2012–2013
ADOPTED DISTRICT BUDGET

INFORMATIONAL SECTION

HOUSTON INDEPENDENT SCHOOL DISTRICT

Informational Section Table of Contents

Houston Independent School District

Revenue and Expenditure Assumptions

Houston Independent School District

Prior to beginning the budget process for the 2012-2013 school year, assumptions with respect to the level of fund balance, sources of revenue, and an increase in expenditures, such as salaries and school allocations, were established. These assumptions are necessary in preparing budget forecasts so that long-range planning of resource allocations and revenue expectations can occur. These assumptions are listed below.

Fiscal Year

The ***Fiscal Year*** will run July 1, 2012 through June 30, 2013.

Fund Balance

The ***General Fund Operating Undesignated Fund Balance*** is projected to decrease for the current fiscal year 2012-2013.

Revenue

The ***Taxable Value*** of property in the district increased in 2012-2013 by 5.6%.

The ***District's Optional Property Tax Exemptions*** totaling over $100 million in savings to homeowners will continue to be approved by the School Board.

The ***Tax Rate*** will remain the same for the 2012-2013 school year.

The ***Collection*** ratios will be at approximately 97 percent, based on favorable economic conditions. The tax rate will be integrated into the budget development process.

Additional Sources of Funding**,** such as Medicaid reimbursement, will continue to be pursued.

State Equalization Enrichment Funding was reduced by the legislature for the 2011-2012 fiscal year for approximately $78 million and will increase to $123 million reduction for the 2012-2013 fiscal year.

Expenditures

The ***Weighted Per Pupil Allocations*** have been calculated for each school and adjustments to the PUA have been approved and added to the Weighted Per Pupil Allocation for all campuses, including adjustments for small schools and unique pua schools.

Collections from the ***Tax Increment Funds*** will be designated only for capital replacement purposes. Funds are received back according to the contractual arrangements and are placed in the district's Capital Renovation fund where the expenditures will be recorded.

Student Enrollment and ADA were projected by the Office of Budgeting and Financial Planning based on historical trends, and the impact of State open-enrollment charter schools, home schools, etc.

The district budgets $55,000,000 over estimated revenue with the assumption that the district will have this amount of unspent funds at year end.

Long-Range Planning

Three-Year Projections will be maintained to analyze the effects of fiscal year 2012-2013 revenue and expenditure decisions.

Ongoing Financial Management

The budget process will be structured to identify programs and activities that can be reduced or eliminated with little or no impact on business operations or teaching and learning.

GENERAL FUND
COMPARISON OF REVENUES

	2011-2012 ADOPTED BUDGET	2012-2013 ADOPTED BUDGET	DIFFERENCE	PERCENT CHANGE
LOCAL				
Current Year Taxes-Local	$ 970,863,347	$ 1,044,711,675	$ 73,848,328	8.79%
Prior Year Taxes	15,000,000	15,000,000	-	0.00%
Penalty & Interest	17,000,000	17,000,000		
In Lieu of Taxes	1,300,000	1,300,000	-	0.00%
Insurance Recov Proceeds	446,000	-	(446,000)	100.00%
Tuition Fees	741,000	693,150	(47,850)	-13.67%
Investment Earnings	1,700,000	1,273,000	(427,000)	-1.78%
Rentals	750,000	1,270,427	520,427	346.95%
Miscellaneous	6,650,000	5,700,000	(950,000)	-15.21%
TOTAL LOCAL REVENUE	**1,014,450,347**	**1,086,948,252**	**72,497,905**	**7.91%**
STATE				
Per Capita	47,748,084	44,987,294	(2,760,790)	-4.43%
Foundation Fund	359,201,037	240,958,560	(118,242,477)	-27.62%
Miscellaneous	300,000	264,963	(35,037)	-0.91%
On-Behalf Payments	71,000,000	63,600,000	(7,400,000)	-12.13%
TOTAL STATE REVENUE	**478,249,121**	**349,810,817**	**(128,438,304)**	**-23.13%**
FEDERAL				
Indirect Costs	3,300,000	3,374,500	74,500	100.00%
ROTC Reimbursement	2,223,000	2,463,219	240,219	11.72%
TOTAL FEDERAL REVENUE	**5,523,000**	**5,837,719**	**314,719**	**15.35%**
OTHER FINANCING SOURCES				
Sale of Bonds	23,500,000	14,500,000	(9,000,000)	-38.30%
Capital Lease Proceeds	-	-	-	0.00%
Transfers-In	30,400,000	39,960,550	9,560,550	72.43%
TOTAL OTHER FINANCING SOURCES	**53,900,000**	**54,460,550**	**560,550**	**1.52%**
TOTAL ESTIMATED REVENUE	**$ 1,552,122,468**	**$ 1,497,057,338**	**$ (55,065,130)**	**-3.65%**

2012-2013 Proposed Tax Revenue Calculation

	2011-2012 Adopted Budget		2012-2013 Adopted Budget	
Tax Roll Value	**103,970,026,590**		**109,775,364,628**	
X Tax Rate	1.1567		1.1567	
Gross Levy	1,202,621,298		1,269,771,643	
Less Estimated Frozen	-38,191,627		-34,817,447	
Expected Collections Ratio	95.80%		97.20%	
Total Collection	**1,115,523,624**		**1,200,375,478**	
Breakdown of Expected Collections		**Rate**		**Rate**
General Fund	970,863,346	1.0067	1,044,711,674	1.0067
Debt Service	144,660,278	0.1500	155,663,804	0.1500
Total All Funds	**1,115,523,624**	**1.1567**	**1,200,375,478**	**1.1567**

Note: Tax Roll Value is HCAD Certified Estimated Roll as of June each year. Does not include Delinquent or Penalties and Interest

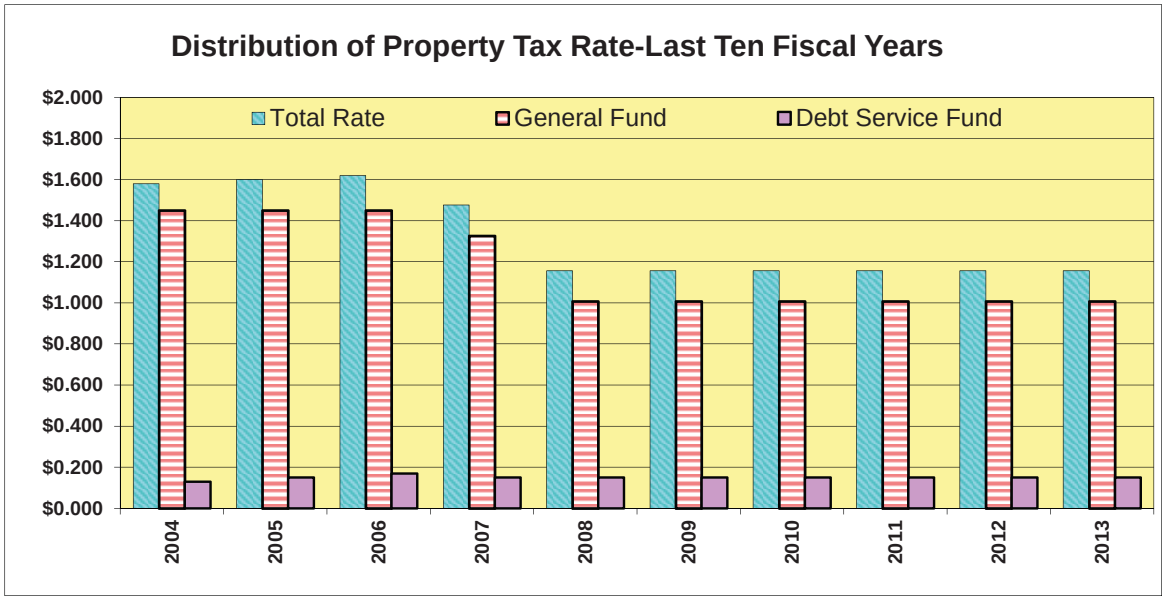
DISTRIBUTION OF PROPERTY TAX RATE

LAST TEN FISCAL YEARS

(PER $100 OF ASSESSED VALUATION)

(Unaudited)

School Years	Total Rate	General Fund	Debt Service Fund
2004-2005	$1.599900	$1.450000	$0.149900
2005-2006	$1.620000	$1.450000	$0.170000
2006-2007	$1.475700	$1.325700	$0.150000
2007-2008	$1.156700	$1.006700	$0.150000
2008-2009	$1.156700	$1.006700	$0.150000
2009-2010	$1.156700	$1.006700	$0.150000
2010-2011	$1.156700	$1.006700	$0.150000
2011-2012	$1.156700	$1.006700	$0.150000
2012-2013	$1.156700	$1.006700	$0.150000



Source: Adopted Tax Rates approved by the HISD Board of Education.

HOUSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Last Ten Years Ended	TAX RATE Maintenance	TAX RATE Debt Service	Assessed Valuation	Fiscal Year Beginning	Current Year Levy	Collection	Debt Service Collection	Adjustments	Fiscal Year Ending
	2003 and prior	$ Various	$ Various	$ Various	$ 26,116,922	$ -	$ (957,516)	$ (94,699)	$ (7,302,643)	$ 17,762,064
	2004	1.450000	0.130000	71,025,693,860	7,620,610	-	(207,865)	(18,636)	(200,357)	7,193,752
	2005	1.450000	0.149000	73,268,224,230	8,695,151	-	(318,240)	(32,702)	(241,514)	8,102,695
	2006	1.450000	0.170000	77,629,688,055	8,904,672	-	(466,688)	(54,715)	(380,157)	8,003,112
	2007	1.325700	0.150000	85,180,481,430	8,957,941	-	(963,038)	(108,966)	(33,326)	7,852,611
	2008	1.006700	0.150000	96,574,625,420	8,337,246	-	(1,286,022)	(191,620)	86,189	6,945,793
	2009	1.006700	0.150000	108,108,659,598	11,458,286	-	(1,532,749)	(228,382)	(1,050,159)	8,646,996
	2010	1.006700	0.150000	109,064,369,708	16,166,442	-	(2,244,209)	(334,391)	(3,061,278)	10,526,564
	2011	1.006700	0.150000	104,439,029,647	40,481,851	-	(10,581,890)	(1,576,719)	(14,872,920)	13,450,322
	2012	1.006700	0.150000	105,895,088,157	-	1,189,044,360	(1,010,534,936)	(150,571,412)	5,041,936	32,979,948
1000	TOTAL				$ 136,739,121	$ 1,189,044,360	$ (1,029,093,153)	$ (153,212,242)	$ (22,014,229)	$ 121,463,857
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				$ -	$ -	$ (40,154,694)	$ (3,455,051)	$ -	$ (43,609,745)

Notes: In 2003 and subsequent years, the adjustment of frozen homestead exemptions for taxpayers 65 years and older was made directly to the levy figure rather than included with the adjustment column. The frozen homestead exemption for fiscal year 2012 is $35,844,125.

The June 30, 2012 delinquent taxes receivable balance of $121,463,857 represents gross taxes receivable and is not reduced by estimated uncollectible taxes of $84,529,297.

Year-end receivable figure includes $4,941,983 deposits in transit.

Analysis of Tax Burden for a Typical Homeowner

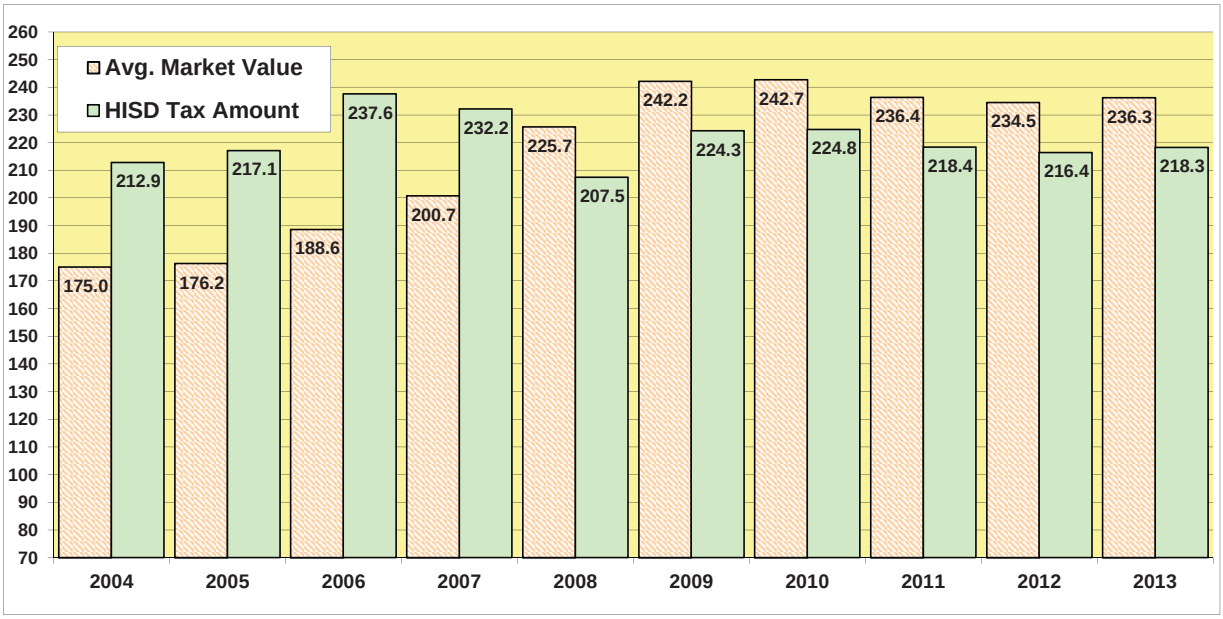
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Avg. Market Value [1]	147,390	148,400	158,820	168,996	190,016	203,895	204,311	199,008	197,408	198,936
Less: State Exemption [2]	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Less: HISD Exemption [3]	(29,478)	(29,680)	(31,764)	(33,799)	(38,003)	(40,779)	(40,862)	(39,802)	(39,482)	(39,787)
Taxable Value [4]	102,912	103,720	112,056	120,197	137,013	148,116	148,449	144,206	142,926	144,149
Property Tax Rate	1.580	1.599	1.62	1.4757	1.1567	1.1567	1.1567	1.1567	1.1567	1.1567
Property Tax Due	**1,626.01**	**1,658.48**	**1,815.31**	**1,773.74**	**1,584.83**	**1,713.26**	**1,717.11**	**1,668.04**	**1,653.23**	**1,667.37**
Increase (Decrease)	157.41	32.47	156.82	(41.56)	(188.92)	128.43	3.85	(49.07)	(14.81)	14.14

Note:

1) Source: Preliminary Estimated Tax Rolls HCAD & HISD Tax Office
2) Texas Homestead Exemption (From $5000 to $15000 in 1998)
3) HISD Optional Exemption Granted to Homeowners (20% of Assessed Value)
4) Does not include other exemptions such as over 65, disabled, surviving spouse over 55, etc…

Note: Beginning with 2006 a change was made to using the Average Market value in determining the HISD exemption. For consistent comparison all prior years have been adjusted to reflect this change.

HISD Taxes Due vs. Average Market Value Increase (Base Year 1999 = 100)



Note: *2012 Tax Year; Certified-Estimated Tax Roll, June 2011*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE–GENERAL FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2014 THROUGH JUNE 30, 2016

	2013-2014 Projected	2014-2015 Projected	2015-2016 Projected
Revenues			
Property taxes	$ 1,123,204,322	$ 1,156,256,652	$ 1,190,574,021
Earnings on investments	1,315,000	1,315,000	1,315,000
Miscellaneous local sources	9,703,649	9,703,649	9,703,649
State sources	292,098,889	263,449,294	232,235,944
Federal sources	5,752,233	5,752,233	5,752,233
Total Revenues	**$ 1,432,074,093**	**$ 1,436,476,828**	**$ 1,439,580,847**
Expenditures			
Current			
Instruction	$ 914,842,440	$ 914,842,440	$ 914,842,440
Instructional Resources and Media Services	10,648,485	10,648,485	10,648,485
Instructional Staff Development	10,447,411	10,447,411	10,447,411
Curriculum Development	5,449,433	5,449,433	5,449,433
Instructional Leadership	20,792,738	20,792,738	20,792,738
School Leadership	117,569,180	117,569,180	117,569,180
Guidance, Counseling, and Evaluation Services	34,311,709	34,311,709	34,311,709
Social Work Services	747,766	747,766	747,766
Health Services	17,045,737	17,045,737	17,045,737
Student Transportation	44,447,445	44,447,445	44,447,445
Food Services	203,941	203,941	203,941
Co-Curricular/Extracurricular activities	11,881,172	11,881,172	11,881,172
General administration	32,982,212	32,982,212	32,982,212
Plant Maintenance and Operations	182,111,639	182,111,639	182,111,639
Security and Monitoring Services	19,103,355	19,103,355	19,103,355
Data Processing Services	28,900,339	33,952,439	40,550,464
Community Services	1,915,709	1,915,709	1,915,709
Juvenile Justice Alternative Education Program	1,080,830	1,080,830	1,080,830
Payments to Tax Increment Zones (TIRZ)	39,735,761	41,614,209	42,301,802
Payments to Appraisal District	9,615,580	9,904,048	10,201,169
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital Outlay			
Facilities Acquisition and Construction	-	-	-
Total Expenditures	**$ 1,503,832,882**	**$ 1,511,051,898**	**$ 1,518,634,637**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$ (71,758,789)**	**$ (74,575,070)**	**$ (79,053,790)**
Other Financing Sources (Uses)			
Transfers-in	$ 38,360,550	$ 38,160,550	$ 38,160,550
Transfers-out	(83,428,353)	(79,450,696)	(73,959,494)
Proceeds from sale of bonds and other debt	-	-	-
Capital leases	-	-	-
Total Other Financing Sources (Uses)	**$ (45,067,803)**	**$ (41,290,146)**	**$ (35,798,944)**
Expected unspent funds	**$ 60,000,000**	**$ 60,000,000**	**$ 60,000,000**
Net change in fund balances (after unspent funds)	**(56,826,592)**	**(55,865,216)**	**(54,852,734)**
Fund balances, beginning	**$ 524,963,324**	**$ 468,136,732**	**$ 412,271,516**
Fund balances, ending*	**$ 468,136,732**	**$ 412,271,516**	**$ 357,418,781**

Budget Projection Assumptions

- Tax roll increase at 3% per year
- No salary projections included in estimates
- Average Daily Attendance is kept level
- State Aid decreasing as property tax revenue increases
- No projections or assumptions included for legislative session beginning in 2013
- The schedule reflects the anticipated deficit that will have to be addressed in future years
- Fixed cost increases projected to be handled with current budget through budget reductions or redirection

* This reflects the shortfall the district is facing in the 2013-2014 fiscal year. There are many ways to cover this deficit and those options will ultimately be submitted to the Board of Education for consideration. No adjustments or assumptions are being made on what the Board may or may not decide to do, but represents the impact to fund balance if the deficit is not addressed.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE–SPECIAL REVENUE FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2014 THROUGH JUNE 30, 2016

	2013-2014 Projected	2014-2015 Projected	2015-2016 Projected
Revenues			
Local sources	$ 6,029,700	$ 6,089,997	$ 6,150,897
State sources	18,819,248	19,007,440	19,197,514
Federal sources	256,503,528	259,068,563	261,659,249
Total Revenues	**281,352,476**	**284,166,000**	**287,007,660**
Expenditures by Function			
Current			
Instruction	$ 143,838,678	$ 145,277,065	$ 146,729,836
Instructional Resources and Media Services	552,395	557,919	563,498
Curriculum Development and Instructional Staff Development	71,524,640	72,239,886	72,962,285
Instructional Leadership	4,798,367	4,846,351	4,894,814
School Leadership	3,689,050	3,725,940	3,763,199
Guidance, Counseling, and Evaluation Services	14,563,854	14,709,492	14,856,587
Social Work Services	697,742	704,719	711,766
Communication and Dissemination			
Health Services	1,938,062	1,957,443	1,977,017
Student Transportation	4,514,953	4,560,102	4,605,703
Food Services	6,791	6,859	6,928
Co-Curricular/Extracurricular activities	1,992,756	2,012,684	2,032,811
General administration	4,595,916	4,641,875	4,688,294
Plant Maintenance and Operations	18,240,653	18,423,060	18,607,291
Security and Monitoring Services	172,813	174,541	176,286
Data Processing Services	6,781,990	6,849,810	6,918,308
Community Services	3,256,830	3,289,398	3,322,292
Juvenile Justice Alternative Education Program	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay			
Facilities Acquisition and Construction	186,986	188,856	190,745
Intergovernmental charges			
Payments to fiscal agent/member districts of shared services	-	-	-
Total Expenditures	$ **281,352,476**	$ **284,166,000**	$ **287,007,660**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ -**
Fund Balances, beginning	**25,445,723**	**25,445,723**	**25,445,723**
Fund Balances, ending	**$ 25,445,723**	**$ 25,445,723**	**$ 25,445,723**

Budget Projection Assumption

- The district continues to seek out and obtain grant funding for supplemental services for students.
- No assumption for changes in state or federal funding

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE–DEBT SERVICE FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2014 THROUGH JUNE 30, 2016

	2013-2014 Projected	2014-2015 Projected	2015-2016 Projected
Revenues			
Local maintenance tax	177,669,108	194,104,927	222,947,118
Earnings on investments	230,000	250,000	250,000
State sources	-	-	-
Federal sources	7,613,834	7,613,834	7,613,834
Total Revenues	**185,512,942**	**201,968,761**	**230,810,952**
Expenditures			
Debt Service			
Principal	107,755,415	133,297,264	134,357,421
Interest and fiscal charges	158,008,198	142,785,096	165,120,698
Other debt service fees	1,500,000	1,500,000	2,500,000
Total Expenditures	**267,263,613**	**277,582,360**	**301,978,119**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(81,750,671)**	**(75,613,599)**	**(71,167,167)**
Other Financing Sources (Uses)			
Transfers-in	81,946,047	76,507,540	71,181,337
Total Other Financing Sources (Uses)	**81,946,047**	**76,507,540**	**71,181,337**
Net change in fund balances	**195,376**	**893,941**	**14,170**
Fund Balances, beginning	**121,593,093**	**121,788,469**	**122,682,410**
Fund Balances, ending	**121,788,469**	**122,682,410**	**122,696,580**

Budget Projection Assumptions

`Principal and Interest is current Debt Schedule plus estimated 2012 Bond Referendum issuance. Additional principal payments have been added for each fiscal year.

•BABS subsidies included in revenue projections under federal sources

No new contractual obligations are issued

The .04 transfer from GF1 remains intact each year.

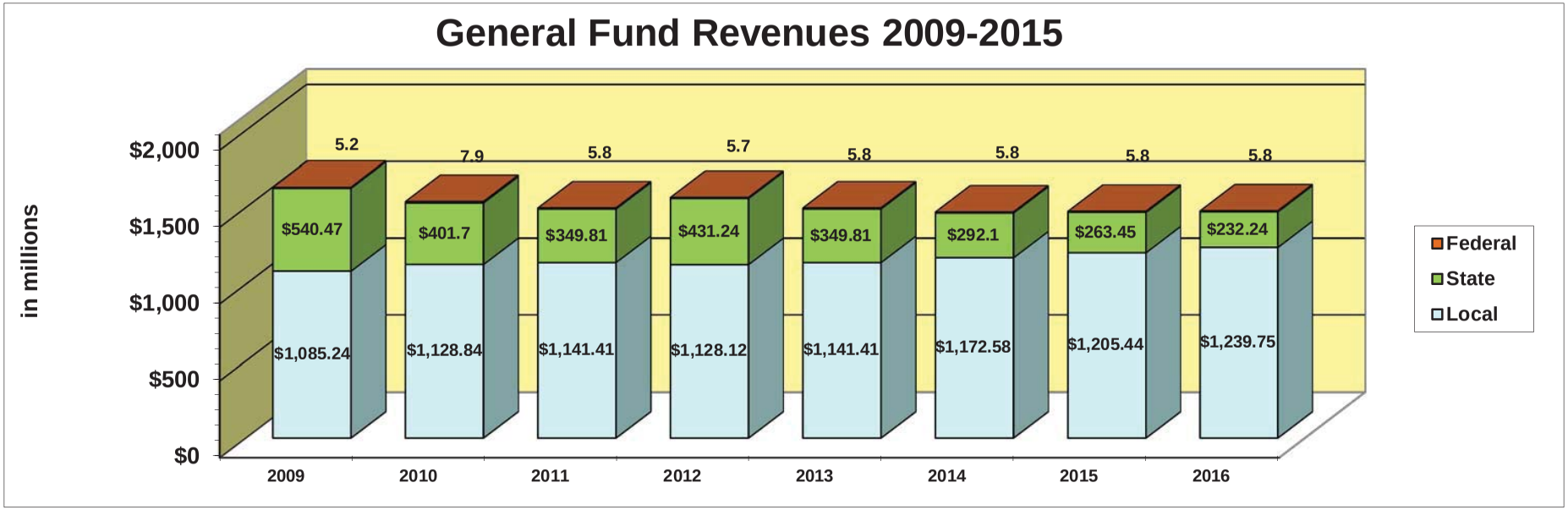
3.00% growth in tax rolls per year.

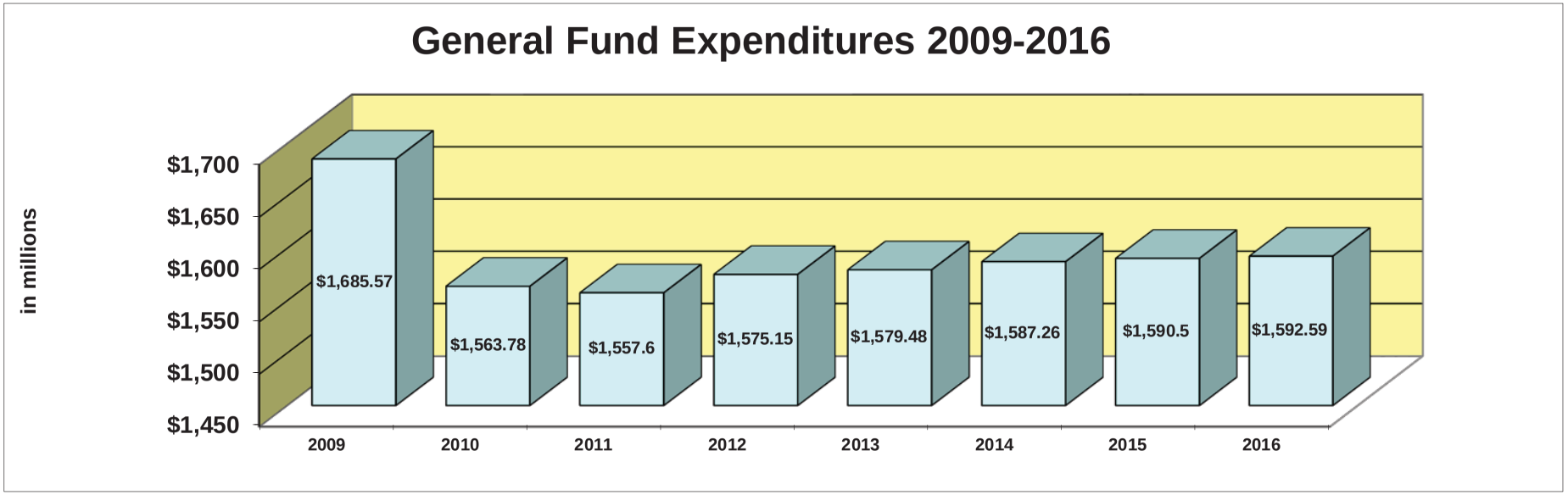
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE–CAPITAL RENOVATION FUND
PROJECTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2014 THROUGH JUNE 30, 2016

	2013-2014 Projected	2014-2015 Projected	2015-2016 Projected
Revenues			
Property taxes	-	-	-
Earnings on investments	2,121,913	1,772,870	3,643,827
Miscellaneous local sources	29,300,012	20,300,012	13,300,012
Total Revenues	**31,421,925**	**22,072,882**	**16,943,839**
Expenditures			
Capital Outlay	-	-	-
Facilities Acquisition and Construction	235,000,000	250,000,000	450,000,000
Total Expenditures	**235,000,000**	**250,000,000**	**450,000,000**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(203,578,075)**	**(227,927,118)**	**(433,056,161)**
Other Financing Sources (Uses)			
Transfers-in	15,570,000	15,590,000	15,590,000
Transfers-out	(14,087,694)	(12,646,844)	(12,646,844)
Proceeds from sale of bonds and other debt	340,000,000	-	990,000,000
Total Other Financing Sources (Uses)	**341,482,306**	**2,943,156**	**992,943,156**
Net change in fund balances	**137,904,231**	**(224,983,962)**	**559,886,995**
Fund Balances, beginning (including bonds sold after 2009-2010 budget adopted)	**451,280,454**	**589,184,685**	**364,200,723**
Fund Balances, ending	**589,184,685**	**364,200,723**	**924,087,718**

Budget Projection Assumptions

•Continues Pay-As-You-Go Program and using other remaining funds for school renovations, maintenance and repairs.





Source: *HISD Office of Budgeting and Financial Planning*

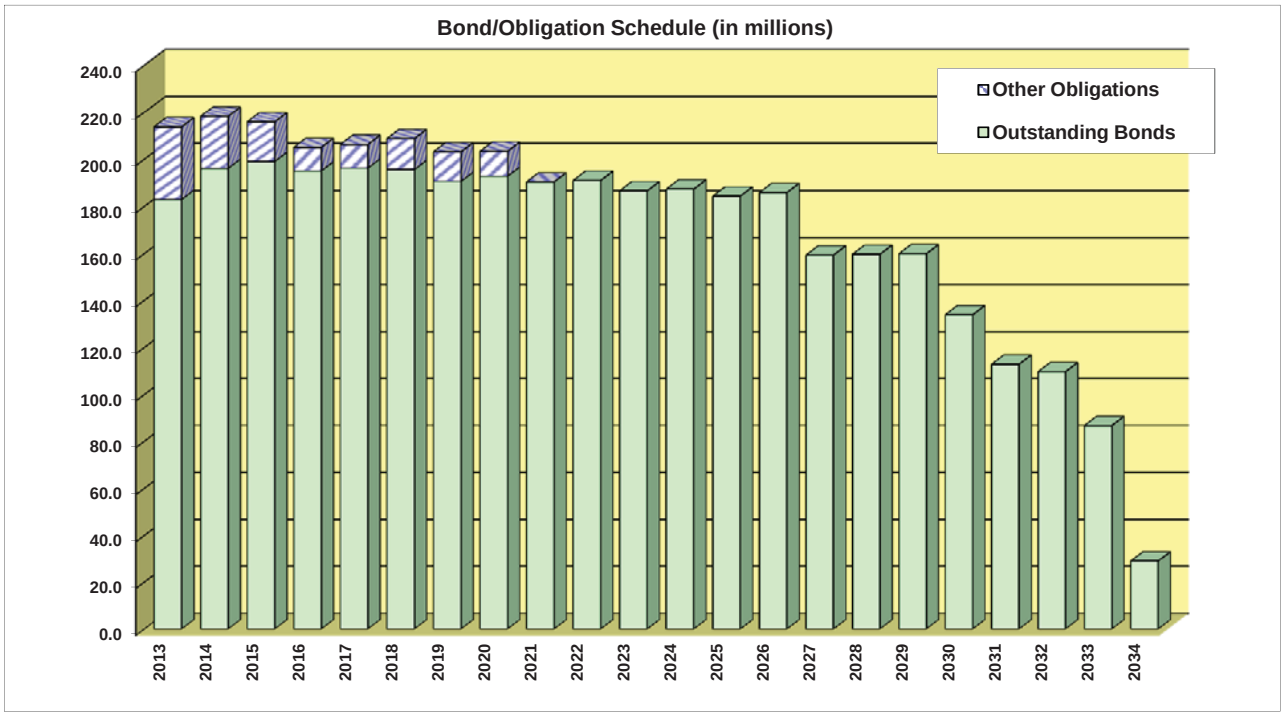
TOTAL DEBT OUTSTANDING

FY 2012-13

Debt Schedule

Fiscal Year Ending	OUTSTANDING BONDS Principal	Interest	Total	OUTSTANDING OBLIGATIONS* Principal	Interest	Total	Total Debt Service Requirements
2013	53,286,800	129,591,973	**182,878,773**	26,460,000	4,299,800	**30,759,800**	**213,638,573**
2014	55,050,415	141,010,771	**196,061,186**	18,705,000	3,397,425	**22,102,425**	**218,163,611**
2015	72,592,740	126,389,771	**198,982,511**	14,005,000	2,795,325	**16,800,325**	**215,782,836**
2016	56,624,916	138,351,383	**194,976,299**	7,685,000	2,267,300	**9,952,300**	**204,928,599**
2017	96,258,482	99,908,442	**196,166,924**	8,050,000	1,936,750	**9,986,750**	**206,153,674**
2018	104,324,392	91,226,890	**195,551,282**	11,490,000	1,590,750	**13,080,750**	**208,632,032**
2019	103,824,517	86,709,766	**190,534,283**	11,445,000	1,044,250	**12,489,250**	**203,023,533**
2020	110,836,219	81,893,673	**192,729,892**	10,000,000	500,000	**10,500,000**	**203,229,892**
2021	113,581,456	76,707,219	**190,288,675**	0	0	**0**	**190,288,675**
2022	119,265,073	71,619,562	**190,884,635**	0	0	**0**	**190,884,635**
2023	123,350,000	63,163,382	**186,513,382**	0	0	**0**	**186,513,382**
2024	130,100,000	57,138,704	**187,238,704**	0	0	**0**	**187,238,704**
2025	133,480,000	50,795,678	**184,275,678**	0	0	**0**	**184,275,678**
2026	141,185,000	44,581,017	**185,766,017**	0	0	**0**	**185,766,017**
2027	121,300,000	37,960,870	**159,260,870**	0	0	**0**	**159,260,870**
2028	127,015,000	32,604,768	**159,619,768**	0	0	**0**	**159,619,768**
2029	132,495,000	27,333,814	**159,828,814**	0	0	**0**	**159,828,814**
2030	112,220,000	21,560,808	**133,780,808**	0	0	**0**	**133,780,808**
2031	96,675,000	16,141,405	**112,816,405**	0	0	**0**	**112,816,405**
2032	98,500,000	11,085,422	**109,585,422**	0	0	**0**	**109,585,422**
2033	80,635,000	5,906,626	**86,541,626**	0	0	**0**	**86,541,626**
2034	27,300,000	1,683,864	**28,983,864**	0	0	**0**	**28,983,864**
Totals	**2,209,900,010**	**1,413,365,808**	**3,623,265,818**	**107,840,000**	**17,831,600**	**125,671,600**	**3,748,937,418**

*Note: Includes Contractual Obligatons and Maintenance Notes



HOUSTON INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	Fiscal Year Ending 2012			Fiscal Year Ending 2003		
Taxpayer	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Centerpoint Energy Inc.	$ 994,160,247	1	0.9388 %	$ 814,270,830	1	1.2319 %
Hines Interests Ltd Partnership	967,625,584	2	0.9138	758,565,680	2	1.1476
Crescent Real Estate	624,333,974	3	0.5896	471,496,610	5	0.7133
Chevron Chemical CO	607,186,954	4	0.5734	-		-
Anheuser Busch Inc.	366,424,086	5	0.3460	485,107,080	4	0.7339
Southwestern Bell Telephone Co.	329,456,620	6	0.3111	578,867,530	3	0.8757
HG Galleria I II III LP	319,442,735	7	0.3017	227,449,310	10	0.3441
Exxon Corp.	300,170,660	8	0.2835	269,218,590	9	0.4073
Continental Airlines, Inc	251,726,205	9	0.2377	326,389,070	7	0.4935
Metropolitan Life	247,958,868	10	0.2342	-	-	-
Trizechahn Allen Center L.P.	-	-	-	334,426,680	6	0.5059
Pacifico Antonio & Trustee	-	-	-	301,983,230	8	0.4569
Total	$ 5,008,485,933		4.7298 %	$ 4,567,774,610		6.9104 %

Source:Harris County Appraisal District.

Selected Texas School Districts Over 50,000 Enrollment:
Property Values, Wealth Per Pupil

District	FY09 Enrollment	FY09 Total Standardized Property Value (after exemptions)	FY09 Total Standardized Property Value Per Pupil (after
Houston	199,524	109,763,599,469	546,240
Dallas	157,174	78,626,228,844	501,673
Fort Worth	79,114	25,491,845,650	318,238
Austin	83,033	61,899,156,368	734,752
Cypress-Fairbanks	100,505	34,896,020,375	335,871
Northside	88,201	31,980,533,495	349,652
El Paso	62,071	14,451,251,785	229,345
Arlington	62,953	20,246,338,887	319,418
Fort Bend	68,507	23,355,814,802	338,167
San Antonio	54,410	12,136,259,986	220,315
Aldine	61,299	13,249,256,609	211,880
Garland	56,946	13,688,726,454	237,429
Northeast	63,189	27,665,599,458	424,208
Plano	53,906	33,724,794,997	616,733

Source: TEA 2008-2009 and 2009-2010 Academic Excellence Indicator System Report
As of November 9, 2012 the 2011-2012 AEIS information was not available, therefore the information presented is the same as the 2011-2012 Budget Document.

Student Enrollment Projections

Houston Independent School District

Projections of student enrollment include both the number of and the type of students expected. HISD must know how many students will be enrolled before there can be any meaningful planning. Enrollment projections drive many of the revenue and expenditure components of both annual operating and multiyear program and construction budgets. At the most basic level, enrollment projections determine the number of buildings, classrooms, and faculty that the district needs. Enrollment projections also determine the functions of a district's educational programs. The types of individuals that comprise the student population are important in planning educational programs. The projection of student enrollment is important for both the next fiscal year and several subsequent fiscal years because time frames for educational programs, as well as capital building and consolidation programs, are frequently multiyear.

Cohort Survival Ratios

The ***modified cohort survival ratio*** method has been the most utilized methodology for predicting student enrollment in HISD. It is also known as age, class, grade retention, or grade progression ratio. This method assumes that the historical survival rate of the members of a designated cohort (or group such as a kindergarten class that is tracked through graduation) can be used as the basis for predicting the size of similar cohorts (other kindergarten classes) as they progress through the system.

As a kindergarten class moves through the school system and emerges from the 12th grade, the composition and number of students in the class change yearly at an observable rate that is applied to other groups making the same progression from grades 1-12. Application of these observed rates of change to groups expected to enroll in kindergarten will project enrollment figures for grades 1-12 for the next 12 years. Application of the observed rates of change to a cohort already enrolled, likewise, is used to project enrollment figures for the years remaining for that cohort in the district.

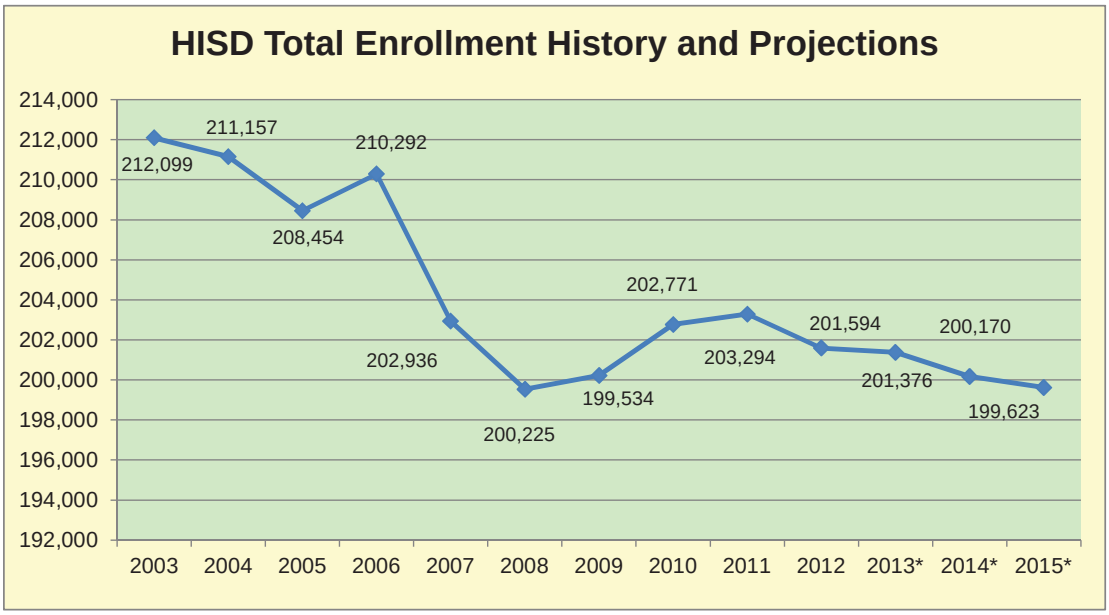
In light of the recent increase in complicating factors regarding enrollment projections, the district has modified the cohort survival ratio approach using trend analysis. Without the modified approach, the cohort methodology predicts relatively high changes in enrollment through the 2014-2015 school year, which the district believes does not take recent developments into consideration. By incorporating the results of a three-year trend analysis, modified projections indicate that actual enrollment will remain relatively constant over the next three years. Also, campus administrators along with the Office of Budgeting and Financial Planning have made individual enrollment projections for each campus. The net result of the campus predictions suggests relatively flat enrollment for the 2012-2013 school year, which coincides with the projections of the Budgeting and Financial Planning Office.

Factors Influencing HISD Enrollment Projections

Recent internal policy changes, local and national economic trends, immigration/emigration patterns, and increased competition from charter schools, private schools, and home schooling have raised the enrollment projection process to a new level of complexity. While the cohort survival methods (historical and linear) of projecting student enrollment have been the most successful methods to date, these methods currently predict heavy decreases in enrollment, but the district has seen a smaller actual declines and have therefore used a linear trend approach. We are now making educated adjustments to the enrollment predictions generated using a 3-year linear method. Factors considered in these adjustments include the number of charter schools operating within and near HISD borders. The recent expansion of private school facilities in the area and an estimate of the impact of increased home schooling are other factors used to adjust the enrollment projections.

To over project the number of students means that unnecessary teachers will be hired and maintained on the payroll due to contractual obligations. An under projection means that a campus will not have enough teachers for the number of students, and the principal and staff will struggle to find qualified staff long after most teachers have already solidified their job plans. Sometimes, enrollment projections involve determining which is the lesser of these two "evils."

Since the district is very large, around 200,000 students, differences between projected and actual enrollment can be as high as 2,000 students and still remain around one percent of the total enrollment. Therefore, in spite of the increasing volatility of the factors that influence the district's student population, the district is confident that reasonably accurate enrollment projections can be maintained, facilitating as stable an operating environment as possible.



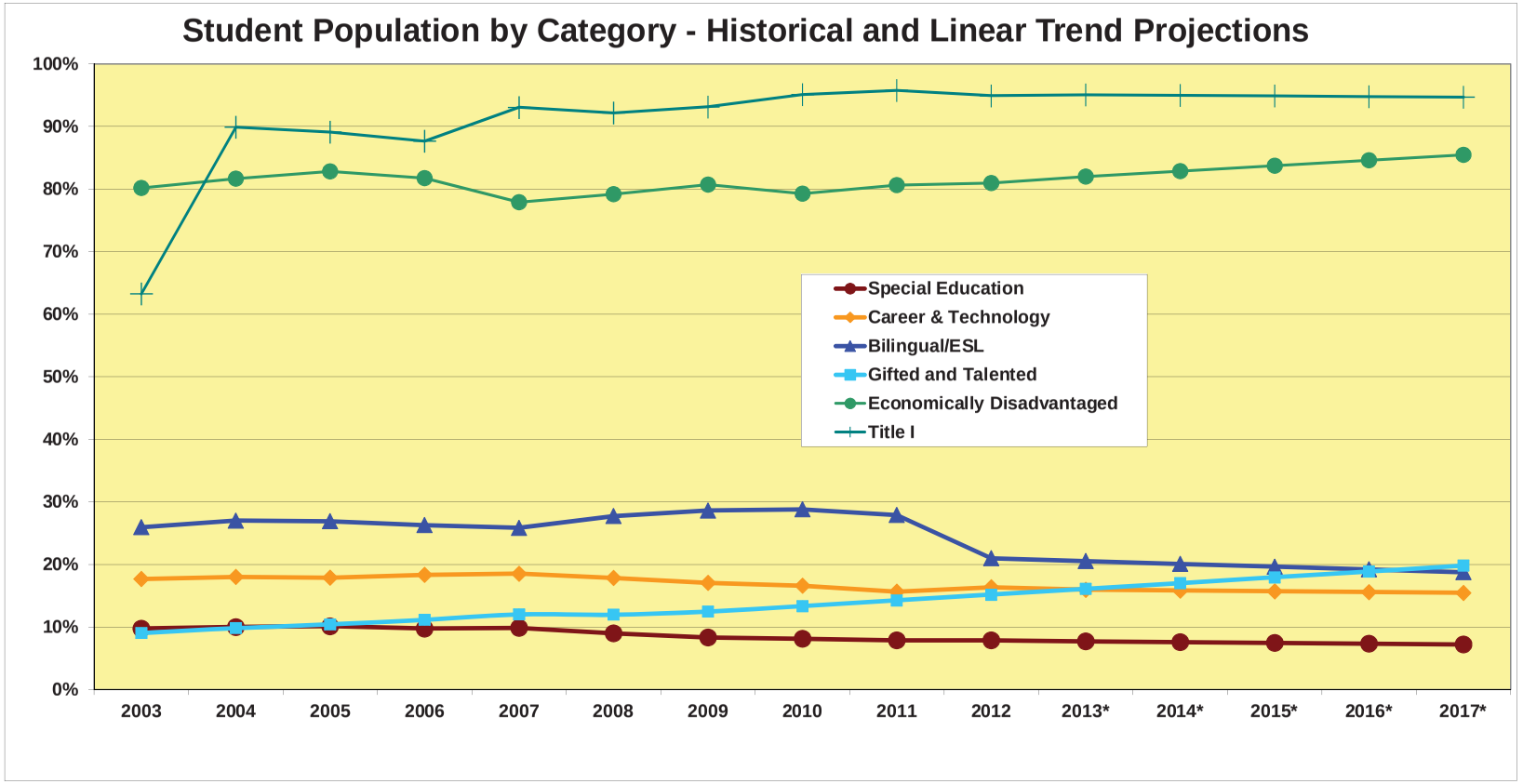
Source: TEA, AEIS, 2000-2011; 2012 enrollment as of 2011-2012 Fall PEIMS Resubmission; 2013-2015 projections by the HISD Office of Budgeting and Finanical Planning

Special Population (3 Year Trend Analysis)

Student Counts	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014*	2015*	2016*	2017*
Special Education	20,696	21,128	21,112	20,508	20,030	17,961	16,657	16,503	16,019	15,900	15,538	15,236	14,935	14,633	14,332
Career & Technology	37,469	38,046	37,260	38,570	37,605	35,583	34,180	33,634	31,845	32,955	32,132	31,793	31,453	31,114	30,774
Bilingual/ESL (modified)	55,025	57,029	56,105	55,257	52,455	55,310	57,299	58,412	56,728	42,330	41,330	40,330	39,330	38,330	37,330
Gifted and Talented	19,181	20,713	21,716	23,440	24,376	23,860	24,979	27,069	29,000	30,591	32,409	34,170	35,931	37,692	39,453
Economically Disadvantaged	170,073	172,464	172,675	171,901	158,095	157,995	161,591	160,692	163,905	163,199	165,106	166,359	167,613	168,866	170,120
Title I	134,154	189,837	185,746	184,353	188,849	183,872	186,493	192,855	194,716	191,346	191,463	190,709	189,954	189,200	188,445
Total Enrollment	212,099	211,157	208,454	210,292	202,936	199,534	200,225	202,771	203,294	201,594	201,376	200,788	200,199	199,611	199,022

Percentages	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014*	2015*	2016*	2017*
Special Education	9.76%	10.01%	10.13%	9.75%	9.87%	9.00%	8.32%	8.14%	7.88%	7.89%	7.72%	7.59%	7.46%	7.33%	7.20%
Career & Technology	17.67%	18.02%	17.87%	18.34%	18.53%	17.83%	17.07%	16.59%	15.66%	16.35%	15.96%	15.83%	15.71%	15.59%	15.46%
Bilingual/ESL	25.94%	27.01%	26.91%	26.28%	25.85%	27.72%	28.62%	28.81%	27.90%	21.00%	20.52%	20.09%	19.65%	19.20%	18.76%
Gifted and Talented	9.04%	9.81%	10.42%	11.15%	12.01%	11.96%	12.48%	13.35%	14.27%	15.17%	16.09%	17.02%	17.95%	18.88%	19.82%
Economically Disadvantaged	80.19%	81.68%	82.84%	81.74%	77.90%	79.18%	80.70%	79.25%	80.62%	80.95%	81.99%	82.85%	83.72%	84.60%	85.48%
Title I	63.25%	89.90%	89.11%	87.67%	93.06%	92.15%	93.14%	95.11%	95.78%	94.92%	95.08%	94.98%	94.88%	94.78%	94.69%

*Figures are projections by the Office of Budgeting and Financial Planning

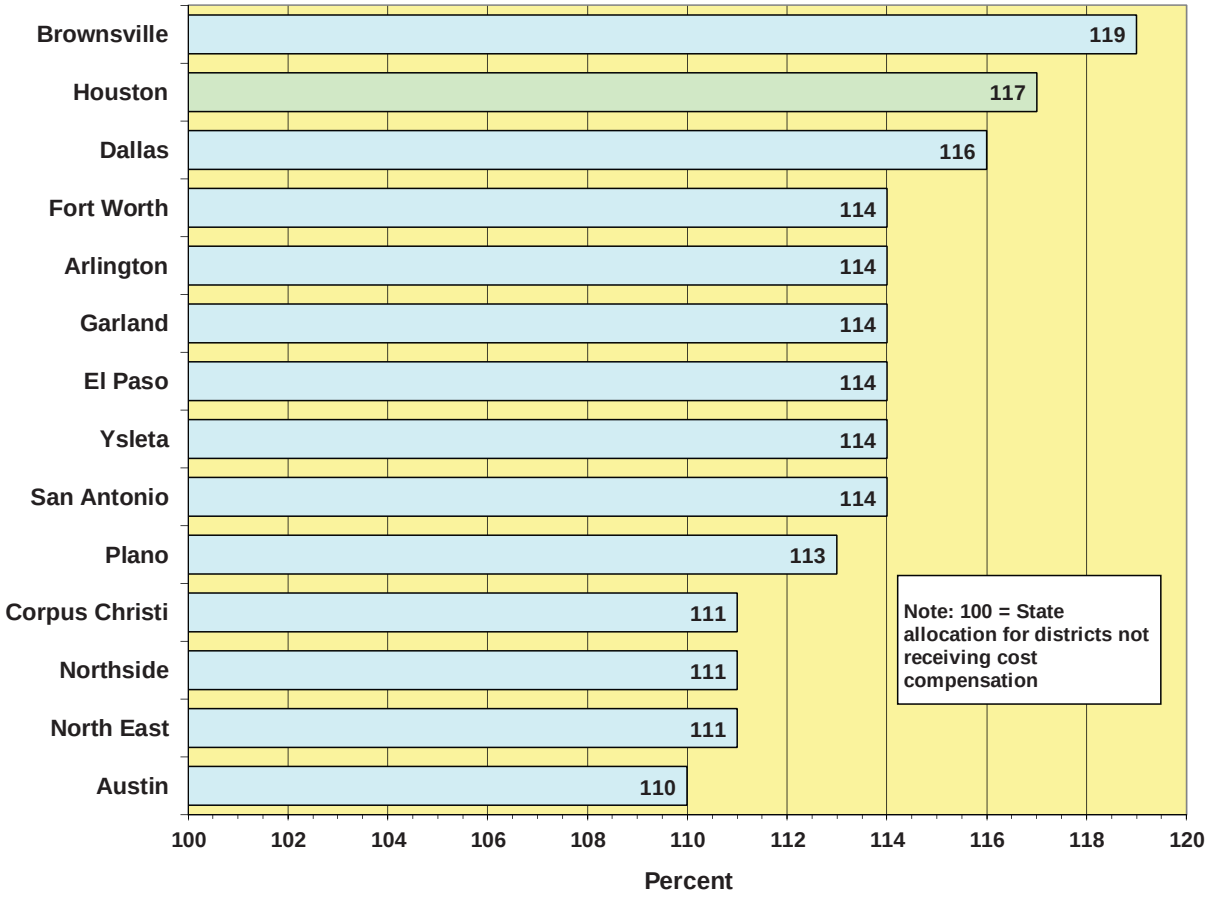


Education Costs

Houston Independent School District

The **Cost of Education Index** (CEI) is a component of the State Education funding formula used to adjust state funding allocations. As shown in the table below, the CEI is higher for HISD than most large Texas school districts. The CEI index compensates for variation among Texas school districts in several key areas:

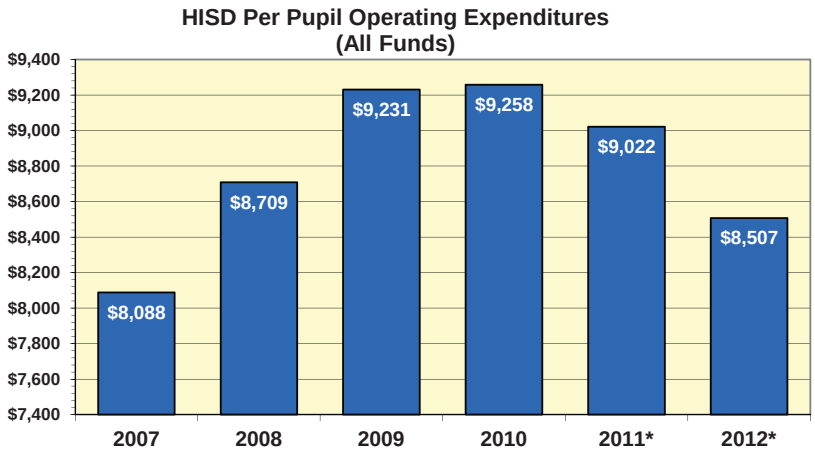
1) Greater number of students in high cost categories (e.g., economically disadvantaged, LEP, etc.)
2) Regional labor costs causing higher salaries for school districts
3) Higher costs for goods and services in the region
4) Greater security needs



The Cost of Education Index was examined in great detail in a study commissioned by the 77th Legislature, but has not been amended or updated since.

Per Pupil Expenditures

HISD per-pupil expenditures are calculated according to the convention established by the Texas Education Agency. The TEA per pupil calculation uses the sum of all **operating** expenditures (which do not include debt service, capital outlay, or community services) divided by the total number of students (October enrollment snapshot used by PEIMS).

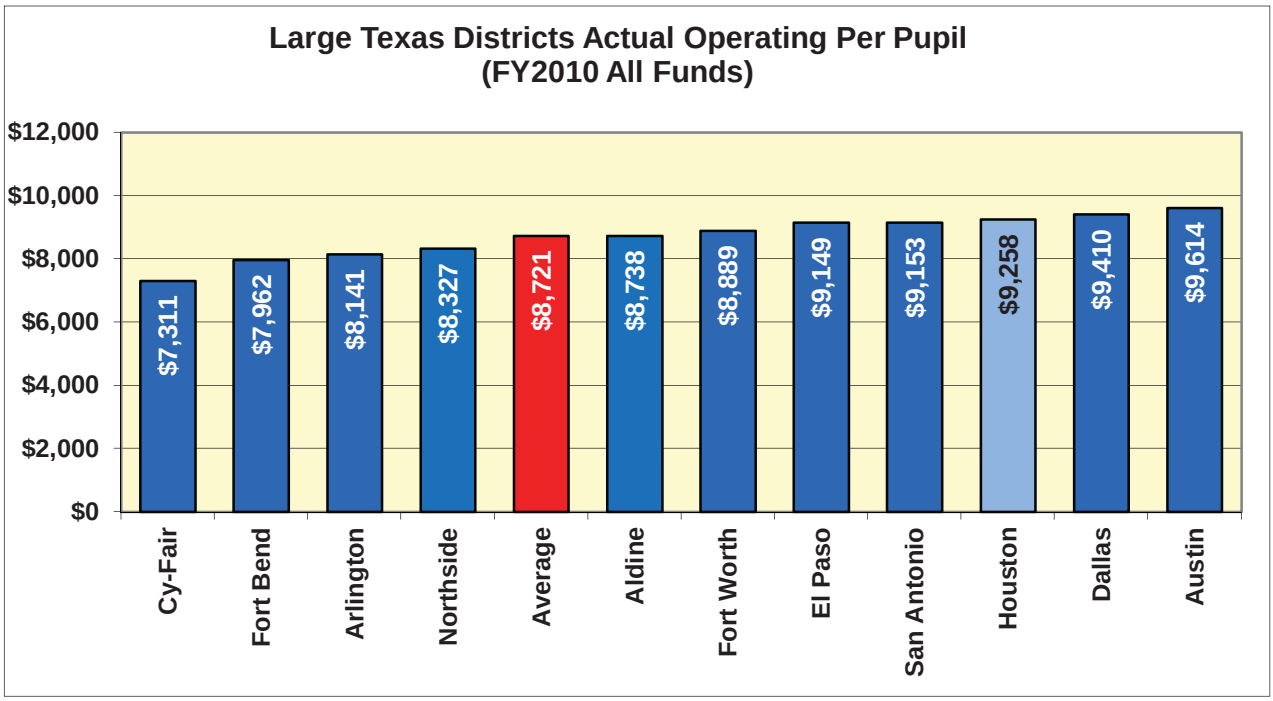


Source : 2007 to 2010 from the TEA, Academic Excellence Indicator System 2005-2006 to 2009-2010 reports

**Notes:* FY2011 and FY2012 not yet available from the Texas Education Agency but are projected by the Office of Budgeting and Financial Planning

Cost-per-pupil measures offer a more intuitive view of the cost of educating students and provide a basis for comparison of the costs of education with prior years, other local districts, other Texas districts, and national averages. Also, the larger increases in per pupil expenditures generally coincide with the biennial appropriations by the state legislature. As seen in the tables, HISD has maintained competitive cost-per-pupil averages in spite of having a student population in need of comparatively greater services and support.

It is important to note that the school funding formula in Texas equalizes funding to compensate school districts for differences in student population (numbers of students served in special programs, such as Special Education and Bilingual/ESL Education) as well as the cost of education in a particular area of the state, so that differences in spending per pupil reflect the needs of the student body rather

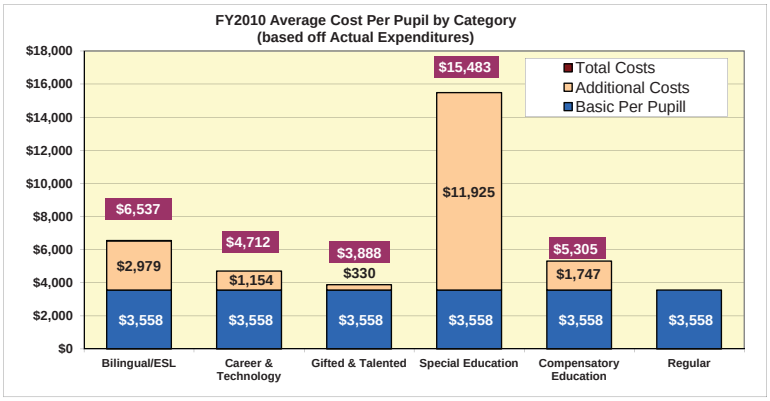


Source: TEA, 2010-2011 Academic Excellence Indicator System Report, Average does not include HISD

than the ability of a district to generate local revenue.

Expenditures for Different Types of Pupils

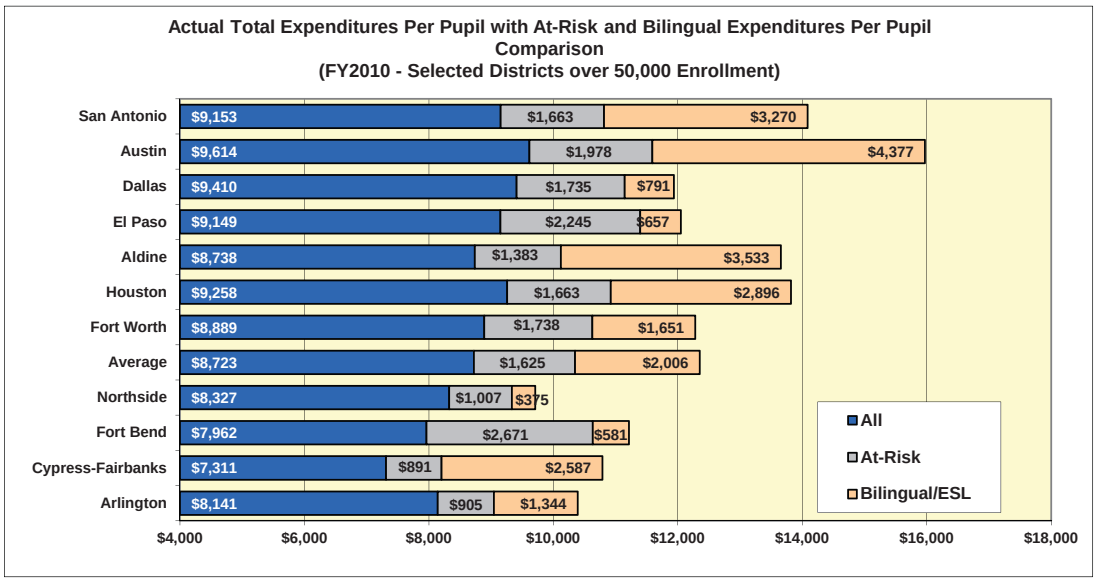
The cost of educating different categories of pupils vary. Special Education, Bilingual and English-as-a-Second-Language (ESL), Career and Technology, and Gifted and Talented programs, for example, all require additional funding to serve the students participating in them. The chart illustrates the average costs associated with some of these programs. These figures are based on data from the 2009-2010 school year and represent an estimate of the actual costs, which should be added to the regular education allocation of $3,558 to derive total costs for each student category. It is important to note that these are average expenditures; differences among students even within the same category can lead to wide variation in expenditures. Some Special Education children, for example, spend very little time outside the regular classroom while others require intensive medical and instructional attention from Special Education teachers and staff.



Source: TEA, 2009-2010 and 2010-2011 Academic Excellence Indicator System Reports
Notes: 2011 - 2012 not yet available from the Texas Education Agency

A Comparison of Per Pupil Expenditures

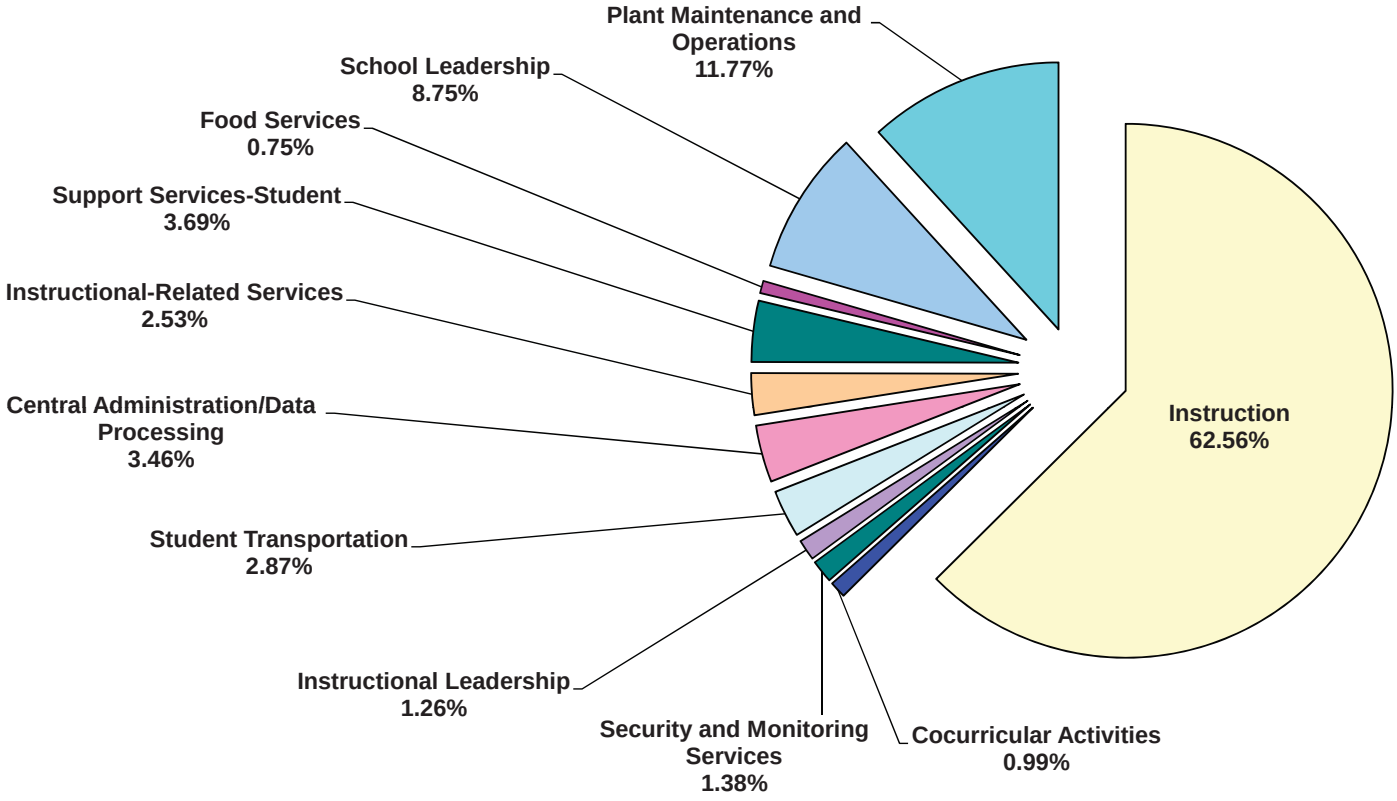
HISD's per pupil expenditures were above the average for selected large school districts (over 50,000 students) in the state. A significant portion of total expenditures were devoted to At-risk and Bilingual programs because of the large numbers of students requiring these services. El Paso, San Antonio and Fort Bend show the three largest amounts of funds used for educating at-risk students; Austin, Aldine and San Antonio show the three largest amounts of funds used for educating bilingual students.



Source : TEA, 2010-2011 Academic Excellence Indicator System Reports, fiscal years 2011 and 2012 not yet available
Note : Average does not include HISD, FY2011 - FY2012 not yet available from the Texas Education Agency

How was the $7,199 for each pupil spent?

One way to analyze expenditures is to show how the operating budget affects a typical student. For the 2009-2010 school year, the General Fund operating budget of $1,446,588,845 (as defined by the Texas Education Agency) funded 200,944 students for an average cost of $7,199 per pupil. The chart below shows how the different functional areas and services contribute to the overall cost of educating each student.



Explanation of Categories:

Instruction: Includes salaries, benefits, and related expenses for classroom teachers, teacher aides, and teacher assistants, etc.

Transportation: Includes expenses and salaries related to student transportation – fuel, equipment, vehicles, maintenance and repair, etc.

Facility Management & Operations: Includes salaries and other expenditures for the maintenance of schools and other district facilities. Also includes districtwide utilities and physical plant insurance expenses.

Instructional-Related Services: Includes expenses and salaries related to curriculum and staff development, subject/grade level department heads, salaries and expenses for librarians, library services, resource material, production of educational programming, maintenance of instructional networks, etc.

School Leadership: Includes salaries and expenses for principals, assistant principals and related staff, staff to record, compile and report pupil attendance data, and other staff related to non-instructional campus administration.

Instructional Resources & Media: Includes salaries and expenses for librarians, library services, resource material, production of educational programming, maintenance of instructional networks, etc.

Counseling/Social Work/Health: Includes expenses and salaries for counselors, mental health screening, diagnosticians, student appraisal services, standardized tests, truant/attendance officers, social workers, school physicians and nurses, health screening, inoculations, etc.

Security & Monitoring: Includes salaries and expenses for campus police, security guards, security devices, vehicles, school bus security monitors, school crossing guards, etc.

Communications/Data Processing/Gen. Administration: Includes expenses and salaries related to general administration (human resources, finance, legal, etc.), technology hardware and software, parental involvement programs, community services, etc.

Instructional Leadership: Includes salaries and expenses for instructional supervisors, special programs/population coordinators, and others involved in managing and coordinating instructional activity.

Food Services: Includes breakfast, lunch, and other meal services for students.

Co-curricular Activities: Includes salaries, stipends, and expenses for operating athletics programs and other extracurricular programs such as debate, FFA, drama, band, etc.

Source: TEA, 2010-2011 Academic Excellence Indicator System Reports

Performance Results: District Administration

Houston Independent School District

The Houston Independent School District is continuing to examine key performance ratios and statistics to ensure that overall administration is efficient and effective. One important indicator used is the percentage of expenditures going to different categories of operations. This helps administrators ensure that central administration costs are being held to acceptably low levels and that instructional expenditures remain as high a percentage of total expenditures as possible.

Percentage of Total Expenditures Allocated for Different Operational Areas

Six categories of expenditures have been defined by TEA's Division of Performance Reporting for use in determining the overall direction of district spending. ***Instructional Expenditures*** includes all activities dealing with the instruction of pupils, including teacher salaries and computer-aided instruction. ***Central Administration*** includes expenditures for the general administration of the district, instructional leadership, and data processing and technology services. ***School Leadership*** includes expenditures for administrative and operational expenses for campuses in the district. ***Plant Services*** contains the expenditures for physical and plant maintenance for all facilities in the district as well as security and monitoring services. ***Other Operations*** includes such outlays as student support services (counselors, nurses, etc.), Pupil transportation, food services, co-curricular activities, and curriculum and staff development. ***Non-Operations*** expenditures include capital outlay expenditures, the capital projects fund, debt service expenses, and community service expenditures. The following table shows HISD trends in these areas over the past ten years.

As depicted in the table, central administration expenditures have been successfully lowered while the level of instructional expenditures has remained fairly constant. Compared with other districts in Texas, expenditures for central administration and other operations are relatively low. Since 2002 instructional expenditures have increased 9.6 percentage points, central administration has decreased by 1.2 percentage points, and all other areas have decreased by 8.5 percentage points.

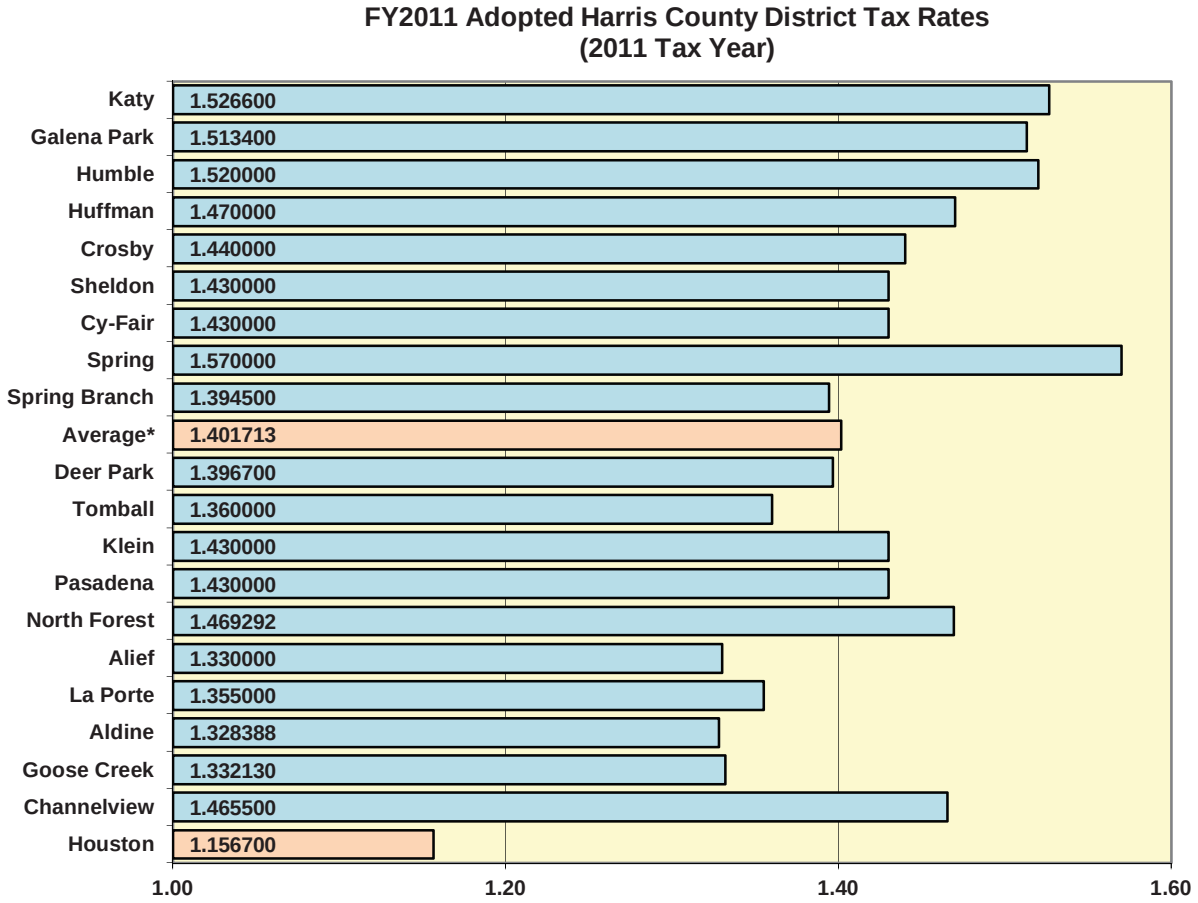
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instructional	54.2%	61.0%	62.9%	65.8%	65.8%	62.9%	63.2%	62.3%	63.1%	63.8%
Central Administration	5.8%	5.1%	7.8%	5.1%	5.1%	5.2%	5.3%	5.0%	4.7%	4.6%
School Leadership	6.1%	6.5%	8.1%	8.6%	8.6%	8.6%	8.5%	7.1%	7.1%	7.0%
Plant Services	11.6%	9.8%	11.7%	12.7%	12.7%	14.8%	14.9%	12.0%	12.1%	10.7%
Other Operations	12.3%	12.1%	7.5%	7.6%	7.6%	8.4%	7.9%	1.3%	12.7%	13.7%
Other Non-Operations	10.1%	5.4%	2.0%	0.2%	0.2%	0.2%	0.2%	3.0%	0.3%	0.2%

Source: *TEA. 2002 - 2011 Academic Excellence Indicator System Reports.*

HISD Tax Rate and Teacher Salaries

Two extremely important groups that influence the reputation and operations of the district are the local taxpayers and district teachers. If neither of these groups are satisfied with HISD's performance, it can have a very negative effect on the ability of the district to carry out its mission.

The chart on the following page compares the HISD tax rate with other Harris County school districts. HISD not only has one of the lowest tax rate by a significant margin, but also offers a 20 percent optional homestead exemption that many area districts do not offer, lowering the effective tax rate even further. Even with possible increases in the tax rate, which may prove necessary due to potential reductions in state funding, HISD's rate would likely remain among the lowest in the region.



Source: Harris County Appraisal District. The average for Harris County does not include HISD.

Teacher Salaries

Teacher salaries are an important performance indicator since the ability to provide competitive salaries reflects the ability of the district to attract and retain qualified, successful teachers. Secondarily, adequate salaries are a prime component of job satisfaction for teachers and other employees; lower salaries can result in low morale, high turnover, lower student performance, and increased training and recruitment expenses. The following tables show HISD salaries compared with those of other large Texas school districts and other Houston-area school districts.

2011-2012 Teacher Salary Survey
Large Texas Districts

	Bachelor's		Master's		Doctorate	
District	**Minimum**	**Maximum**	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Fort Worth	45,405	70,104	46,404	71,767	49,313	75,258
Dallas	45,100	64,256	46,100	70,196	48,100	72,266
Northside	46,675	69,783	47,775	75,793	49,275	77,293
Houston	**44,987**	**66,182**	**46,017**	**69,550**	**47,047**	**72,920**
Ysleta	43,570	59,070	45,570	61,070	47,070	62,570
San Antonio	43,650	53,654	45,650	55,654	45,650	66,654
El Paso	43,000	57,357	44,000	48,357	45,000	59,357
Austin	42,025	62,125	42,845	62,945	42,845	62,945
Corpus Christi	40,799	58,970	41,667	62,284	43,167	63,784

Source: **HISD Salary Administration**

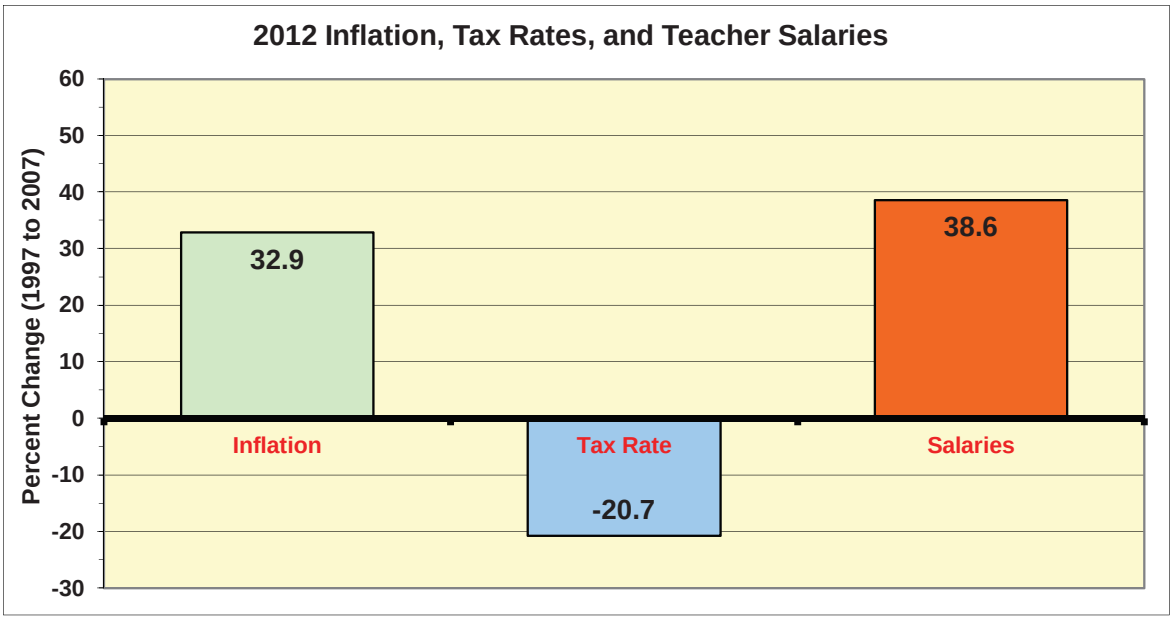
2011 - 2012 Teacher Salaries (Bachelor's degree): Houston Area School District Comparisons

District	0 Years Exp		5 Years Exp		10 Years Exp		15 Years Exp		20 Years Exp		Schedule Max	
	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank	Salary	Rank
Aldine	45,114	4	45,714	8	46,945	8	52,489	4	58,100	2	69,930	2
Alief	46,000	2	48,738	2	51,928	1	55,480	1	58,641	1	65,076	6
Clear Creek	44,600	7	45,721	7	47,386	7	50,168	7	53,081	8	66,735	4
Cy-Fair	45,250	3	46,116	6	48,754	4	51,919	5	55,084	7	67,111	3
Deer Park	49,000	1	50,129	1	51,918	2	54,518	2	57,768	3	63,618	7
Galena Park	45,000	5	46,875	4	48,675	5	51,875	6	55,675	5	70,575	1
Houston	44,987	6	46,467	5	49,761	3	52,798	3	56,098	4	66,182	5
Klein	44,250	8	46,900	3	48,310	6	49,810	8	55,209	6	62,692	8

Source: *HISD Compensation and Salary Administration*

Tax Rates and Salaries vs. Inflation

Another verification of the effectiveness of tax rate and salary policy is to compare them with the rate of inflation over a specified period of time. Tax-rate and salary increases that either out-distance or fail to keep up with the rate of inflation, respectively, do not satisfy the groups involved. The following chart compares the Houston-area rate of inflation with the increases of each item from 2000 to 2012. The chart shows that the Houston area total inflation was 32.9% (about 2.53 percent average per year), while the tax rate decreased by 20.7 percent and teacher salaries increased 38.6 percent over the same period.



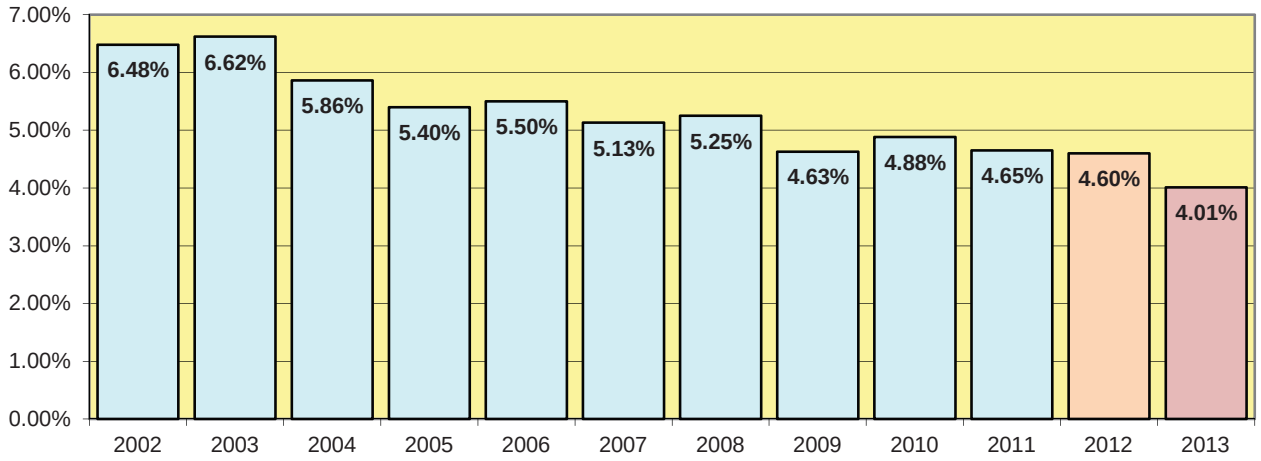
Source: Bureau of Labor Statistics June 2012 (inflation data) CPI, Houston-Galveston-Brazoria, TX; 2000 base year; Salary and Tax data from the HISD Office of Budgeting and Financial Planning.

Administrative Cost Ratio

The administrative cost ratio is the ratio of administrative costs (central administration) to instructional costs (related to direct classroom instruction and student services). This ratio is legally defined and calculated annually by the TEA (as per Senate Bill 1). As illustrated below, the administrative cost ratio has declined from 6.48 percent in 2002 to an estimated 4.01 percent for 2013. This decline is a result of having reduced administrative positions, transferring or increasing resources to the schools, and a decline in administrative costs throughout the district. The district has been seeing decreases in this ratio and is still almost 60% lower than the state standard of 11.05. Since larger districts benefit from greater economies of scale, the state has set a more stringent standard for large districts such as HISD.

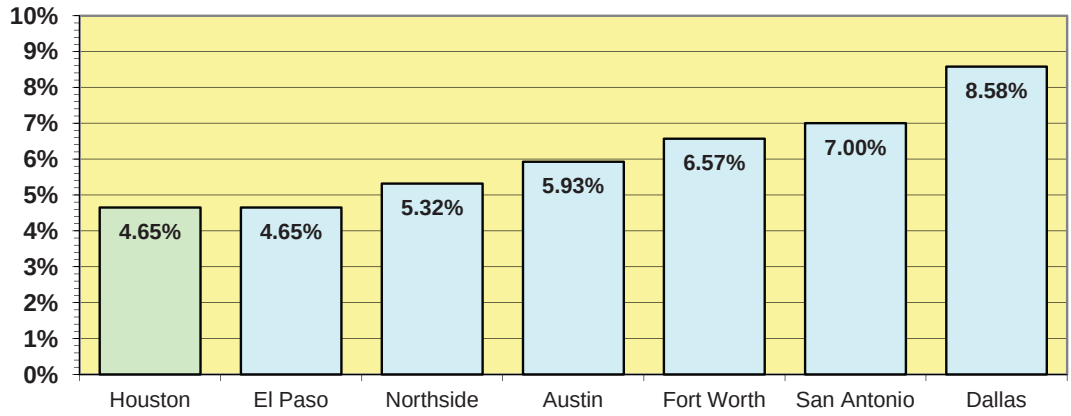
Comparison of administrative cost ratios among the 7 largest Texas districts reveals that HISD continues to maintain a competitive position among these 7 large districts in Texas. Combined with the information from the previous chart, the data confirm that HISD is successful in maintaining and promoting efficient operations. Monitoring and improving this ratio will continue to be a district priority in the future. However, SB 900 enacted during the 78th Texas Legislature's Regular Session in 2003 repealed Section 42.201 of the Texas Education Code (TEC) relating to administrative cost ratios. The bill continued the statute only for the limited purpose of recovering amounts from districts that meet the criteria for excess administrative costs for 2002-2003. For 2003-2004 and all future years the administrative cost ratio has become a part of the District's Financial Accountability Rating issued by TEA each year under School FIRST (Financial Accountability Rating System of Texas). Historical Information from 1995-2002 will continue to be maintained at TEA's website for reference purposes.

HISD Administrative Cost Ratios



Source: 2002 through 2010 from the Financial Accountabiilty Rating System of Texas; (FIRST) , 2012 projection from unaudited actual finance data and 2013 from the Adopted Budget.

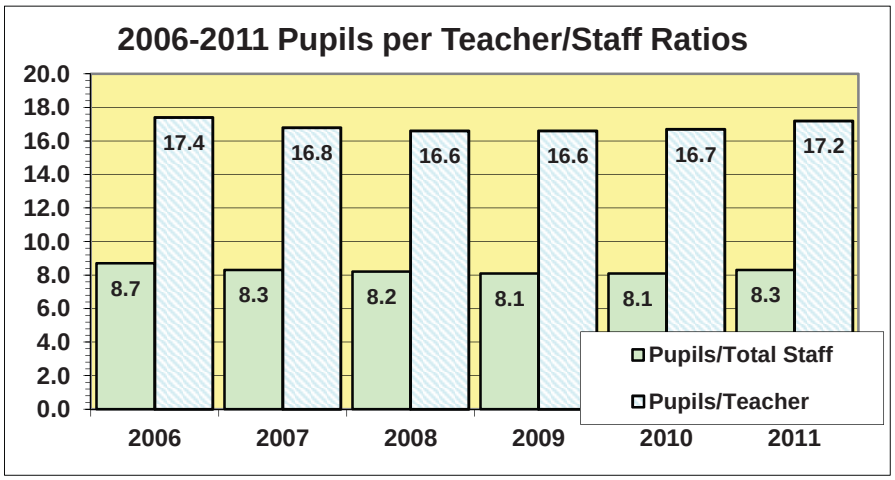
Administrative Cost Ratios District Comparisons for 2011



Source: Financial Integrity Rating System of Texas (FIRST)

Pupil-Teacher, Pupil-Staff Ratios

Two ratios that provide an overall look at the effectiveness of resource allocation for educating children are the pupil-teacher and pupil-staff ratios. The ratios are measured in terms of Full Time Equivalents (FTEs), which take into consideration staff and teachers who are not full-time employees. The chart shows that HISD has kept the total number of pupils per staff members fairly constant over the last six years, with the average class size decreasing from 17.4 to 17.2 students per teacher. The ideal situation is to have the lowest pupil-teacher ratio possible, while at the same time keeping the ratio of students to total staff members as high as possible. The target ratios have been set in the School FIRST (Financial Integrity Rating System of Texas). For the Teacher to Pupil Ratio the standard is no more than 22:1 and no less than 13.5:1. For Total Staff to Pupil ratio it should be no more than 14:1 and no less than 7:1.



Source: TEA Academic Excellence Indicator System Reports 2010-2011

Public vs. Private Sector

Houston Independent School District

The U.S. Equal Employment Opportunity Commission (E.E.O.C.) produces a report comparing the types of positions occupied by different ethnic groups as well as a breakdown by industry. Within each industry the E.E.O.C. further defines the totals by Administrative-Supervisory and Non-Administrative and then provides a ratio of Administrative-Supervisory to Non-Administrative employees. The private sector shows to have a much lower Supervisor to Non-Supervisor ratio than the Public Sector, however it is interesting to note that HISD is more in line with Private Sector ratios than the Public Sector.

The following chart shows a breakdown of this information.

Private Sector				
USA by Industry:	**# Total Employ.**	**# Admin. Sup.**	**# Non-Sup.**	**Ratio**
Agriculture, Forestry, & Fishing	269,785	21,826	247,959	11:1
Mining	400,237	56,083	344,154	6:1
Construction	1,235,385	142,900	1,092,485	8:1
Manufacturing	9,011,334	1,127,479	7,883,855	7:1
Transportation and Public Utilities	2,818,894	272,709	2,546,185	9:1
Wholesale Trade	1,318,493	175,885	1,142,608	7:1
Retail Trade	7,194,144	576,061	6,618,083	11:1
Finance, Insurance & Real Estate	3,448,313	618,354	2,829,959	5:1
Other Services	21,802,111	2,159,623	19,642,488	9:1
TOTAL EMPLOYMENT USA	47,498,696	5,150,920	42,347,776	8:1
TOTAL EMPLOYMENT TEXAS	3,678,536	399,325	3,279,211	8:1
TOTAL EMPLOYMENT HOUSTON	1,004,134	122,666	881,468	7:1
Public Sector				
TOTAL EMPLOYMENT USA	6,195,207	229,644	5,965,563	26:1
TOTAL EMPLOYMENT TEXAS	665,419	28,923	636,496	22:1
HISD Salary Personnel (FTE's)	21,388	1,819	19,569	11:1
HISD Hourly Personnel (FTE's)	6,183	0	6,183	NA
TOTAL EMPLOYMENT HISD	**27,571**	**1,819**	**25,752**	14:1

Source: Private Sector data from E.E.O.C., Job Patterns For Minorities And Women In Private Industry. Public Sector data from U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD).

HISD Positions as of June, 2012.

The following two pages represent a more detailed comparison of the actual types of positions and FTE's that HISD has had from 2008-2009. The FTE's for 2012-2013 are budgeted counts.

HISD - All Business Areas Position FTE's by Staff Types 2009 - 2013

Contract Positions Only (excludes Hourly, Bus Drivers, and Substitutes)

Position Type	2009	2010	2011	2012	2013
Teachers	0.00	0.00	0.00	2.00	0.00
Total 0 Staff	**0.00**	**0.00**	**0.00**	**2.00**	**0.00**
Maintenance/Custodial	3.00	3.00	1.00	1.00	1.00
Principals and Assistant Principals	541.99	535.40	528.11	505.07	520.07
Coordinators	437.96	503.97	492.51	464.67	492.67
Counselors, Psycologists, Social Worke	221.67	224.64	203.23	149.66	150.16
Manager / Supervisors	34.00	35.00	33.00	25.00	26.00
Deans	83.49	94.99	94.98	87.09	101.09
Consultants, Specialists	329.49	254.49	241.29	212.00	219.00
Teachers	10,851.38	11,007.12	10,892.78	9,872.90	10,039.88
Nurses	237.38	237.06	231.14	201.39	212.09
Librarians	163.09	161.69	156.44	104.20	110.70
Professional	41.00	97.00	105.78	106.69	114.69
Trainers	1.00	0.00	0.00	0.00	0.00
School Secretary	1.00	0.00	0.00	0.00	0.00
Teacher Aides & Assistants	714.18	725.45	929.98	811.26	827.26
Paraprofessional	1,508.26	1,425.06	1,364.22	1,226.84	1,264.84
Police	33.90	29.87	31.87	21.95	24.45
Other	0.00	0.00	0.00	0.00	0.00
Total Campus Staff	**15,202.79**	**15,334.74**	**15,306.33**	**13,789.72**	**14,103.90**
Maintenance/Custodial	2,073.50	2,099.50	2,012.00	2,035.00	2,022.00
Counselors, Psycologists, Social Worke	79.68	60.00	66.00	54.00	52.00
Principals and Assistant Principals	27.50	24.56	0.87	0.00	0.00
Assistant Supt / General Manager	19.00	45.00	45.00	47.49	49.00
Coordinators	275.48	670.76	570.70	447.50	442.50
Supt. Direct Reports	9.00	12.00	11.00	11.00	13.00
General Superintendent	1.00	1.00	1.00	1.00	1.00
District Superintendents	0.00	0.00	0.00	0.00	0.00
Regional Superintendent	5.00	4.00	0.00	0.00	0.00
Directors	47.00	34.00	23.00	29.00	31.00
Manager / Supervisors	586.16	587.27	517.80	516.74	501.74
Deans	1.00	1.50	0.00	0.00	0.00
Consultants, Specialists	462.13	313.42	271.42	280.93	282.42
Teachers	1,703.84	1,541.33	1,225.36	1,128.49	1,123.75
Nurses	38.48	36.48	39.46	30.46	30.46
Professional	173.50	131.10	155.50	316.00	329.00
Trainers	24.49	10.00	9.00	9.00	9.00
School Secretary	0.00	0.00	0.00	0.00	0.00
Teacher Aides & Assistants	1,099.48	1,038.64	835.42	811.64	789.64
Paraprofessional	1,447.50	1,186.44	1,086.00	1,042.00	1,043.00
Police	198.10	196.13	133.13	187.05	187.05
Other	17.49	14.49	14.00	14.00	14.00
Total Departmental Staff	**8,289.33**	**8,007.62**	**7,016.66**	**6,961.30**	**6,920.56**
Total Staff	23,492.12	23,342.36	22,322.99	20,753.02	21,024.46

NOTES: 2009 through 2012 position files as of 4/30/2009, 4/30/2010,4/30/2011, 4/30/2012. The 6/30/2012 file has been adjusted to reflect 2013 original budget position changes.

Position Types, Categories, and Data from HISD Office of Budgeting and Financial Planning

HISD - General Fund Position FTE's by Staff Types 2009 - 2013

Contract Positions Only (excludes Hourly, Bus Drivers, and Substitutes)

Position Type	2009	2010	2011	2012	2013
Counselors, Psycologists, Social Work	197.73	192.36	186.13	120.66	112.67
Maintenance/Custodial	3.00	3.00	1.00	1.00	1.00
Coordinators	276.25	389.04	401.43	389.59	410.09
Principals and Assistant Principals	537.63	533.42	523.63	501.59	517.09
Manager / Supervisors	34.00	35.00	31.00	24.00	25.00
Deans	79.01	90.34	93.48	87.09	101.09
Consultants, Specialists	309.43	248.24	238.04	208.75	216.75
Teachers	9,760.17	9,654.30	9,724.72	9,221.03	9,412.07
Nurses	235.88	235.08	228.66	199.41	210.11
Librarians	161.09	156.55	154.55	102.97	109.47
Professional	40.00	69.00	75.78	78.69	93.69
Trainers	1.00	0.00	0.00	0.00	0.00
School Secretary	1.00	0.00	0.00	0.00	0.00
Teacher Aides & Assistants	426.79	406.03	421.84	467.76	488.76
Paraprofessional	1,457.13	1,377.89	1,338.80	1,162.92	1,192.92
Police	33.90	29.87	31.87	21.95	24.45
Other	0.00	0.00	0.00	0.00	0.00
Total Campus Staff	**13,554.02**	**13,420.11**	**13,450.94**	**12,587.41**	**12,915.16**
Maintenance/Custodial	1,955.50	1,987.50	1,900.00	1,929.00	1,918.00
Counselors, Psycologists, Social Work	47.88	34.20	41.20	34.00	33.00
Principals and Assistant Principals	25.50	24.56	0.87	0.00	0.00
Assistant Supt / General Manager	15.50	42.30	42.30	45.29	46.80
Coordinators	99.00	293.30	300.30	280.30	278.30
Supt. Direct Reports	7.50	11.50	10.50	10.50	12.50
General Superintendent	1.00	1.00	1.00	1.00	1.00
District Superintendents	0.00	0.00	0.00	0.00	0.00
Regional Superintendent	5.00	4.00	0.00	0.00	0.00
Directors	33.62	26.50	18.50	24.50	26.50
Manager / Supervisors	411.79	387.78	374.50	369.84	357.75
Deans	1.00	0.50	0.00	0.00	0.00
Consultants, Specialists	235.37	161.05	122.00	131.59	136.08
Teachers	1,617.64	1,447.68	1,184.70	1,102.43	1,113.75
Nurses	28.48	22.50	24.46	20.46	21.46
Professional	128.85	102.80	114.70	136.40	148.54
Trainers	4.00	2.00	1.00	1.00	1.00
School Secretary	0.00	0.00	0.00	0.00	0.00
Teacher Aides & Assistants	1,095.48	1,034.64	832.42	805.64	788.64
Paraprofessional	503.30	322.74	288.00	316.70	319.70
Police	192.10	194.13	132.13	186.05	186.05
Other	17.49	14.49	14.00	14.00	14.00
Total Departmental Staff	**6,426.00**	**6,115.17**	**5,402.58**	**5,408.70**	**5,403.07**
Total Staff	19,980.02	19,535.28	18,853.52	17,996.11	18,318.23

NOTES: 2009 through 2012 position files as of 4/30/2009, 4/30/2010,4/30/2011, 4/30/2012. The 6/30/2012 file has been adjusted to reflect 2013 original budget position changes.

Position Types, Categories, and Data from HISD Office of Budgeting and Financial Planning

Performance Results: Student Achievement

Houston Independent School District

The Houston Independent School District regularly evaluates student performance in many areas in order to ensure that Houston children receive the finest education possible. Additionally, student achievement results are used by district staff to evaluate different educational initiatives and to ensure that funds are expended in the most efficient and effective ways possible. Student achievement reports to students, parents, and the community in general are provided regularly, as well as detailed reports submitted to the Texas Education Agency (TEA).

State of Texas Assessments of Academic Readiness (STAAR)

The State of Texas Assessments of Academic Readiness, or STAAR, replaced the Texas Assessment of Knowledge and Skills (TAKS) program in spring 2012. The STAAR program at grades 3–8 assessed the same grades and subjects as were assessed on TAKS. For high school, general subject-area TAKS tests are replaced with twelve STAAR end-of-course (EOC) assessments. STAAR EOC assessments are available for Algebra I, geometry, Algebra II, biology, chemistry, physics, English I, English II, English III, world geography, world history, and U.S. history. The Texas Education Agency (TEA), in collaboration with the Texas Higher Education Coordinating Board (THECB) and Texas educators, developed this new assessment system in response to requirements set forth by the 80th and 81st Texas legislatures. This new system focuses on increasing postsecondary readiness of graduating high school students and helps to ensure that Texas students are competitive with other students both nationally and internationally.

As with the TAKS assessment, there are four versions of the STAAR exam offered to students. STAAR is available to all students in grades 3–8 and first-time ninth graders who do not qualify for one of the other STAAR assessments. STAAR L is a linguistically accommodated English version of the State of Texas Assessments of Academic Readiness (STAAR) grades 3–8 and EOC mathematics, science, and social studies assessments. STAAR L is provided for English language learners (ELLs) who meet participation requirements for a substantial degree of linguistic accommodation in these subject areas. STAAR Modified replaced the Texas Assessment of Knowledge and Skills–Modified (TAKS–M) for third through entering ninth grade students who meet the STAAR Modified participation requirements. Admission, review, and dismissal (ARD) committees will use the participation requirements to determine if the STAAR Modified is the appropriate assessment. The STAAR Alternate is designed for the purpose of assessing students in grades 3–8 and high school who have significant cognitive disabilities and are receiving special education services.

At grades 3–8, students are tested in mathematics and reading. Students are also tested in writing at grades 4 and 7, science at grades 5 and 8, and social studies at grade 8. There are two cut scores, which identify three performance categories. For the general STAAR assessments, STAAR Modified, and STAAR L, the labels for the performance categories are Level III: Advanced Academic Performance, Level II: Satisfactory Academic Performance, and Level I: Unsatisfactory Academic Performance. These performance level categories will be set and applied in the fall of 2012.

For STAAR EOC, performance standards were set prior to the spring 2012 administrations. However, operational assessment data for STAAR 3–8 will not be available until after the spring 2012 administrations; for this reason performance standards will be set in October 2012.

Legislation requires a system of performance standards that are linked from grade to grade starting with postsecondary-readiness performance standards down through grade 3. Therefore, STAAR EOC performance standards must be established before standards for STAAR 3–8 can be set.

Students first enrolled in grade 9 or below in the 2011–2012 school year will be required to take the STAAR

EOC assessments for courses in which they are enrolled as part of their graduation requirements and will no longer take TAKS. Students enrolled in courses above their grade level take the STAAR assessment that aligns to the curriculum of their course. Students enrolled in grade 10 or above dur**ing** the 2011–2012 school year or who are repeating grade 9 in the 2011–2012 school year will graduate under TAKS requirements and do not have the option of taking STAAR assessments.

Analysis of STAAR Examination Results

For STAAR grades 3–8 assessments, reporting will occur in three phases since performance standards will not be set until fall 2012. The first phase will occur in early June 2012 and will include data files with raw score information. The second phase will occur in late June 2012 and will include updated data files and information pertaining to Adequate Yearly Progress (AYP) reports using an equating study relating STAAR results with TAKS. The final phase will occur in January 2013 after performance standards are set. TAKS and STAAR EOC results are presented in separate reports.

English and Spanish Combined STAAR Results for All Students

District general STAAR exam results for students who took the English or Spanish version were compared for grades 3–8. STAAR results by subject for the district are shown in Table 1. The state has not released raw score results. The average percent correct is included in the analysis.

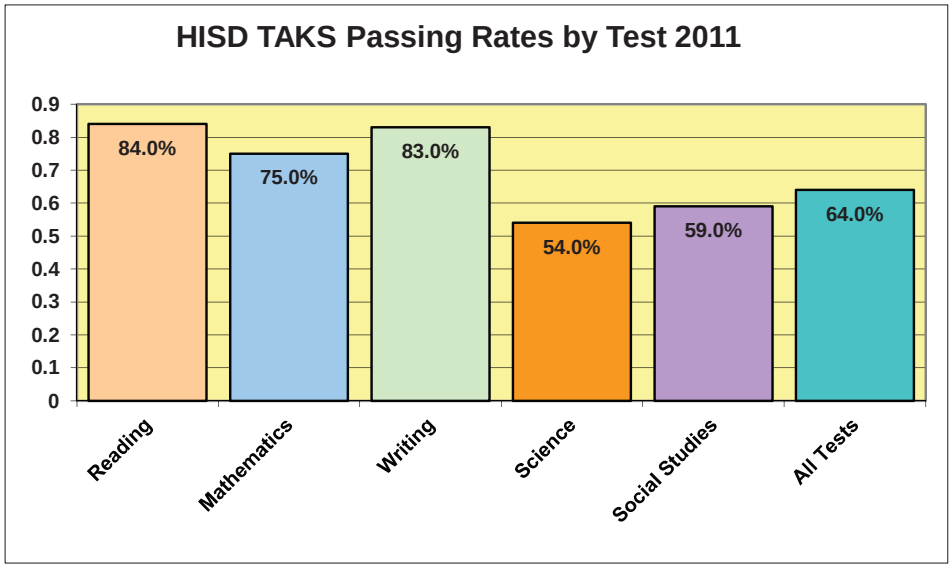
Table 1: HISD English and Spanish Combined STAAR Results in all subjects (Grades 3–8) for All Students: Spring 2012

		Reading		Mathematics		Writing		Science		Social Studies	
Grade	Total Tested	Avg. Raw Score	Percent Correct	Avg. Raw Score	Percent Correct	Avg. Raw Score	Percent Correct	Avg. Raw Score	Percent Correct	Avg. Raw Score	Percent Correct
3	15,977	25	62	29	63						
4	14,912	28	63	32	66	26	59				
5	14,558	30	65	33	66			32	72		
6	12,240	31	64	30	57						
7	11,746	32	63	25	45	43	59				
8	11,732	34	65	29	51			33	61	27	51

Source: Research Education Program Report Spring 2011-2012.
Department of Research and Accountability, Houston Independent School District.

Texas Assessment of Knowledge and Skills

Texas Assessment of Knowledge and Skills (TAKS), is administered each year in the spring. Through a comprehensive reporting mechanism, student results are compiled so that regions, districts, and even individual schools can compare themselves to other similar areas or schools as well as statewide averages in order to more accurately gauge performance.



Source: TEA Academic Excellence Indicator System, 2010-2011, Met Standard

Other measures of HISD student achievement include the Stanford Achieve**ment Test (**Stanford 10) and the Aprenda (Spanish-language), which are norm-referenced tests that can be used to compare student performance nationally, dropout rates, SAT I and ACT examinations (for high schools), and attendance rates.

Texas Assessment of Academic Skills Results

The Texas Education Agency replaced the Texas Assessment of Academic Skills (TAAS) with the (TAKS) as the state-mandated criteria-referenced test. TAKS is a completely reconceived testing program. It includes more of the Texas Essential Knowledge and Skills (TEKS) than the TAAS did and attempts to ask questions in more authentic ways. TAKS has been developed to better reflect good instructional practice and more accurately measure the student learning.

Spring 2003 was the first administration of the TAKS. In November 2002, the Texas State Board of Education received recommended passing standards from a panel of experts. The Board adopted a two-year phase-in process for the passing standard on the test. The passing standard for 2003 is two SEM (Standard Error of Measurement) below the panel recommendation. One SEM is the passing standard for 2004, and the panel recommendation will be the passing standard for 2005 and beyond.

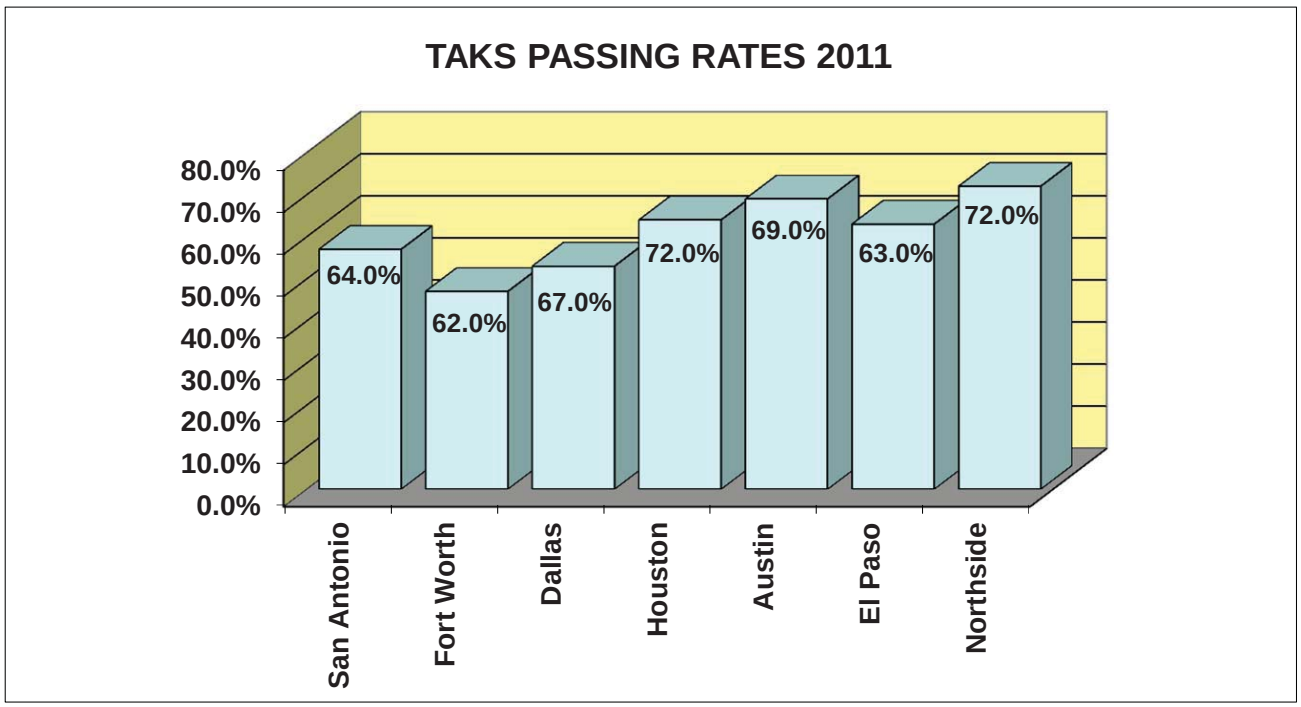
The chart above shows passing rates by test for the district.

Six Texas districts make up a reasonable comparison group for benchmarking against HISD. All are large (more than 50,000 students) urban/suburban districts in Texas. Accurate benchmarking is possible since TEA maintains a significant database of information regarding the performance of Texas schools and school districts. The following table provides summary information regarding the districts used in the comparisons.

The following chart shows that HISD TAKS performance compares favorably with that of similar districts in the state. In fact, when viewed in light of the number of economically disadvantaged and Bilingual/ESL students, HISD pupils exceed expectations. HISD's passing TAKS passing rate is 72%. This is a significant accomplishment when more than three out of four students come from economically disadvantaged households.

2010-2011 Percent of Student Enrollment by Program							
# Students		% Econ. Dis.		% Bilingual / ESL		% Special Ed.	
Houston	203,294	San Antonio	92.8%	Dallas	35.2%	Northside	11.7%
Dallas	156,784	Dallas	87.1%	Houston	27.9%	San Antonio	10.3%
Northside	94,632	Houston	80.6%	Austin	27.8%	Austin	9.6%
Austin	85,273	Fort Worth	75.6%	Fort Worth	26.9%	El Paso	8.4%
Fort Worth	81,511	El Paso	70.1%	El Paso	22.5%	Houston	7.9%
El Paso	64,023	Austin	64.0%	San Antonio	16.2%	Dallas	7.7%
San Antonio	54,894	Northside	52.5%	Northside	6.8%	Fort Worth	7.3%

Source: *TEA Academic Excellence Indicator System, 2010-2011*



Source: Texas Education Agency, AEIS, 2010-2011, Met Standard

Dropout Rate

Each summer the district conducts a “Grads Within Reach Walk” to encourage students to finish their high school education. In addition to this annual event the district has dropout prevention caseworkers which work year around to keep students in school or get them back to class.

Four-Year Completion Status for HISD by Student Demographics

	2008				2009				2010			
	Grad	GED	Cont	Drop	Grad	GED	Cont	Drop	Grad	GED	Cont	Drop
All Students	68.2	0.7	12.4	18.7	70.0	0.9	13.2	15.8	74.3	0.7	12.3	12.6
African American	68.0	0.5	11.6	20.0	68.4	1.0	12.8	17.8	73.7	0.7	11.1	14.4
Hispanic	62.8	0.6	15.3	21.2	65.9	0.8	15.9	17.4	70.7	0.6	14.9	13.8
White	84.7	1.7	4.7	8.9	87.4	1.4	5.2	6.0	87.9	1.8	5.1	5.2
American Indian*	42.9	14.3	14.3	28.6	66.7	0.0	16.7	16.7	70.0	0.0	25.0	5.0
Asian*	88.0	0.5	5.3	6.2	87.9	0.6	4.3	7.2	n/a	n/a	n/a	n/a
Pacific Islander*	63.5	0.9	14.4	21.1	65.0	1.2	15.5	18.3	n/a	n/a	n/a	n/a
Two or more races*	72.6	0.5	19.5	16.4	75.0	0.7	10.9	13.4	n/a	n/a	n/a	n/a
Special Ed	49.1	0.3	22.4	28.2	53.1	0.6	22.8	23.5	57.4	0.4	21.7	20.6
Economically Disadvantaged	65.0	0.6	14.5	19.9	74.6	0.6	11.2	13.6	76.0	0.4	12.7	10.9
LEP	22.6	0.0	29.0	48.4	27.1	0.2	28.6	44.1	30.4	0.0	30.6	39.0
At-Risk	56.8	0.8	18.0	24.5	65.0	0.8	17.6	16.6	64.2	0.7	19.1	16.1

Source: 2008-2009 to 2010-2011 TEA Academic Excellence Indicator System Reports

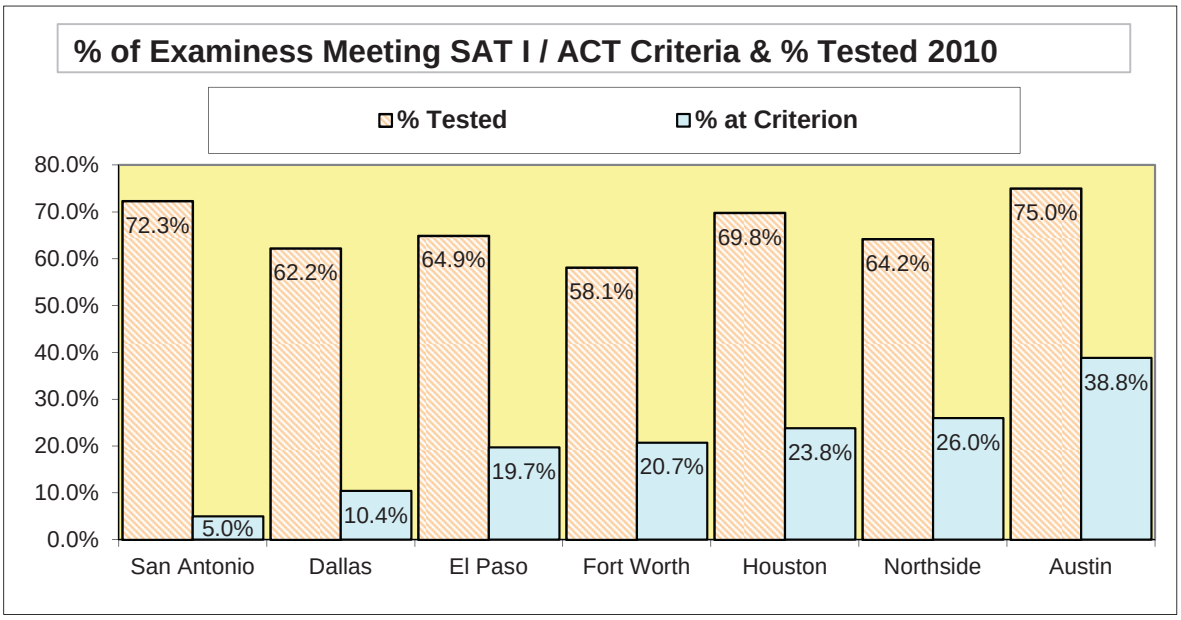
"GRAD=Graduated; GED=Received GED; CONT=Continued HS; DROP=Dropped out"

Scholastic Assessment Test (SAT I) and American College Test (ACT)

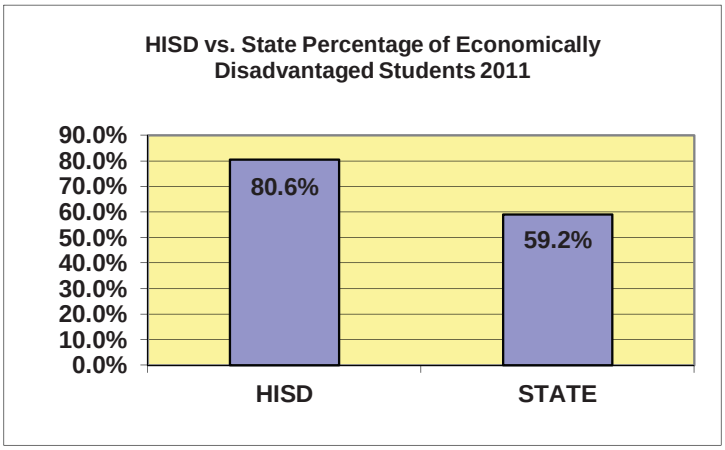
The SAT I and ACT exams are given as entrance examinations to college-bound students. The following table illustrates four key statistics regarding these exams for the latest periods available.

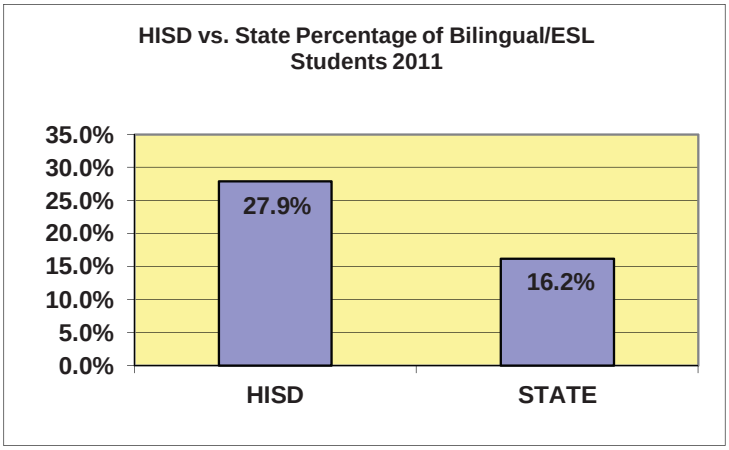
SAT I / ACT	2006	2007	2008	2009	2010
% Tested	68.9	74.4	69.8	66.8	69.7
% at Criterion	23.5	24.3	23.8	22.2	21.0
SAT Mean	947	953	943	933	934
ACT Mean	19.3	19.6	20.1	19.7	18.8

Comparison with the state average and other similar districts reveals HISD students to be performing well, especially considering the large number of students with special needs. Considering the fact that for the 2010-2011 school year, HISD educated over 21 percent more economically disadvantaged children (by percentage of student population) and more than 11 percent Bilingual/ESL pupils than the state average, HISD student achievement is commendable. A chart reflecting this information can be found on the following page.



Source: TEA, Academic Excellence Indicator System, 2010-2011 (Class of 2010)
Note: Criterion for SAT=1,000; Criteria for ACT=24.00 or above





Source: TEA Academic Excellence Indicator System, 2010-2011

Stanford 10 Achievement Test and Aprenda Test

The Houston Independent School District (HISD) strives to ensure the highest quality education for Houston's children. The district employs a variety of assessment measures to ensure that these goals are met. Since 1996, HISD has used the Stanford Achievement Test Series to evaluate the progress of student achievement and to make comparisons to a national reference group using current and empirically derived normative information. The following report provides the 2012 results from the districtwide administration of the Stanford Achievement Test Series, Tenth Edition (Stanford 10) to HISD students in grades 1−8.

The spring 2012 administration of the Stanford 10 represents the ninth administration for grades 1−8 of the Stanford Academic Test Series, Tenth Edition. The first administration was conducted in the spring of 2004. In 2009, Pearson, Inc. updated the Stanford Achievement Test Series, Tenth Edition (Stanford 10) to 2007 norms.

As a norm-referenced measure, the Stanford 10 provides a means of determining the relative standing of HISD students' academic performance when compared to the performance of students from a nationally representative sample. The results included in this report supply a means of making a direct comparison of current HISD results to past HISD results. This report focuses on achievement in reading, math, language, science, and social science.

HISD Administration of the Stanford 10 to Students

The districtwide administration of the Stanford 10 occurred from May 7-15, 2012. This year elementary and middle school grades were administrered the Stanford/Aprenda exam. All student groups including English Language Learners (ELL), most of Special Education, and other special populations were required to take the Stanford 10.

Analysis of Stanford 10 Results

In this report, the results from the Stanford 10 were analyzed at the campus, school office, and districtwide levels for the reading, math, language, science, and social science subtests for grades one through eight. Results from the spelling and thinking skills subtests as well as additional information are not presented here but can be found on the Administrator's data summary which are sent to campuses. The analyses used in this report were designed to assess the performance of three specific groups of students: non-Special Education, Special Education students, and All Students. The Stanford 10 district report used summary scores derived from student National Percentile Ranks to determine the current level of performance at the campus, school office, and districtwide levels. National Percentile Ranks (NPRs) are standardized scores that allow performance to be compared to a norm-referenced sample for each subject, by grade. Campus data, by grade, for non-Special Education and Special Education students taking the test were used to present the summary results for the school offices and for each campus. In addition to the regular NPR results, the testing company has devised a measure using the NPR scale. This measure reflects the percent of non Special Education students ranking at or above the 50th percentile for each subject, by grade level, and these results are also presented in this report. What we normally think of as grade level performance corresponds to the 50th.

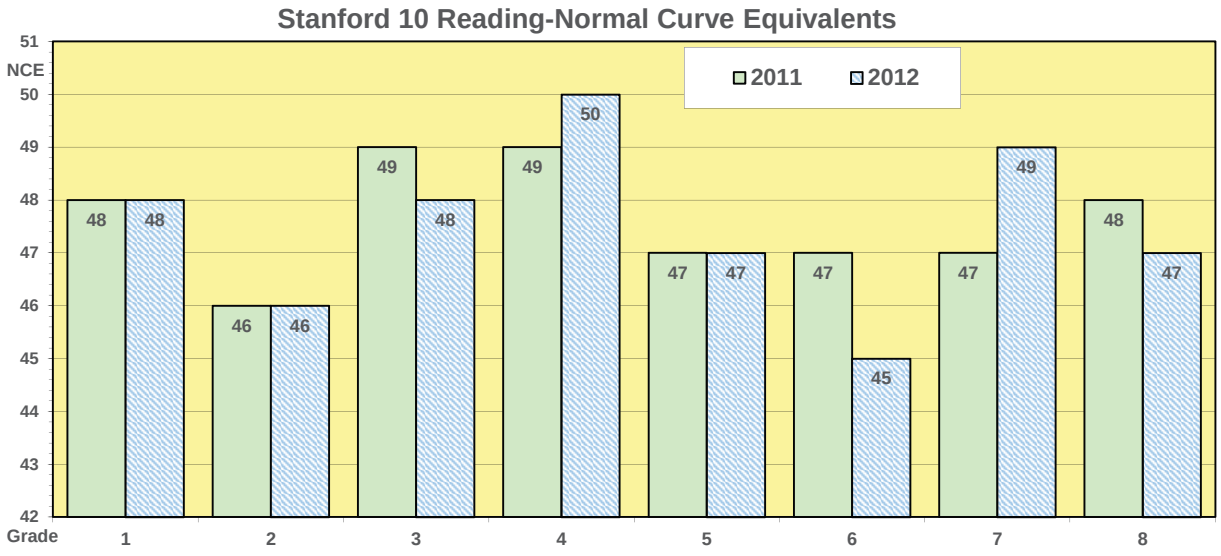
When comparing the current year's results with past years' results, the scale utilized must be percentile rank, which in grade equivalent terms is the student's grade placement at the time of testing, spread across all grades. continuous and ratio (equal interval), which necessitates that the National Percentile Rank data were transformed into Normal Curve Equivalent (NCE) scores. The NCE distribution is an equal-interval, continuous scoring scale, which is normalized and universal. It ranges from 1 to 99 with a mean NCE of 50, which corresponds to the 50th percentile in a National Percentile Rank scale, and has a standard deviation of 21.06 NCEs. The two main advantages to using an NCE scale are that it 1) allows the comparison of student performance from different test administrations, and 2) allows NCE units to have
the same meaning across tests, subtests, and grade levels.

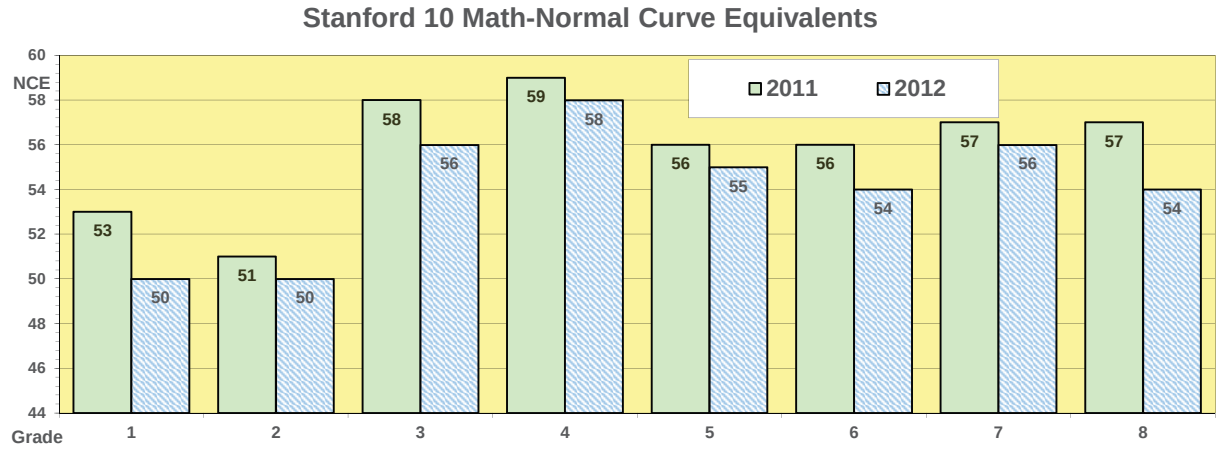
Charts reflecting this information are on the following page.

Stanford 10 Achievement Tests: Non-Special Education Students
Spring 2011/Spring 2012

Grade	Number Taking		Reading			Mathematics			Language			Enviro./Science			Social Sciences		
	10-11	11-12	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR
1	10,457	10,295	48	48	46	53	50	50	52	48	47	49	49	48			
2	10,210	10,112	46	46	43	51	50	50	48	45	41	52	54	58			
3	10,099	10,717	49	48	47	58	56	61	50	48	47	52	55	59	49	49	48
4	11,997	12,045	49	50	50	59	58	64	57	57	63	55	53	56	50	48	47
5	13,584	13,772	47	47	44	56	55	60	50	49	47	60	63	74	52	48	47
6	11,180	11,539	47	45	41	56	54	57	48	49	47	55	51	51	46	45	41
7	11,010	11,050	47	49	48	57	56	61	49	50	50	54	58	65	49	51	52
8	11,049	10,979	48	47	44	57	54	58	47	47	44	61	58	64	53	49	49

Notes: NCE = Normal Curve Equivalent. It is included to compare performance between the HISD Spring 11 and Spring 12 exam administrations.
NPR = National Percentile Ranking. This number is used to compare scores with other students nationally.
Grades 1-8 are reported, as Stanford was not administered at the high school level beginning in 2011-12.





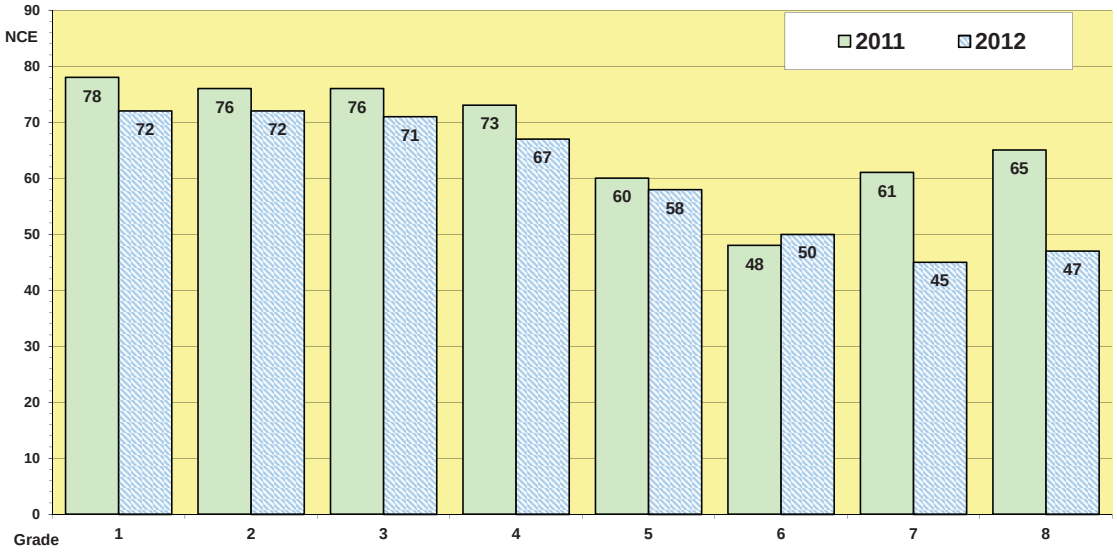
APRENDA : Non-Special Ed. Students, Spring 2011 and Spring 2012

Grade	Number Taking		Reading			Mathematics			Language			Envir./Science		
	10-11	11-12	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR	10-11 NCE	11-12 NCE	11-12 NPR
1	6,034	6,081	78	72	85	76	70	82	75	70	83	73	65	76
2	5,801	5,542	76	72	85	76	71	84	77	77	90	79	75	88
3	5,081	4,696	76	71	84	80	73	86	84	79	92	83	73	87
4	2,650	2,188	73	67	79	84	76	89	73	71	84	85	77	90
5	28	38	60	58	65	57	57	63	57	56	61	64	60	67
6	6	14	48	50	50	61	65	76	49	47	44	65	56	61
7	13	12	61	45	41	70	56	61	59	50	50	64	47	44
8	5	20	65	47	44	60	56	62	62	49	49	61	50	50

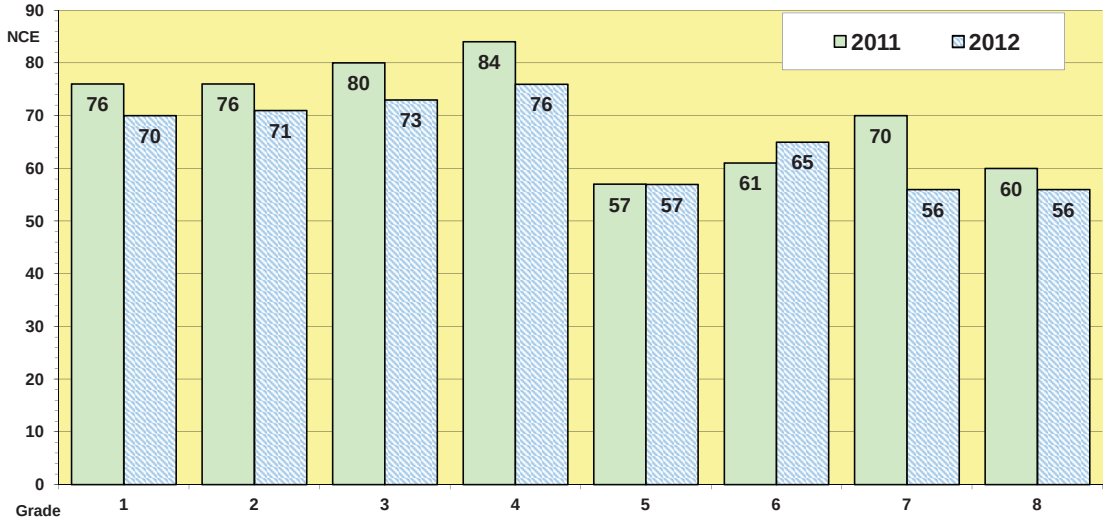
* Less than 5 students tested.

Notes: The Aprenda 3 is a Spanish language companion to the Stanford 10 (SAT) examination.
NPR = National Percentile Ranking. This number is used to compare scores with other students nationally.
NCE = Normal Curve Equivalent. It is included to compare performance between the HISD Spring 11 and Spring 12 exam administrations.

Aprenda 3 Reading - Normal Curve Equivalents



Aprenda 3 Math - Normal Curve Equivalents



National Comparisons

Comparison of HISD's performance with that of other large urban/suburban school districts across the country is difficult since each district uses different examinations and test a different percentage of the student population. The following chart represents the best information available from the nation's largest school districts. The test score information does not include the percentage of the total student population taking the exams, so the results must be interpreted with caution.

College Entrance Examination Performance: Class of 2012 (or most recent)

		New York	Los Angeles	Chicago	Miami-Dade County	Broward County	Houston	Detroit
SAT	Verbal	434	433		467	494	410	
	Math	461	442		466	498	439	
	Writing	430	437		452	483	406	
	Combined	1325	1312		1385	1475	1255	
ACT	Composite		18.4	17.6	18.3	19.3	19.6	13.5

Achievement Test Performance, Percentage Scoring At or Above 50th Percentile: 11-12 (or most recent)

Sub-Test	Grade							
Reading	1						65	
Math	1						62	
Reading	2		58				58	
Math	2		64				62	
Reading	3	49	48	69	53	56	57	33
Math	3	57	70	81	60	59	67	10
Reading	4	52	67	70	60	62	52	38
Math	4	66	71	85	62	63	66	11
Reading	5	52	62	70	60	61	41	41
Math	5	65	65	79	58	61	57	11
Reading	6	45	60	75	53	58	34	38
Math	6	59	54	79	50	56	53	13
Reading	7	43	62	72	54	60	45	303
Math	7	57	52	80	52	60	59	10
Reading	8	39	60	84	54	57	40	35
Math	8	55		81	56	63	56	7
Test Name		ELA/CTB	STAR	ISAT	FCAT	FCAT	Stanford 10	MEAP

Notes:

ELA/CTB	English Language Arts/City Wide Test-Percent meeting or exceeding standard, Spring 2012
STAR	California Standards Test Scores, 2012, Percent Basic or Higher; Grade 8 mathematics excluded as specific mathematics course results reported
ISAT	Illinois Standards Achievement Test, Percent Meeting or Exceeding Standards, Spring 2012
FCAT	Florida Comprehensive Assessment Test, Percent Meeting Sunshine State Standards, Spring 2012, Percentage at Achievement Level 3 or Higher
MEAP	Michigan Educational Assessment Program, Percent Meeting or Exceeding Standards, Fall 2010
Stanford 10	Stanford Achievement Test, Tenth Edition, Fall 2012

Houston Economic/Demographic Conditions

Houston Independent School District

The Houston Independent School District exists in the heart of the Houston metropolitan area, and the fortunes and trends of the entire area directly impact the day-to-day operations and future of the district. This section represents a view of the recent growth and diversification of the Houston economy, some selected statistics and key indicators, and projections for the future.

Overview and Economic Indicators

Houston has produced a globally competitive, vibrant, free market urban economy, and abundant opportunities for a diverse citizenry. While the source of the city's wealth was once based on natural resources, its future rests on human resources. Currently, Houston's business economy is diversifying into various industries such as technology, medical research, health care, international trade, professional services and higher education.

The **Houston Primary Metropolitan Statistical Area** (PMSA) consists of Chambers, Fort Bend, Harris, Liberty, Montgomery and Waller Counties. With an estimated population of more than 5.7 million in 2013, Houston is ranked the fourth most populous city in the United States, and the largest in the South and Southwest regions. The downtown area has a 7-mile, 20-feet wide underground air-conditioned tunnel system that connects 81 buildings, including hotels and a shopping mall. Houston is the home to the Texas Medical Center, the largest medical care and research facilities in the world. The Port of Houston is the second largest port in the United States in total tonnage and first in foreign waterborne commerce. Houston is also the headquarters not only for U.S. manned space flights, but also major oil corporations and many other large high-tech firms.

Since the mid-1990's, Downtown Houston has transformed into a vibrant culmination of business, entertainment and residences. It is the newest 'place to be'. It's a real hub; where the light rail takes riders from downtown to Reliant Park, and there's everything from outdoor dining to laser light shows and street performers. Some attractions include Bayou Place, a 150,000 square-feet retail and entertainment center; Minute Maid Park, a state-of-the art ballpark with a retractable roof; the Toyota Center, home to the Houston Rockets, Houston Comets, and the Houston Aeros; the BBVA Compass Stadium, home to the houston Dynamo Soccer Team; the George R. Brown Convention Center, used for annual business meetings, conferences, exhibits, and shows; Market Square Historic District with its historical buildings/markers, restaurants/clubs, and residential units; the Theater District (contains in total 12,948 seats for live performances and 1,480 movie seats); Chase Tower, one of the world's tallest buildings; and the Downtown Aquarium, a $38 million dollar restaurant and entertainment facility.

Other attractions are the annual Houston Livestock Show and Rodeo, the largest in the world; the Reliant Stadium, home to the Houston Texans; Space Center Houston; Schlitterbahn Waterpark, SplashTown Waterpark; the Houston Zoo; the Museum District; the Theatre District; Gulf Greyhound Park; Sam Houston Race Park; San Jacinto Battleground State Historical Park; Discovery Green; Kemah Boardwalk; and Moody Gardens.

Economic Highlights

The economy in Houston is remaining consistant with a minor increase in population, income and retail sales.

The table on the next page shows current and projected economic indicators for the Houston PMSA.

Services-Services still dominate local job growth primarily due to the shift of jobs to the business services. Some of the largest employers in the service sector include the Texas Medical Center, the largest in the nation, providing access to over 42 member institutions including 13 hospitals, 2 specialized patient facilities, 2 medical schools, 4 nursing schools, and over 65,000 employees. The Houston Independent School District is also a major employer, with more than 30,000 full-time and part-time employees, including over 12,000 teachers. The

Houston region is the academic center of the Southwest. With more than 60 colleges, universities, and other degree-granting institutions, the total enrollment for Houston's colleges and universities, alone, is over 300,000 students.

Trade–Houston's trade is largely tied to the Port of Houston and the airport system. The Port of Houston is ranked first in the U.S. in foreign tonnage, first in import tonnage, third in export tonnage, and second in total tonnage, and sixth in world-wide total tonnage. Houston's top trading partners in terms of combined imports and exports by tonnage are Mexico, Venezuela, Algeria, Saudi Arabia, Germany, Brazil, and the United Kingdom. Houston's airport system is the fourth largest in the United States and the sixth largest in the world.

Cultural–Houston has much to offer in the areas of art, music, dance, museums, and theatre. There are several venues to showcase various talents, exhibits, and shows such as the Wortham Theater Center, Jesse H. Jones Hall for the Arts, The Alley Theatre, Hobby Center for the Performing Arts, Verizon Wireless Theater, Miller Outdoor Theatre, Cynthia Woods Mitchell Pavilion, Houston Symphony, Houston Grand Opera, Alley Theatre, Theatre Under the Stars, Ensemble Theatre, Stages Repertory Theatre, Main Street Theater, Houston Ballet, Museum of Fine Arts-Houston, The Contemporary Arts Museum-Houston, The Houston Museum of Natural Science, San Jacinto Museum of History, Buffalo Soldiers National Museum, Children's Museum of Houston, Holocaust Museum-Houston, and Houston Fire Museum to name a few.

Selected Economic Indicator Five-Year Forecast

	2013	2014	2015	2016	2017
Population	5,704,357	5,819,200	5,940,988	6,099,003	6,271,078
% Growth	2.65	2.01	2.09	2.66	2.82
Per Capita Income	51,820	53,850	56,510	59,710	63,057
% Growth	5.02	3.92	4.94	5.66	5.61
Retail Sales (millions)	109,185,568	114,072,771	121,385,412	130,893,053	141,026,944
% Growth	6.72	4.48	6.41	7.83	7.74
Non-Ag. Employment	2,513,723	2,562,924	2,628,716	2,705,952	2,780,506
% Growth	2.18	1.96	2.57	2.94	2.76

Source: University of Houston, Center for Public Policy Institute for Regional Forecasting, June, 2012.

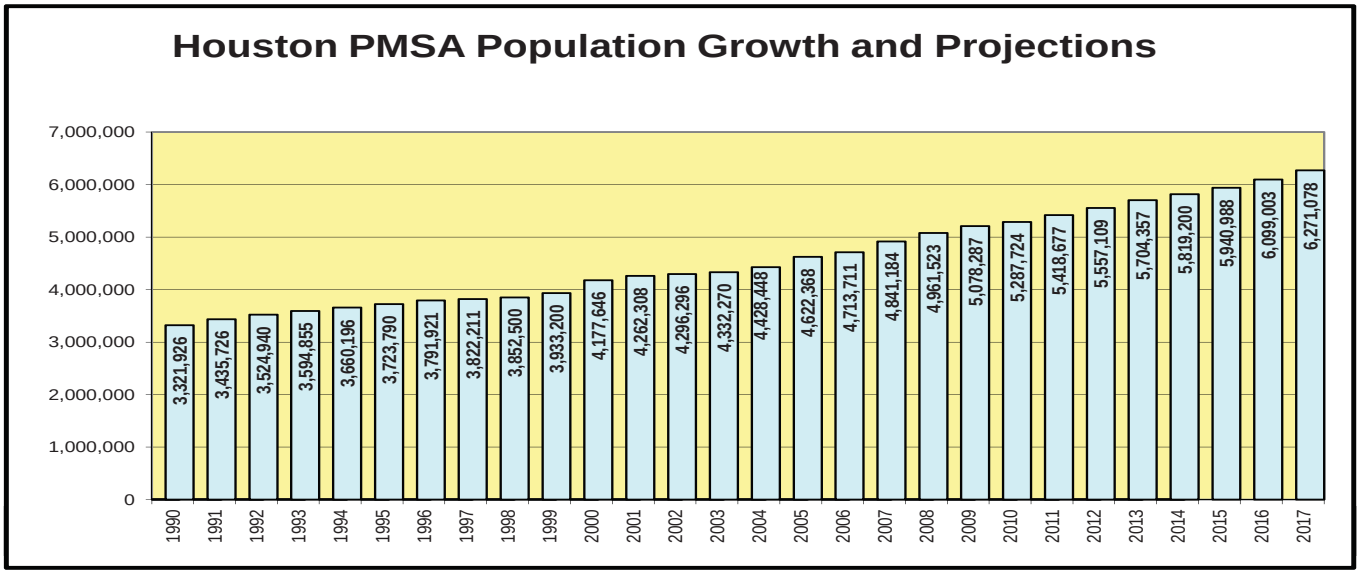
Demographics

Houston is a multilingual and multicultural city, home to thousands of refugees, immigrants and expatriate workers from all over the world. Communities of foreign-born residents — Arab, Chinese, Dutch, English, Ethiopian, Indian, Japanese, Mexican, Nigerian, Pakistani, Polish, Russian, Salvadoran, and Vietnamese, to name a few, have established a rich blend of educational, cultural, social, and business support organizations.

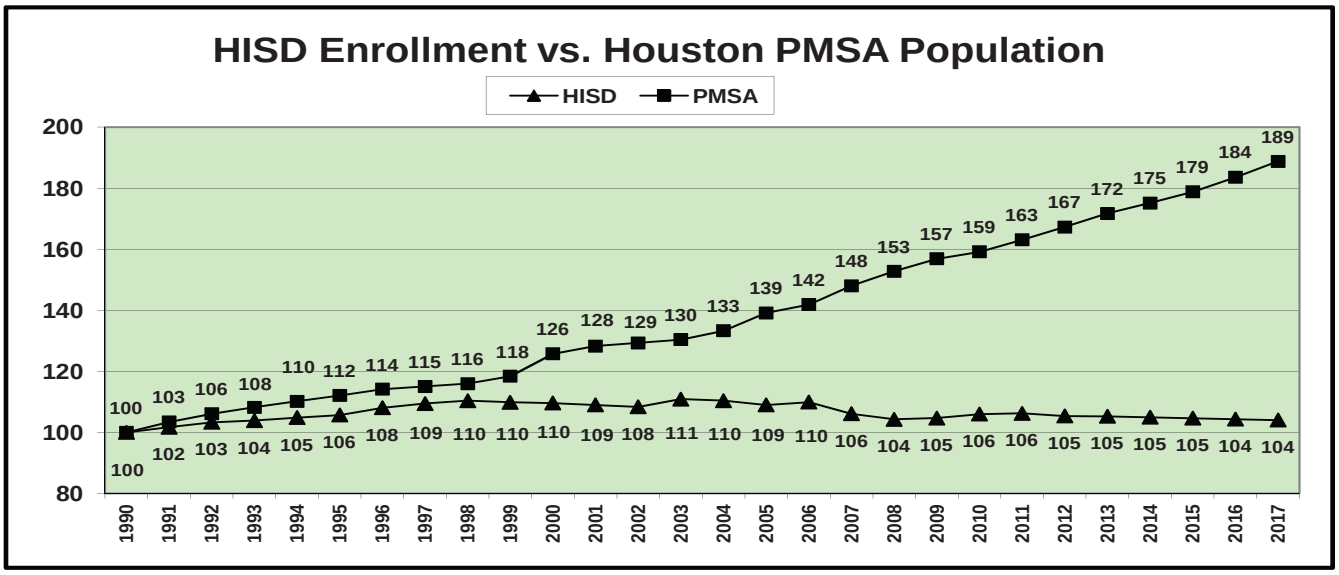
The following tables illustrate Houston's PMSA population by ethnicity, growth, and provides estimates of future growth. The last table compares HISD's enrollment to Houston's PMSA population.

Population by Race		
	Houston	Texas
White	52.9%	70.4%
African American	21.0%	11.8%
Asian	6.5%	3.8%
American Indian and Alaska Native	0.7%	0.7%
Native Hawaiian and Other Pacific Islander	0.1%	0.1%
Other	15.5%	10.5%
Identified by two or more races	3.3%	2.7%

Source: U.S. Bureau of the Census, Census 2010



Source: University of Houston, Institute for Regional Forecasting, June 2012
Note: PMSA = Primary Metroplitan Statistical Area



Source: Population actual and projections from the University of Houston, Institute for Regional Forecasting, June 2012; Enrollment actual and projections from the HISD Office of Budgeting and Financial Planning

Note: Base year = 1990. The figures represent the relative increase since 1990. Population numbers from 2004-2017 are forecast by the University of Houston, Institute for Regional Forecasting;