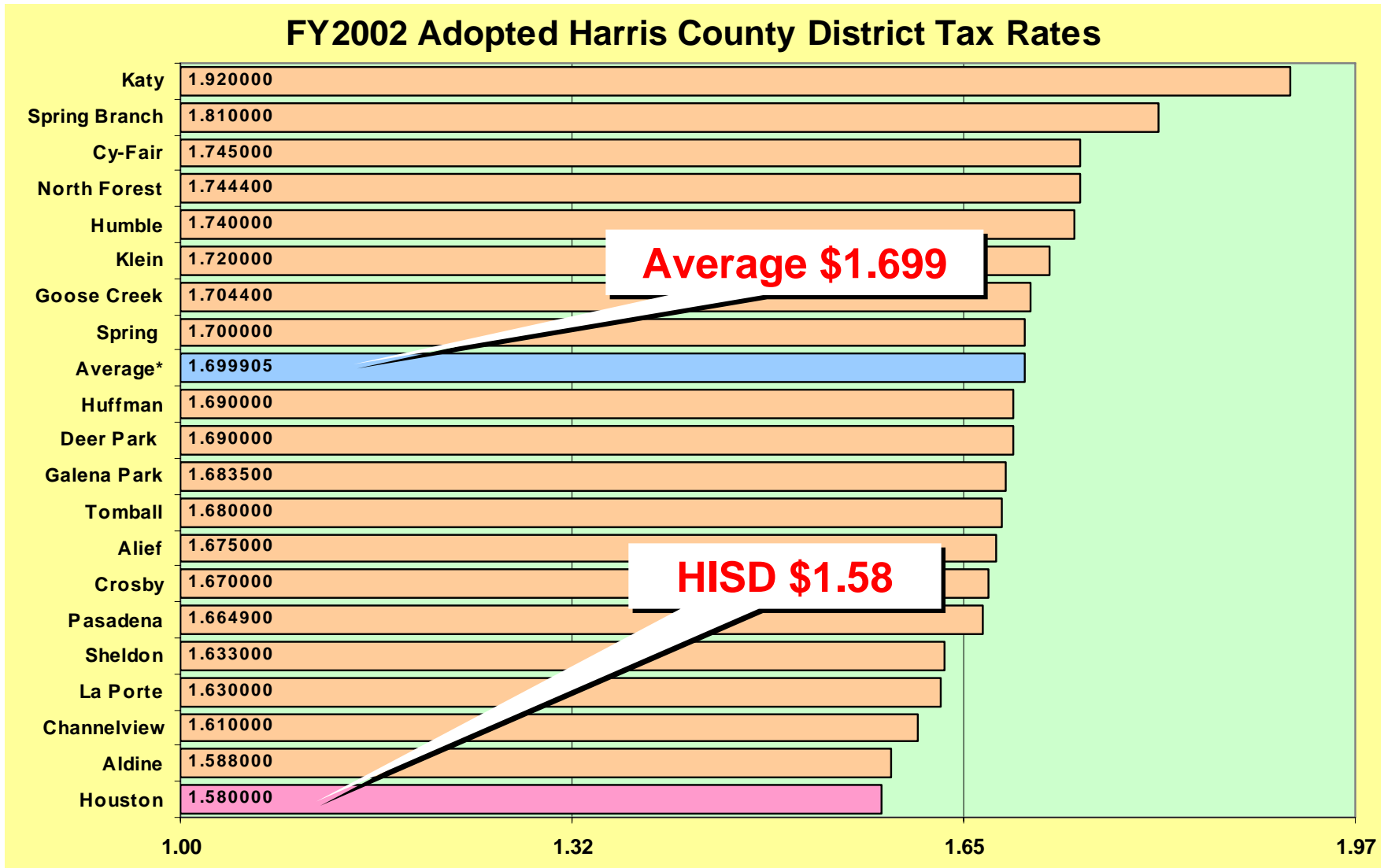
Revenue Differences Between the City of Houston and HISD

Houston ISD Revenues:

What TEA Calculates the HISD Program Should Cost
minus

Local Roll Value x Tax Rate = State Revenue to HISD

2002–2003 Recommended Budget



HISD IS 11.9 CENTS BELOW THE AVERAGE

2002–2003 Recommended Budget

Tax Rate Comparison

	Aldine ISD	Spring Branch ISD	Houston ISD
Avg. Appraised Home Value	\$126,734	\$126,734	\$126,734
Regular Exemption	\$15,000	\$15,000	\$15,000
Homestead Exemption	\$ -	\$ 25,347	\$ 25,347
Taxable Value	\$111,734	\$86,387	\$86,387
Tax Rate (Per \$100 Valuation)	\$1.588	\$1.81	\$1.58
Taxes Due	\$1,774.34	\$1,563.60	\$1,364.92

\$409.42 > HISD

\$198.68 > HISD

2002–2003 Recommended Budget

Revenue Factors

REVENUE PROJECTIONS

- **Taxes**
- **State Aid and Average Daily Attendance (ADA)**

2002–2003 Recommended Budget

Tax Roll Assumptions

2001–2002	\$65.2 billion
2002–2003	\$68.9 billion
	<hr/>
Increase in Roll Value	\$3.7 billion

2002–2003 Recommended Budget

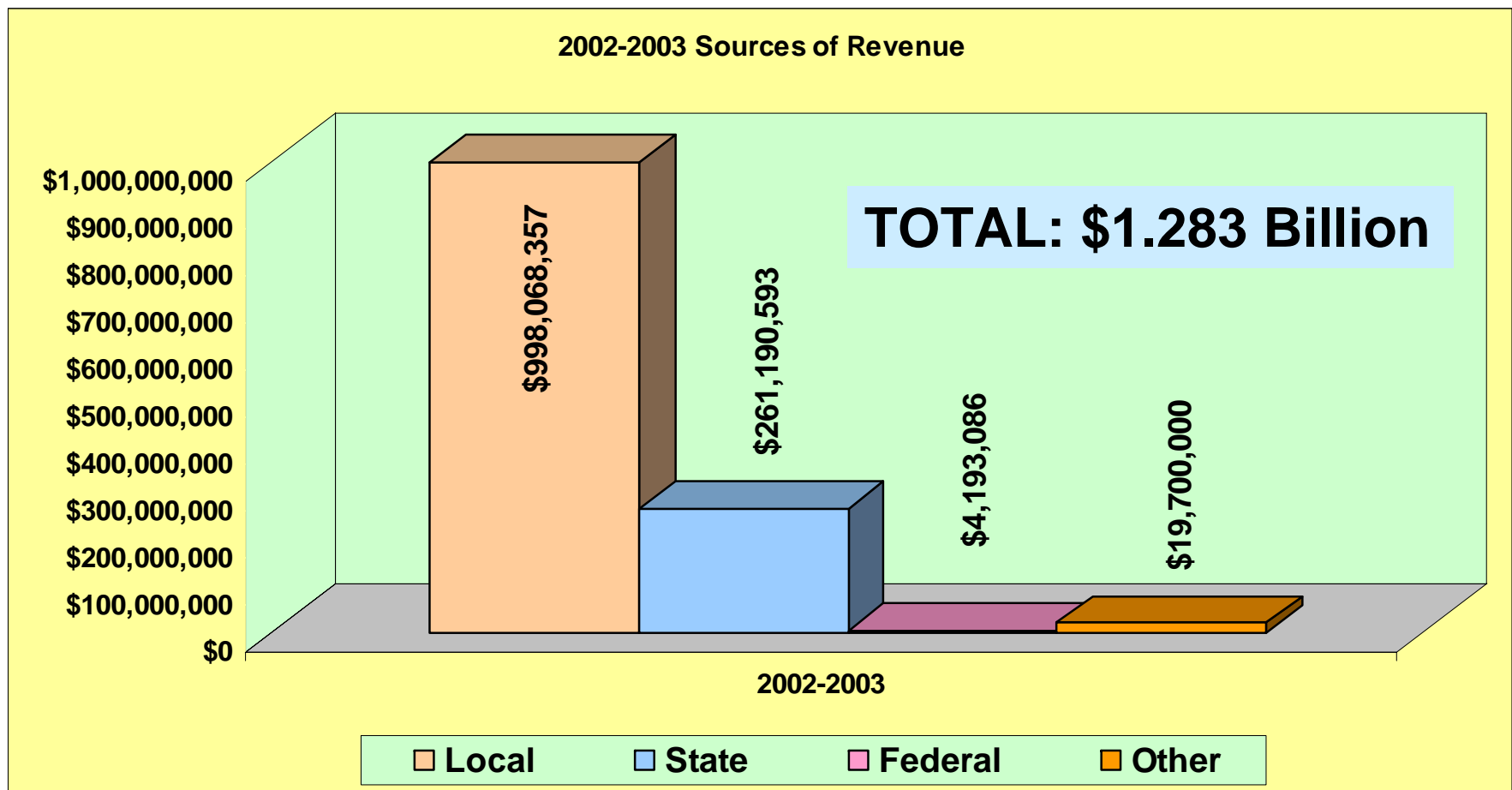
State Aid (Per Capita and Foundation School Program)

2001–2002	\$206.2 million
2002–2003	\$194.1 million
Decrease in State Aid	<u>\$(12.1) million</u>

Revenue forecast based on ADA of 189,500 for both years.

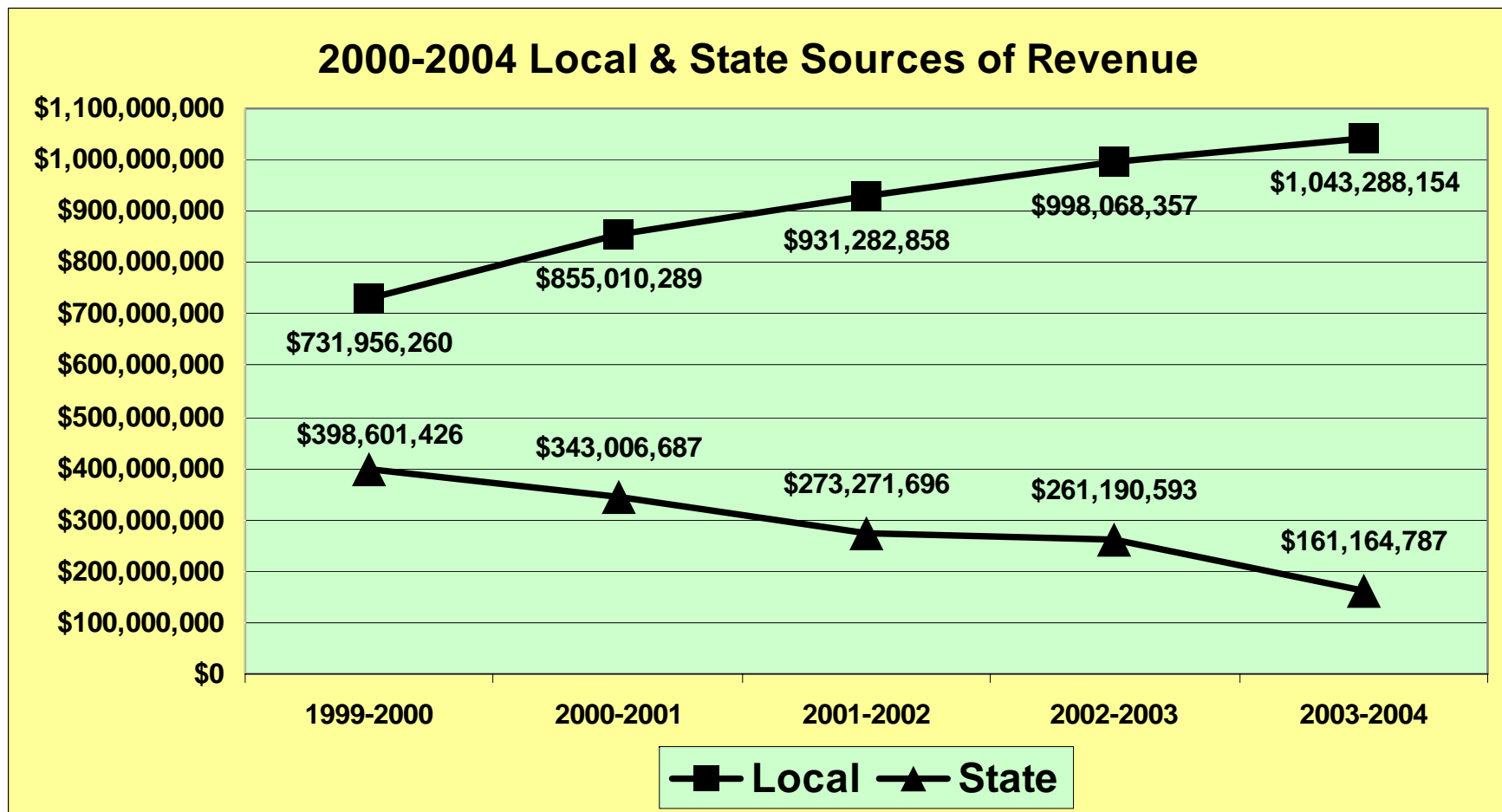
2002–2003 Recommended Budget

2002–2003 Sources of Revenue



2002–2003 Recommended Budget

Total Local and State Sources of Revenue



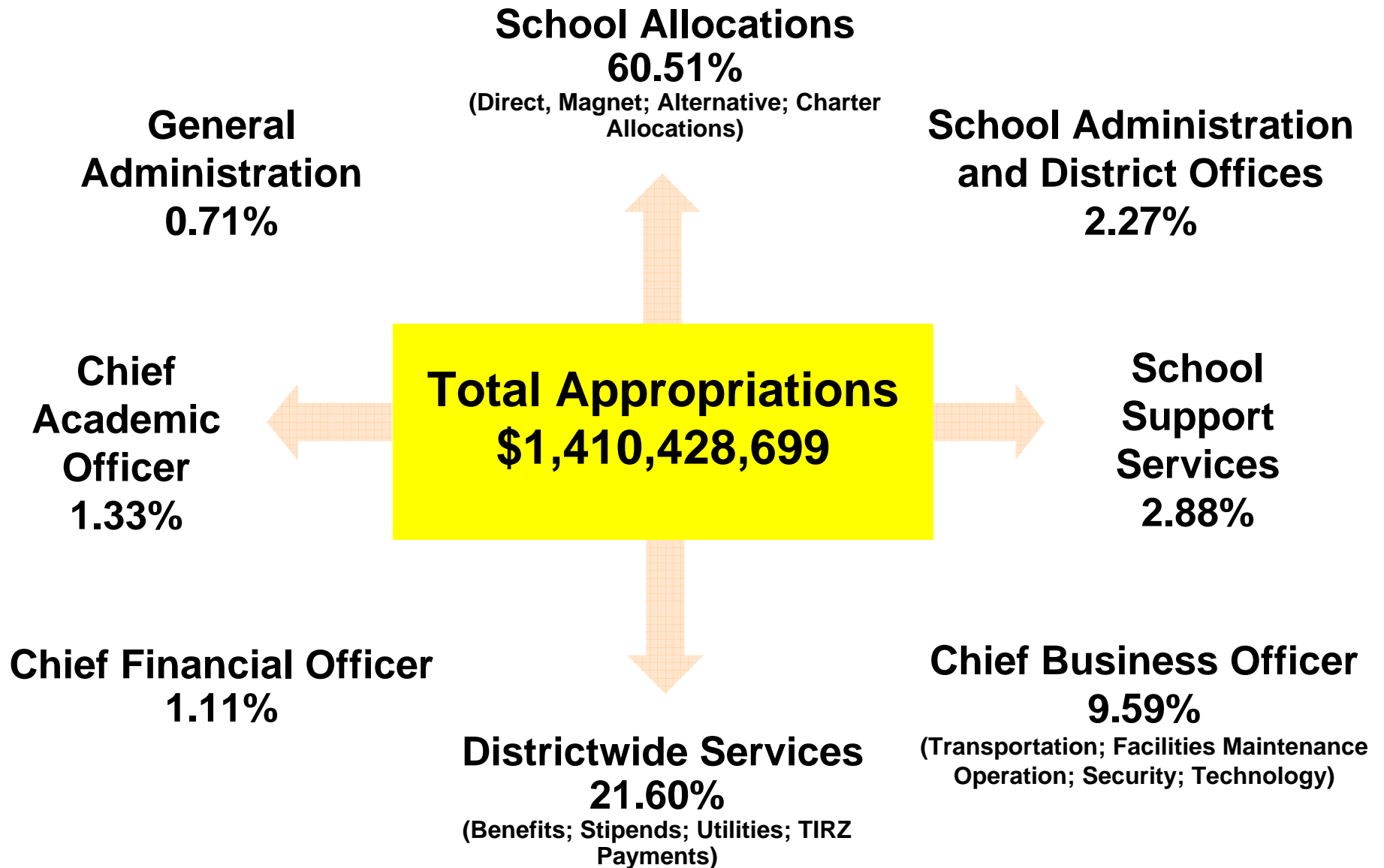
2002–2003 Recommended Budget

Expenditure Factors

EXPENDITURE PROJECTIONS

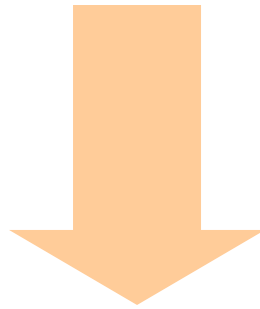
- **School allocations**
- **Appropriation increases and decreases**
- **Departmental budgets**

GENERAL FUND APPROPRIATIONS



2002–2003 Recommended Budget

School Budget Allocations
\$853 million



Direct School Allocations
Magnet School Allocations
Alternative School Allocations
Charter School Contracts

2002–2003 Recommended Budget

Decentralization of Funds to Schools

After the budget adoption, approximately \$5 Million* from the following departments will be decentralized to the schools:

- *Instructional Technology*
- *Technology Training*
- *State Technology Program*
- *Fine Arts*
- *Multilingual Services*
- *Career and Technology Education*

*These funds are from the General Fund and / or Special Revenue Fund.

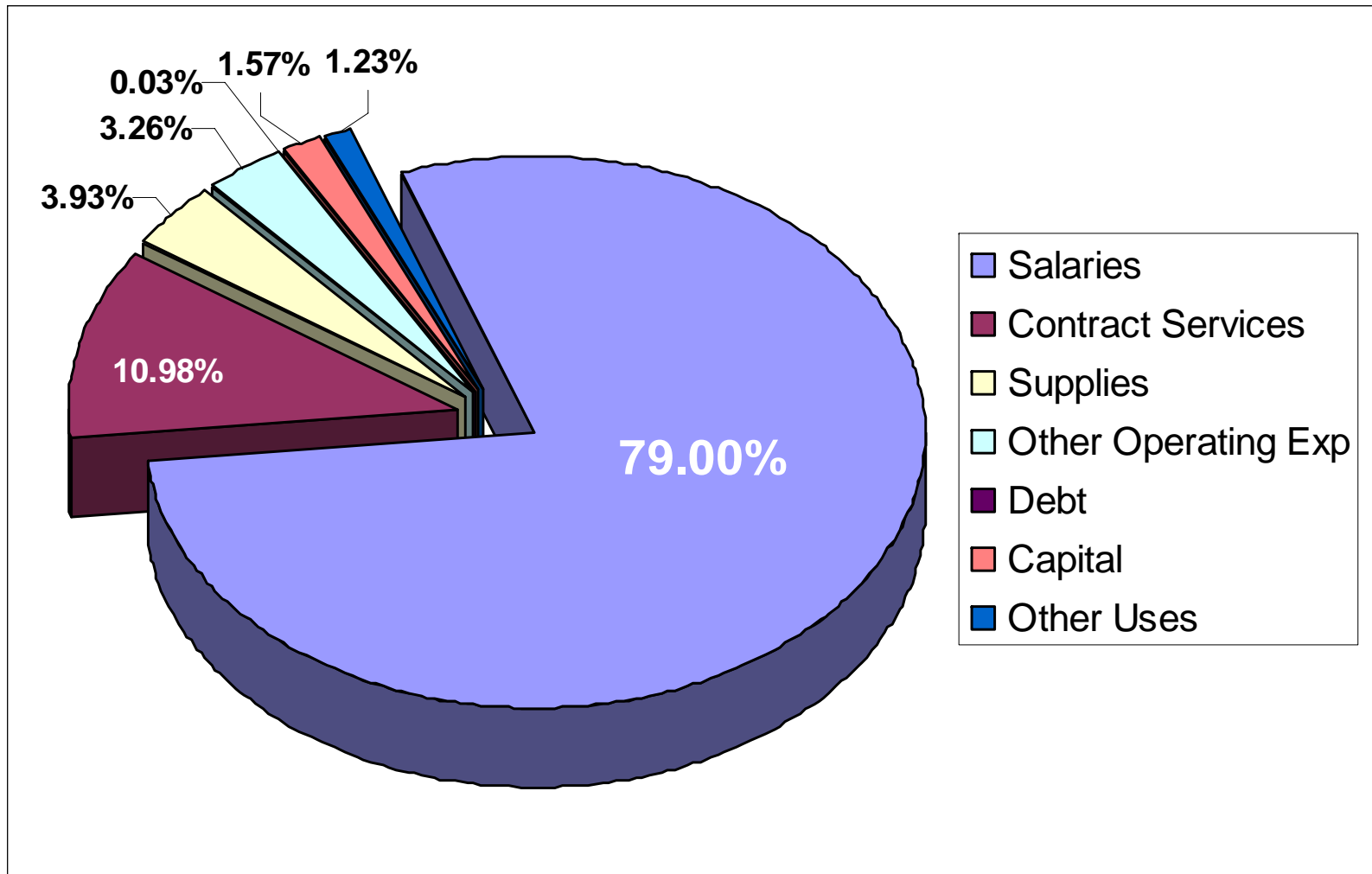
2002–2003 Recommended Budget

General Fund Expenditures by Object

Object	2002 Adopted Budget	2003 Proposed Budget	% Change
Salaries	\$1,116,130,507	\$1,114,178,549	-0.17%
Contracted Services	\$165,274,015	\$154,932,220	-6.26%
Supplies & Materials	\$58,180,102	\$55,390,328	-4.80%
Other Operating Exp.	\$41,705,037	\$46,011,939	10.33%
Debt Services	\$649,915	\$485,099	-25.36%
Capital Outlay	\$18,151,748	\$22,078,189	21.63%
Other Uses	\$10,337,375	\$17,352,375	67.86%
Total Expenditures	\$1,410,428,699	\$1,410,428,699	0.00%

2002–2003 Recommended Budget

General Fund Expenditures by Object



2002–2003 Recommended Budget

Appropriation Increase Detail

BUDGET INCREASES

Salary	\$19,730,000	Electricity for New Schools	\$ 1,000,000
TIRZ Payment*	\$ 5,000,000	Technology Maintenance Contracts	\$ 500,000
E-Rate Share*	\$ 5,000,000	Fire-Alarm Testing	\$ 450,000
Property and Casualty Insurance	\$ 2,500,000	Medicare Costs (HB3343)	\$ 310,000
Charter Schools	\$ 2,000,000	Audit Services	\$ 240,000
Project Grad/CIS	\$ 1,500,000	High-School Leases	\$ 175,000
Capital Acquisition Costs*	\$ 1,500,000	Outdoor Education Contracts	\$ 54,833

\$39,959,833

* Funded in whole or in part by offsetting revenue

2002–2003 Recommended Budget

HISD Salary Increase Proposals

EMPLOYEE GROUP	COST (in millions)
Teachers	\$15.21
Master Schedule (regular staff)	2.86
Hourly Staff	1.66
TOTAL COST	\$19.73

2002–2003 Recommended Budget

HISD Salary Impact

INCREASE	PERCENTAGE
Weighted Average Teacher Increase	\$3.1%
Master Teacher Schedule Salary Increase*	2.0%–7.0%
Hourly Schedule Salary Increase*	1.0%
Teacher Increase with HB 3343 \$1,000	4.4%–8.8%

* Includes master and hourly salary increases of 1% plus \$1,000 for all TRS members (HB 3343).

2002–2003 Recommended Budget

Appropriation Decrease Detail

BUDGET DECREASES

Departmental Reductions	\$(12,313,911)	Electricity Savings	\$(5,000,000)
Other Districtwide and Departmental Reductions	\$(10,944,396)	District Office Cuts	\$(2,800,000)
Districtwide Stipends	\$ (6,978,275)	Voluntary Retirement Pgm.	\$(1,923,251)

\$39,959,833

Decreases include the closing of 166 central-office positions.

2002–2003 Recommended Budget

Total Budgets for All Governmental Funds

Fund	2002 Adopted Budget	2003 Proposed Budget	% Change
General	\$1,410,428,699	\$1,410,428,699	0.00%
Debt Service	\$106,089,641	\$107,604,547	1.43%
Special Revenue	\$153,671,546	\$159,095,337	3.53%
Capital Projects	\$200,063,780	\$130,000,000	-35.02%
Total Expenditures	\$1,870,253,666	\$1,807,128,583	-3.38%

2002–2003 Recommended Budget

Total Budgets for Enterprise Funds

Fund	2002 Adopted Budget	2003 Proposed Budget	% Change
Medicaid / TWC	\$1,314,931	\$1,401,288	6.57%
Food Services	\$75,067,385	\$82,543,657	9.96%
Business Development	\$0	\$6,873,308	100.00%
Total Enterprise Funds	\$76,382,316	\$90,818,253	18.90%

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

2002–2003 Recommended Budget

Total Budgets for Internal Service Funds

Fund	2002 Adopted Budget	2003 Proposed Budget	% Change
Health Insurance Fund	\$111,391,241	\$111,849,800	0.41%
Print Shop Fund	\$3,253,758	\$4,251,313	30.66%
Worker's Compensation	\$24,810,452	\$26,807,826	8.05%
Total Internal Service	\$139,455,451	\$142,908,939	2.48%

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.

2002–2003 Recommended Budget

Summary

- No tax increase
- No cuts to school budgets this year
- Reduced central-office positions
- Reduced central-office non-payroll budgets

2002–2003 Recommended Budget

Future Challenges

- Program reviews
- Educational delivery to students
- Central-office efficiencies
- Sale of surplus property
- Tax-rate increases

The Houston Independent School District 2002–2003 Recommended Budget



***PERFORMANCE
by DESIGN***

HISD...Urban Success