



HOUSTON
INDEPENDENT
SCHOOL DISTRICT

SCHOOL FIRST

FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS

2008-2009



October 14, 2010

www.houstonisd.org

2008-2009 School FIRST Rating

October 14, 2010



HOUSTON INDEPENDENT SCHOOL DISTRICT

2010 BOARD OF EDUCATION

Greg Meyers, President
Paula M. Harris, First Vice President
Vacant, Second Vice President
Carol Mims Galloway, Secretary
Anna Eastman, Assistant Secretary
Lawrence Marshall
Michael L. Lunceford
Harvin C. Moore
Manuel Rodriguez Jr.

ADMINISTRATION

Terry B. Grier, Ed.D., Superintendent of Schools
Melinda Garrett, Chief Financial Officer
Kenneth Huewitt, Controller
Sharon Eaves, General Manager, Budgeting and Financial Planning

Purpose

- **Expands the public education accountability system in Texas to the Financial Services.**
- **Originated by SB875 of the 76th Texas Legislature in 1999.**
- **Primary goal: to improve management of school district's financial resources.**
- **Indicators developed by Texas Business and Education Coalition (TBEC), Texas Education Agency (TEA), Comptroller's Office, and the Texas Association of School Business Officials (TASBO).**

Objectives

October 14, 2010



- Assess quality of financial management in Texas public schools.
- Fairly evaluate quality of financial management decisions.
- Openly report results to general public.

Overview

October 14, 2010



- School FIRST rating based on 2008-2009 data
- Rating based on 22 indicators
- TEA now uses the School FIRST rating when determining the district's accreditation status
- District's School FIRST rating can impact special education determination status

Rating Categories

- **Superior Achievement** 72-80 & Yes to Indicator 7
- **Above Standard Achievement** 64-71 or ≥ 72 & No to Indicator 7
- **Standard Achievement** 56-63
- **Substandard Achievement** < 56 or No to one default Indicator (1-6)
- **Suspended** – Serious data quality problems

- Numerical scores based on 22 indicators

**This is the
number of
positively
answered
indicators.**

Overview of Indicators

October 14, 2010



- Indicators 1-6: *Critical*. Any “No” response to these indicators results in an automatic substandard rating
- Indicator 7: *Academic Rating*
- Indicators 8-16: *Fiscal Performance*
- Indicators 17-18: *Staffing Patterns*
- Indicators 19-22: *Cash Management Practices*

Statewide Rating Results

October 14, 2010



8 YEAR HISTORICAL RATINGS

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Superior Achievement	843	906	931	943	959	938	927	909
Above Standard Achievement	156	100	76	63	52	71	81	96
Standard Achievement	20	10	6	3	4	5	10	6
Substandard Achievement	11	15	17	23	21	22	21	29
Suspended (Data Quality)			1	2	1	1		
Total Districts	1030	1031	1031	1034	1037	1037	1039	1040
HOUSTON ISD	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior

This is the number of districts in each rating category.

What is HISD's Rating?

October 14, 2010



- Superior achievement

- *HISD received a total score of 80 on all indicators.*
- *The district has received the highest rating possible as established under guidelines and rules established by the Texas Education Agency for the eight years since it was implemented.*

Critical Indicator 1

- Was the total fund balance less reserved fund balance greater than zero in the general fund?
 - *School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your district has a positive amount of fund balance cash (savings) that is not designated or “reserved” for a specific purpose. In other words, “Does your district have funds set aside for a rainy day?”*

HISD's Fund Balance

2009 Fund Balances (General Fund)

Reserved:

Reserved for encumbrances	\$	26,573,899
Reserved for investment in inventories	\$	2,686,498
Reserve for capital acquisition program	\$	15,741,055

Unreserved:

Designated for arbitrage	\$	479,987
Designated for incentive pay program	\$	32,782,056
Designated for insurance programs	\$	14,817,894
Designated for Pay As You Go Program	\$	45,000,000
Designated for operations	\$	80,279,799
Designated for school carryover	\$	18,459,966
Undesignated	\$	240,593,882
Total fund balances	\$	477,415,036

Critical Indicators 2-6

- #2 Was the Total Unrestricted Net Asset Balance greater than \$0?
- #3 Were there no disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?
- #4 Was the Annual Financial Report Filed within specified time requirements?
- #5 Was there an unqualified opinion in Annual Financial Report?
- #6 Did the Annual Financial Report not disclose any instance(s) of material weakness in internal controls?

- **Did the district's academic rating exceed Academically Unacceptable?**

2008-2009 AEIS Academic Rating of Academically Acceptable

Source: 2008-2009 AEIS Accountability Rating Report

- Was the three-year average percent of total tax collections (including delinquent) greater than 98 percent?
 - *This indicator measures your district's success in collecting the taxes owed by your community's businesses and homeowners by placing a 98 percent minimum collections standard. You must collect a three-year average of 98 percent or more of your taxes, including any delinquent taxes owed from past years.*



HISD's Tax Collections

2009 Tax Collections

Current Year Levy	\$	1,209,859,983
Collections	\$	1,197,592,692

Collection Ratio $\frac{\$ 1,197,592,692}{\$ 1,209,859,983} = 98.99\%$

Comparison Data	
FY2008 Collection Ratio	100.00%

- Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of $< 3\%$ of expenditures per fund type?
 - *This indicator measures the quality of financial data reported to PEIMS as compared to what was reported in the annual financial report. This is a simple “Pass” or “Fail” indicator.*

Fiscal Performance Indicator 10-12

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- #10 Were Debt Related Expenditures <\$250 per student or greater than 7%, or if taxes collected per penny of tax effort greater than \$200,000 per student
- #11 Were there no disclosures in the Annual Financial Report of Material non-compliance?
- #12 Did the district have full accreditation in relation to its fund management practices?

Fiscal Performance Indicator 13-15



- #13 Was the aggregate of Budgeted Expenditures and other uses less than the aggregate of total revenues, other resources, and fund balance in the General Fund?
- #14 If the district's aggregate fund balance in the General Fund and Capital Projects Fund was less than zero, were construction projects adequately financed? (To avoid creating or adding to the fund balance deficit situation)
- #15 Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivables) in the General Fund = or 1:1?

- Was the administrative cost ratio less than the standard in state law?
 - *TEA and state law sets a cap on the percentage of the budget that Texas school districts can spend on administration. Did you exceed the cap for districts of your size? For large districts the cap is 11.05%.*



Administrative Cost Ratio

-Instructional Expenditures	\$	990,159,726
Function 11 - Instruction		
Function 12 - Instructional Resource Media		
Function 13 - Curriculum and Staff Development		
Function 31 - Guidance & Counseling		
-Administrative Expenditures	\$	45,240,617
Function 21 - Instructional Leadership		
Function 41 - General Administration		

Administrative Cost Ratio	$\frac{\$ 45,240,617}{\$ 990,159,726}$	=	0.046
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Comparison Data	
FY2008 Administrative Cost Ratio	0.052

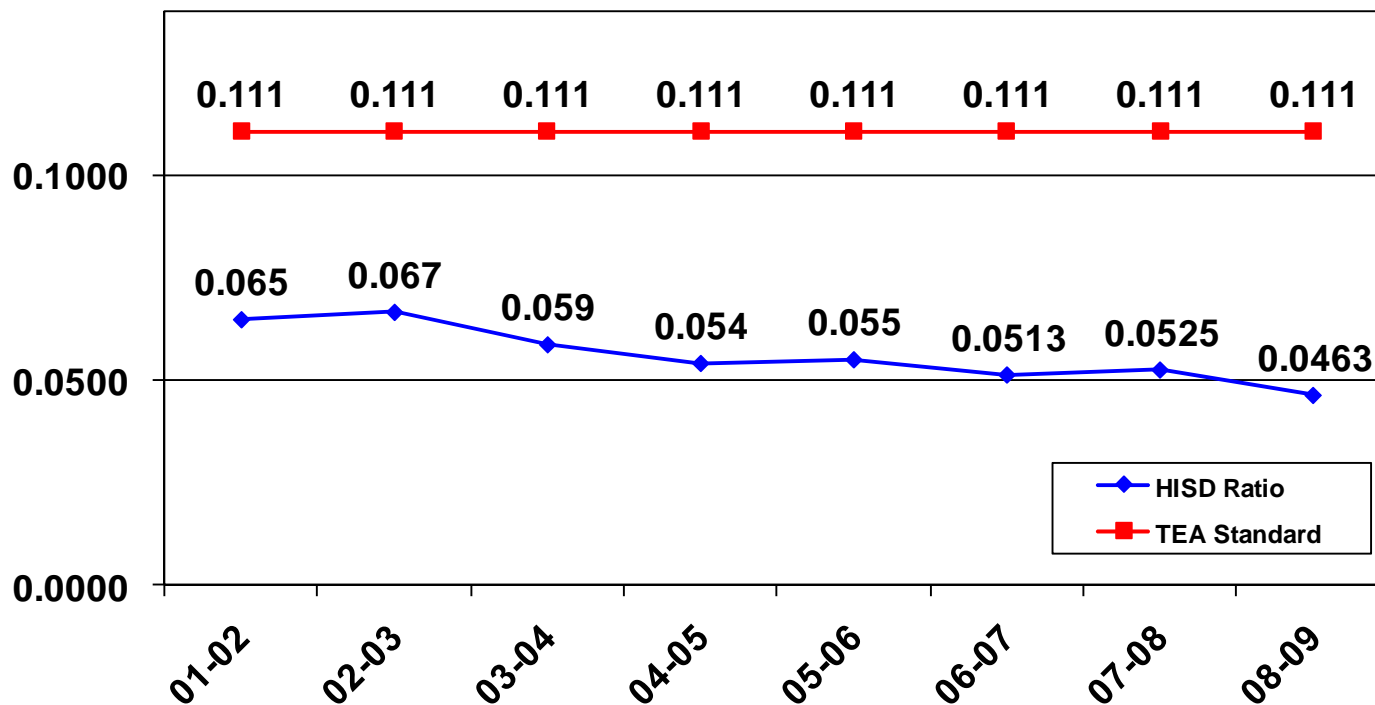
Fiscal Performance Indicator 16

Comparisons to other Districts

District	Administrative Cost Ratio
Cy-Fair	3.87
Katy	4.32
Houston	4.60
Alief	4.65
Fort Bend	4.96
Spring Branch	5.00
Northside	5.84
Aldine	5.93
Austin	6.84
Dallas	6.85
San Antonio	7.47
Goose Creek	7.86
North Forest	24.27

Administrative Cost Indicator 16

History



Staffing Patterns Indicator 17

- Was the ratio of students to teachers within the ranges established according to district size?
 - *This indicator measures your pupil-teacher ratio to ensure that it is within TEA recommended ranges for districts of your student population range. For example, districts with a student population over 10,000 should have no more than 22 students per teacher and no fewer than 13.5 students per teacher.*

HISD's Pupil-Teacher Ratios

October 14, 2010



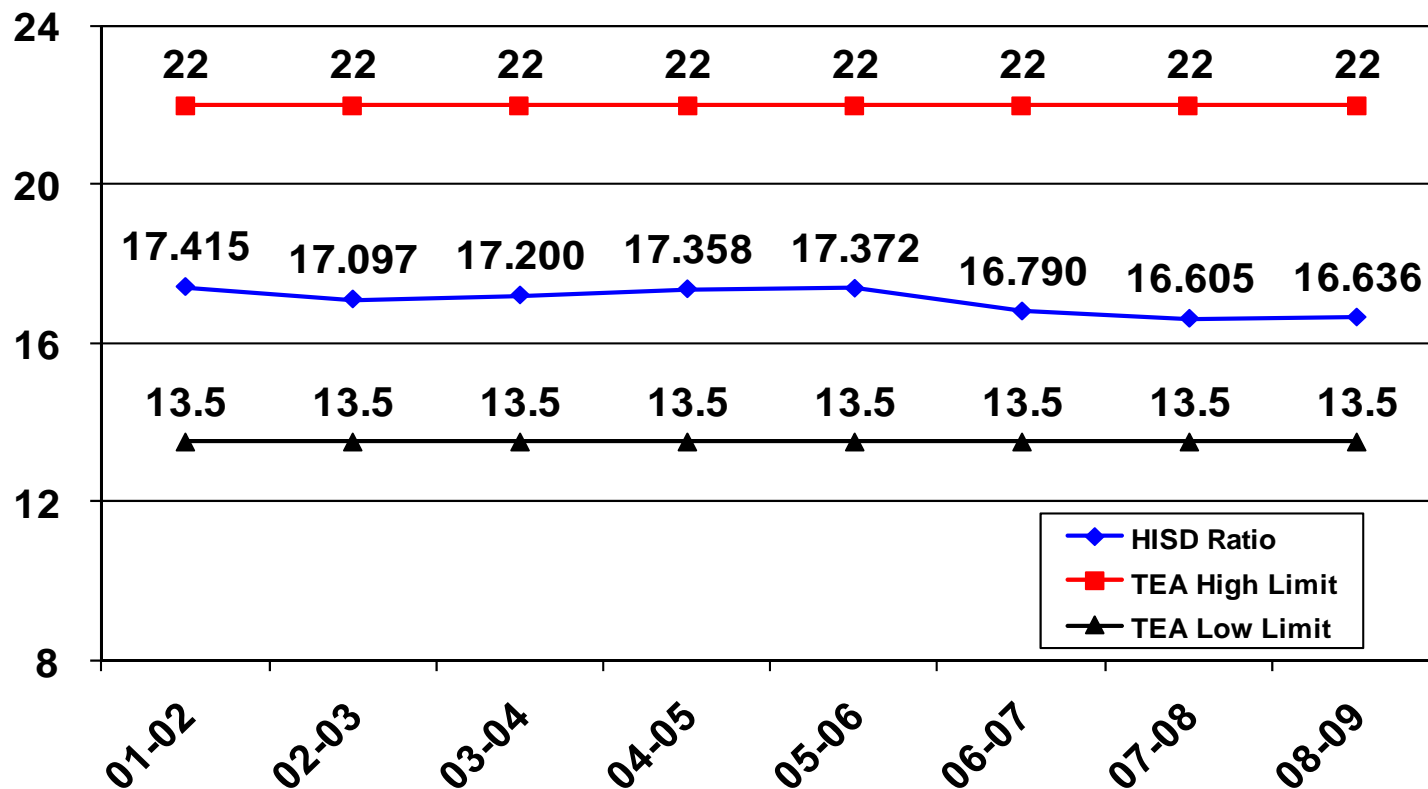
Students Per Teacher

$$\frac{\text{No. Students}}{\text{No. Teachers}} = \frac{199,524}{11,994} = 16.64$$

Comparison Data	
FY2008 Students Per Teacher	16.60

Staffing Patterns Indicator 17

History



Staffing Patterns Indicator 17

Comparisons to other Districts

District	Student Teacher Ratio
North Forest	16.8884
Houston	16.6049
San Antonio	16.3826
Fort Bend	15.7350
Cy-Fair	15.6779
Northside	15.2534
Aldine	14.8144
Alief	14.6659
Goose Creek	14.4175
Dallas	14.3713
Katy	14.3579
Austin	14.0989
Spring Branch	14.0591

Staffing Patterns Indicator 18

- Was the ratio of students to total staff within the ranges established according to district size?
 - *This indicator measures your pupil-staff ratio to ensure that it is within TEA recommended ranges for district's of your student population range. For example, districts with a student population over 10,000 should have no more than 14 students per staff member and no fewer than 7.0 students per district employee.*

HISD's Pupil-Staff Ratio

Students Per Total Staff

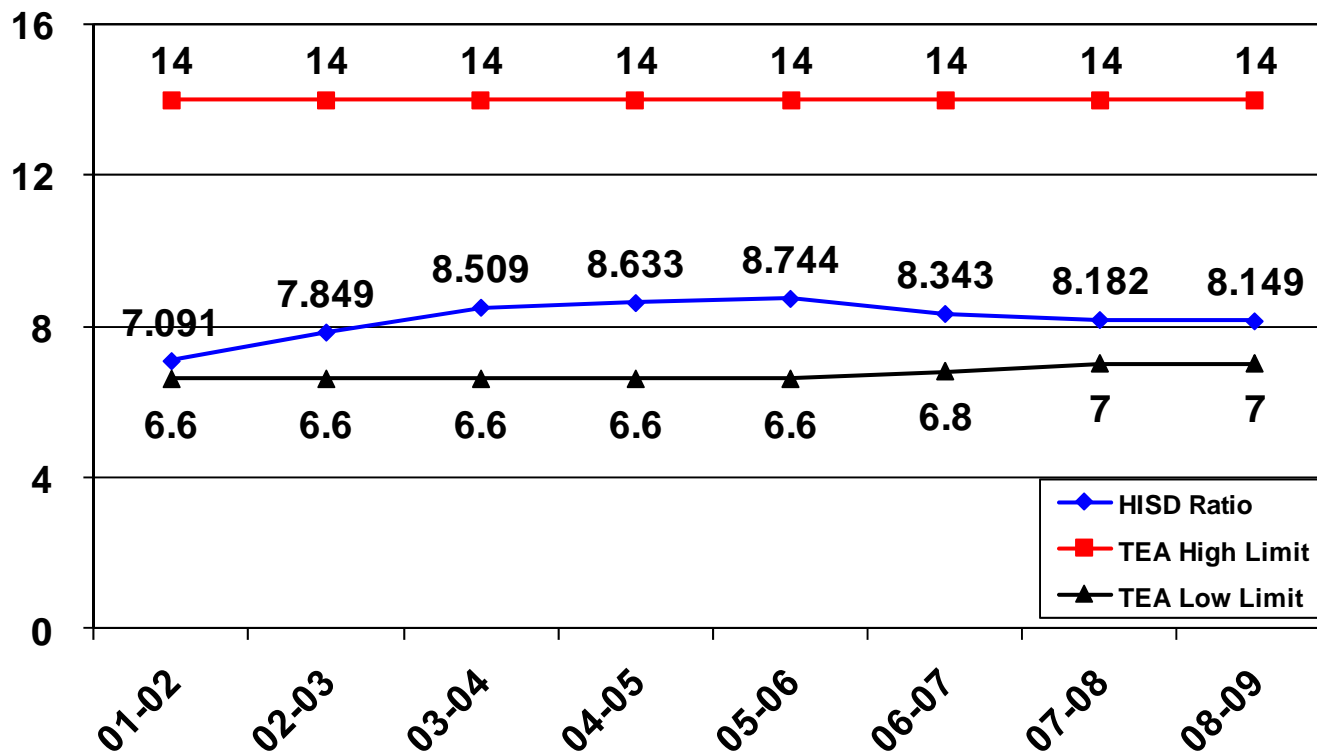
$$\frac{\text{No. Students}}{\text{No. Total Staff}}$$

$$= \frac{199,524}{24,486} = 8.15$$

Comparison Data	
FY2008 Students Per Total Staff	8.18

Staffing Patterns Indicator 18

History



Staffing Patterns Indicator 18

HARRIS COUNTY DISTRICTS TOTAL STAFF TO STUDENT RATIO	
CY-FAIR	8.1899
HOUSTON	8.1485
KLEIN	7.8736
CROSBY	7.8311
KATY	7.7606
HUMBLE	7.7099
ALIEF	7.6518
HUFFMAN	7.5748
TOM BALL	7.5727
SHELDON	7.5407
NORTH FOREST	7.5049
AVERAGE	7.0776
CHANNELVIEW	7.4388
GOOSE CREEK	7.4322
ALDINE	7.3521
SPRING	7.3236
DEER PARK	7.2633
LA PORTE	7.2497
PASADENA	7.1663
SPRING BRANCH	7.0547
GALENA PARK	7.0213

Cash Management Practices Indicators 19-22



- #19 Was the Fund Balance in the General Fund > 50% and < 150% of TEA's optimum Fund Balance?
- #20 Was the decrease less than 20% of Undesignated Fund Balance in the past two years?
- #21 Was the aggregate total of cash and investment greater than \$0.
- #22 Was investment earnings > \$15 per student?

Investment Earnings Per Student



Cash Management Practices Indicator #22

Earnings per Student

$$= \frac{\text{Investment Earnings}}{\text{No. Total Students}} = \frac{9,815,303}{199,524} = \$ 49.19$$

Comparison Data	
FY2008 Earnings per Student	\$ 120.64

MANAGEMENT REPORT

Reimbursements (Board and Superintendent)

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
Ended June 30, 2009

Description of Reimbursement	Dr. Abelardo Saavedra Superintendent	Natasha M. Kamrani District 1	Carol Mims-Galloway District 2	Manuel Rodríguez, Jr. District 3	Paula M. Harris District 4	Dianne Johnson District 5	Greg Meyers District 6	Harvin C. Moore District 7	Diane Dávila District 8	Lawrence Marshall District 9
Meals	\$ 1,334.10	\$ 55.75	\$ 117.57	\$ 205.15	\$ 127.05	\$ -	\$ 35.14	\$ 30.45	\$ -	\$ -
Lodging	\$ 3,455.82	\$ 572.64	\$ 840.54	\$ 2,963.42	\$ 2,115.99	\$ 954.86	\$ 1,186.79	\$ 582.93	\$ 368.42	\$ -
Transportation	\$ 1,490.70	\$ -	\$ 767.70	\$ 625.40	\$ 758.70	\$ 1,073.70	\$ 894.70	\$ 3,263.60	\$ 341.00	\$ 523.00
Other	\$ 3,067.16	\$ 860.00	\$ 1,298.00	\$ 1,975.46	\$ 1,955.00	\$ 1,287.34	\$ 1,435.53	\$ 3,919.21	\$ 1,610.00	\$ 980.05
Total	\$ 9,347.78	\$ 1,488.39	\$ 3,023.81	\$ 5,769.43	\$ 4,956.74	\$ 3,315.90	\$ 3,552.16	\$ 7,796.19	\$ 2,319.42	\$ 1,503.05

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period
Ended June 30, 2009

Name(s) of Entity(ies)

Amount Received

Total \$ -

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)
(gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period
Ended June 30, 2009

	Dr. Abelardo Saavedra Superintendent	Natasha M. Kamrani District 1	Carol Mims-Galloway District 2	Manuel Rodríguez, Jr. District 3	Paula M. Harris District 4	Dianne Johnson District 5	Greg Meyers District 6	Harvin C. Moore District 7	Diane Dávila District 8	Lawrence Marshall District 9
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

Business Transactions Between School District and Board Members

For the Twelve-Month Period
Ended June 30, 2009

	Natasha M. Kamrani District 1	Carol Mims-Galloway District 2	Manuel Rodríguez, Jr. District 3	Paula M. Harris District 4	Dianne Johnson District 5	Greg Meyers District 6	Harvin C. Moore District 7	Diane Dávila District 8	Lawrence Marshall District 9
Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

Superintendent's 2009 Employment
Contract for Terry B. Grier, Ed.D
included in presentation packet
as required