

HISD Budget Workshop

May 22, 2025
Workshop #5



Workshop 5 Outcomes and Agenda

Outcomes:

1. Updated understanding of current legislative impacts
2. Shared understanding of budget priorities and overview
3. Understanding of current state of maintenance tax notes

- Legislative Updates
- Budget Summary
- Maintenance Tax Notes

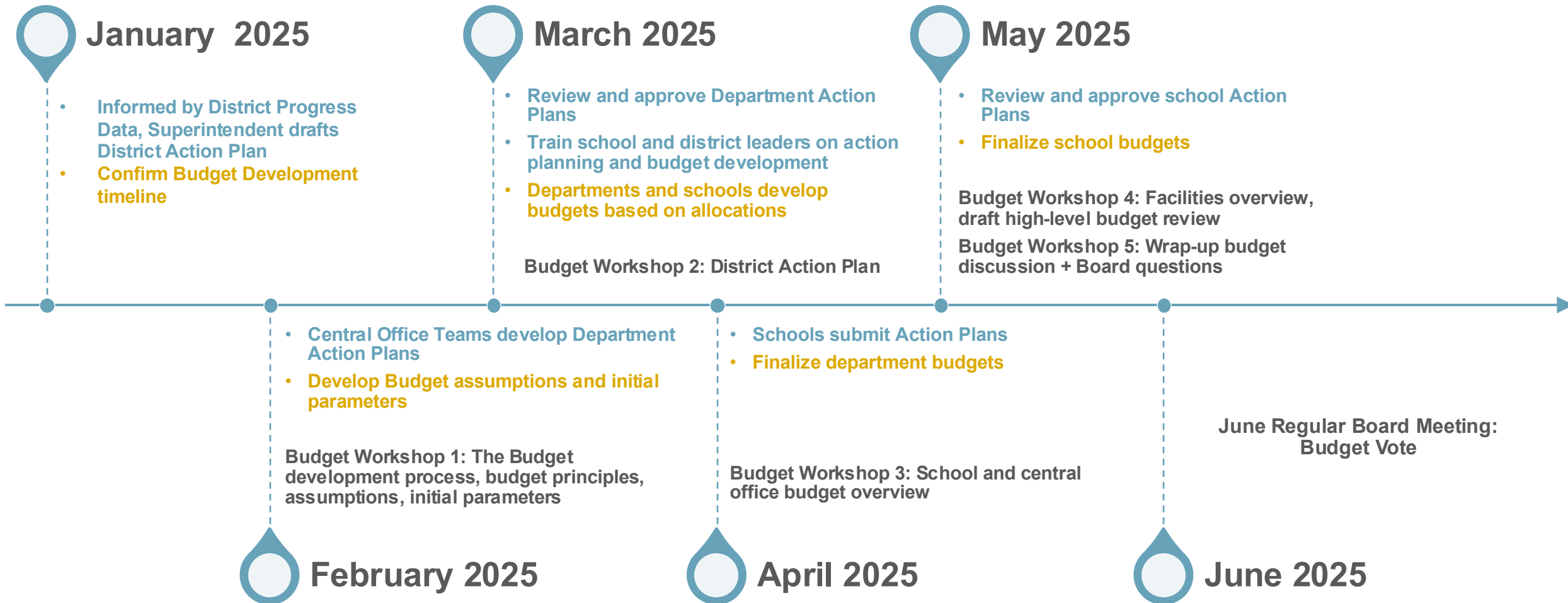
Budget Workshop Scope and Sequence

Workshop Series Goals

- Socialize HISD’s approach to budgeting
- Connect the 25-26 budget to District goals and priorities
- Outline areas for proposed spending reductions
- Provide transparency into the department and school budget allocations

February 27 th	March 26 th	April 23 rd	May 1 st	May 22 nd June 12 th
<div>Overview of District Financial Position</div> <div>Overview of Best-in-Class District Budget Development Practices</div> <div>HISD’s School Year 25-26 Budget Approach and Timeline, Assumptions and Methodology</div>	<div>School Year 25-26 District Action Plan and Alignment to Board Goals</div> <div>School Budget Approach Preview</div>	<div>Central Office Department Budget Allocations</div> <div>PUA School Budget Overview</div> <div>NES Budget Overview</div>	<div>Preliminary high-level budget</div> <div>PUA NES Campus Budget Update</div> <div>Facilities Review</div>	<div>May 22: Proposed Budget Review + Board Discussion</div> <div>June 12: Budget Vote</div>

Development Timeline



School Year 25-26 Budget Goals

- **Prioritize district resources to sustain transformation:** Resource key district priorities to sustain early transformation progress, accomplish Board Goals
- **Align resources to enrollment to ensure sustainability:** Create central office department budgets and ensure direct-to-school budget allocations align to the Action Plan and account for enrollment decreases. Ultimately, these allocations aim to ensure minimal disruptions to programming.

Our Guiding Principles

1. **Keep cuts as far away from the classroom as possible.** We are ensuring that every school gets the per-pupil allowance they are supposed to receive. The District will provide the necessary for each school to maintain high quality instruction and a safe and supportive school environment.
2. **Prioritize resources to meet District goals.** The District Action Plan provides an outline of the highest priority items that will help the District accomplish the School Board's goals and the District's mission.
3. **Make decisions now that will support long term financial sustainability.** The District will be one step closer to a balanced budget, will allocate necessary funds to accomplish Board Goals and actualize District vision while maintaining District fiscal stability.

Key Reminder

Building the District budget is an **iterative** process between January and June. All budget materials are drafts up to June 12th.

LEGISLATIVE UPDATE

89th Legislative Session – In Progress

- Reminder: Session ends on June 2, 2025
- Senate Sub Committee for HB2 introduced by the Senate was released on May 15, 2025
 - If this sub moves forward as is there will be a smaller increase in the Basic Allotment and increase in entitlements (SPED, safety, Teacher Incentive Allotment, teacher salaries, PTECH).
 - There are still multiple steps until legislation is final.

REVIEW OF PRELIMINARY SUMMARY BUDGET

FY26 Budget Assumptions

Enrollment	Average Daily Attendance (ADA)	Weighted Average Daily Attendance	Taxable Property Values	State Basic Allotment
<ul style="list-style-type: none">• Projecting a loss of 6,500 students• Total enrollment: 170,000	<ul style="list-style-type: none">• Remains similar• SY24-25: 94.1%• SY25-26: 94%	<ul style="list-style-type: none">• Estimated ~2.8% decrease• SY24-25: 227,500• SY25-26: 223,000	<ul style="list-style-type: none">• \$241,143,766,896• M&O 0.6823	<ul style="list-style-type: none">• Anticipated increase based on current legislation• \$220-\$395

General Fund Revenue Summary

Local and State Revenue is subject to change

	Revenue 2025	Preliminary Budget FY26 Revenue	Change in Revenue
Local	1620.7 M	1616.9 M	-3.8 M
State	252.4 M	301.9 M	49.5 M
State Salary Allotment	0.0 M	34.5 M	34.5 M
Teach Incentive Allotment	0.0 M	14.5 M	14.5 M
School Calendar Increased to 181 Days	0.0 M	17.0 M	17.0 M
Security Grant	0.0 M	11.7 M	11.7 M
Federal	26.7 M	21.7 M	-5.1 M
Other Sources / Transfers In	80.0 M	20.0 M	-60.0 M
SHARS	17.0 M	20.0 M	3.0 M
Disaster Relief Tax	0.0 M	22.0 M	22.0 M
General Funds	1996.8 M	2080.1 M	83.3 M

General Fund Expenditure Summary

	Expenditures 2025	Preliminary Budget FY 26 Expenditures	Change in Expenditures
Departments	447.4 M	375.9 M	-71.4 M
PreK Expansion	0.0 M	5.0 M	5.0 M
Other District Action Plan	0.0 M	3.0 M	3.0 M
Salary increase CO	0.0 M	5.8 M	5.8 M
Special Education - Teachers and Teaching Assistants	170.2 M	189.5 M	19.3 M
Schools-Charter, DAEP, JJAEP, HCC Lifeskills, Community Services	71.0 M	82.1 M	11.1 M
Summer School	15.0 M	15.0 M	0.0 M
PUA	579.0 M	562.7 M	-16.3 M
PUA teacher salary increases	0.0 M	12.0 M	12.0 M
School Budgets (add back 10%)	0.0 M	1.3 M	1.3 M
NES	570.2 M	545.3 M	-25.0 M
NES teacher salary increases	0.0 M	9.0 M	9.0 M
Supplies and Materials NES	0.0 M	-2.5 M	-2.5 M
DYAD and Athletics	11.8 M	9.7 M	-2.0 M
Districtwide	291.5 M	298.1 M	6.6 M
Recapture	57.0 M	0.0 M	-57.0 M
Debt Payment for Tax Notes	0.0 M	8.0 M	8.0 M
One-Time	12.8 M	0.0 M	-12.8 M
Transfer Out	16.4 M	16.0 M	-0.4 M
Total	2242.2 M	2135.9 M	-106.3 M

General Fund Summary

	Revenue 2025	Revenue 2026
Total Revenue	1996.8 M	2080.1 M
	Expenditures 2025	Expenditures 2026
Total Expenditures	2242.2 M	2135.9 M

Net Change Revenue over Expenditures	-245.3 M	-55.8 M
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Beginning Fund Balance	1047.2 M	801.9 M
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Projected Ending Fund Balance	801.9 M	746.1 M
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Comparative Funding Per Student – NES & PUA

Campus Type	Enrollment	Base Funding	Base Per Student	Districtwide Per Student	SPED Per Student	Base + Districtwide & SPED Per Student
NES	64,999	\$556,812,358	\$8,566	\$373	\$1,696	\$10,635
PUA	93,884	\$575,825,858	\$6,133	\$252	\$717	\$7,103

Campus Type	Base + Districtwide & SPED Per Student	SPED Per Student	NES Learning Coaches & Teacher Apprentices Per Student	Differential In Teacher Salaries Per Student	Total Per Student
NES	\$10,635	\$1,696	\$1,268	\$660	\$7,011
PUA	\$7,103	\$717	\$-	\$-	\$6,386

MAINTENANCE TAX NOTES

Maintenance Tax Notes

CCMR and CTE improvements	\$10,000,000
Barbara Jordan upgrade	\$20,000,000
Transportation System revamp	\$5,000,000
Health and security capital improvements	\$40,000,000
IT infrastructure upgrade	\$35,000,000
TOTAL	\$110,000,000

APPENDIX

Approx 9% Reduction Central Office Staff

Department	SY24-25 FTEs	SY25-26 FTEs	Change
Academics	675	685	+10
Chief of Staff	3	12	+9
Comms & PA	151	73	-78
FMO	1607	1408	-199
Finance	196	189	-7
HR	122	105	-17
IT	240	187	-53
Legal	24	23	-1
Org Eff	125	157	32
Police	251	251	0
Schools	297	248	-49
Special Education	95	95	0
TOTALS	3,786	3,438	-348

Budget Alignment to Superintendent Action Plan

May 22, 2025



HISD Action Plan

Foundational

1. Expand leadership density

2. Improve the quality of instruction

3. Strengthen Central Office

4. Improve reading instruction Pre-K through 4th grade

5. Improve SPED and SEL services

6. Improve safety of facilities

Innovative

7. Create a new education system

8. Implement new staffing model

9. Implement new Principal and Teacher evaluation systems

10. Create an Earned Autonomy System

11. Develop and implement Year 2035 Competencies and Experiences

HISD has been engaged in the most important transformation effort in the nation. At the beginning of the 2023-2024 school year, the new administrative team began implementing Destination 2035, a plan to get the District out of intervention status and fundamentally and systemically change the education system. The goal is to raise student outcomes and prepare students for a Year 2035 workplace and world. Destination 2035 outlined 11 key areas that would guide the work and operations of the District over the next few years (see picture from the Destination 2035 plan at the right). To date, the District has made great strides in each of the areas except “improve safety of facilities.” And student outcomes have already improved considerably.

Academics Department Alignment

Instructional Quality and Targeted Student Support

Strategic Goal: Accelerate Student Achievement for All Learners

The Academics team will improve the quality of instruction by ensuring access to high-quality curriculum and digital resources, while providing targeted support for Pre-K and Emergent Bilingual students to drive foundational skill development.

Teacher Effectiveness and Evaluation Systems

Strategic Goal: Elevate Teaching Excellence Across the District

The department will implement a new teacher evaluation and compensation system and effectively manage LEAD, NIES, and EDAS to promote accountability, growth, and recognition of instructional excellence.

Expansion of High-Quality Seats and Program Access

Strategic Goal: Increase Access to Excellent Schools and Programs

HISD will expand Pre-K access, strengthen enrollment systems, and improve magnet programs—ensuring more students are served in high-quality academic environments.

Post-Secondary Pathway Expansion

Strategic Goal: Prepare Students for College, Career, and Life

The Academics team will expand access to high-quality post-secondary opportunities, including CTE, early college, and industry certification pathways that prepare students for success beyond high school.

Strengthened Internal Academic Systems

Strategic Goal: Build Capacity for High-Impact Academic Leadership

The department will invest in internal systems that support data analysis, leadership development, and clear communication—ensuring strong execution and alignment with district goals.

Support for Districtwide Health & Safety Implementation

Strategic Goal: Ensure Safe, Supportive, and Inclusive Learning Environments

Academics will partner with relevant departments to support the implementation of the district's Health & Safety plan, ensuring academic practices and environments align with wellness priorities.

Chief of Staff Department Alignment

Strengthened Data Governance

Strategic Goal: Improve Districtwide Systems and Operational Excellence

The Chief of Staff Office will lead efforts to build robust data governance structures—ensuring clear ownership, standardization, and security of data across departments to support accurate reporting, compliance, and informed decision-making.

Improved Data Accountability and Strategic Planning

Strategic Goal: Drive Results through Transparent and Aligned Planning

The team will enhance districtwide strategic planning by strengthening data accountability systems, enabling clearer progress monitoring, improved goal alignment, and increased ownership at all levels of the organization.

Cross-Functional Strategic Priorities Execution

Strategic Goal: Align Departments to Execute High-Impact Priorities Effectively

The Chief of Staff Office will lead and support cross-functional collaboration to implement the district's strategic priorities—breaking down silos, aligning workstreams, and ensuring coordinated execution that accelerates student and system outcomes.

Finance Department Alignment

Strengthened Districtwide Financial Systems and Efficiency

Strategic Goal: Improve Operational Excellence Across the District

The Finance Department will streamline financial systems, enhance cross-functional processes, and improve data accuracy and cycle times—delivering a more efficient, user-friendly experience for schools and departments.

Timely and Transparent Financial Communication

Strategic Goal: Build Trust Through Accurate, Accessible Financial Information

Finance will provide timely and accurate financial data to internal and external stakeholders, supporting informed decision-making and increasing public confidence in HISD's financial stewardship.

Improved Financial Operations and Service Delivery

Strategic Goal: Optimize Core Business Functions to Support Student Success

The department will increase performance on key financial KPIs and strengthen service delivery by modernizing tools, automating processes, and improving response times to meet the evolving needs of schools and staff.

Enhanced Internal Team Engagement and Development

Strategic Goal: Foster a High-Performance Culture Across Finance Teams

Finance will prioritize employee engagement, interdepartmental collaboration, and compliance with professional development goals—ensuring staff are equipped, connected, and aligned with district priorities.

FMO Department Alignment

Immediate Infrastructure Repairs at High-Need Campuses

Strategic Goal: Provide Safe and Healthy Learning Environments

FMO will address \$40 million in urgent HVAC and roofing repairs at high-impact schools, prioritizing student safety, comfort, and uninterrupted learning in the 2025–2026 school year.

Improved Work Order and Emergency Response Systems

Strategic Goal: Increase Operational Efficiency and Responsiveness

The department will enhance its work order management processes and emergency response protocols to ensure timely, trackable resolution of facility issues across all campuses.

Long-Term Facilities Maintenance Strategy

Strategic Goal: Sustain Quality School Infrastructure Over Time

FMO will develop a districtwide long-term maintenance plan to ensure proactive facility upkeep, reduce deferred maintenance, and optimize lifecycle costs for buildings and equipment.

Strengthened UIL Compliance for Athletics

Strategic Goal: Support Safe and Equitable Extracurricular Access

The team will reinforce University Interscholastic League (UIL) compliance measures across all athletic programs—ensuring student-athlete safety, equitable access, and adherence to state standards.

General Counsel Department Alignment

Legal Oversight of District Initiatives

Strategic Goal: Ensure Compliance and Mitigate Risk Across All Operations

The Office of General Counsel will partner with departments to ensure all new initiatives comply with legal requirements, are effectively implemented, and minimize legal exposure—protecting the district while enabling innovation and progress.

Legal Department Modernization

Strategic Goal: Improve Operational Excellence and Service Delivery

The department will modernize internal systems, processes, and service models to increase responsiveness, streamline legal workflows, and align with the district's culture of high performance and continuous improvement.

Human Resources Department Alignment

Strategic Staffing for Early Childhood Expansion

Strategic Goal: Expand Access to High-Quality Early Learning

The HR team will ensure 90% of positions are filled for expanded Pre-K3 and Pre-K4 classrooms for the 2025–2026 school year, supporting the district’s commitment to early childhood education access and instructional quality.

Early Offer Acceptance for High-Quality Teachers

Strategic Goal: Recruit and Retain Excellent Educators

Human Resources will drive early commitment efforts, aiming for at least 80% of Proficient 1 or higher-rated teachers to accept employment offers by July 1, 2026—ensuring stability and continuity in the teacher workforce.

Cross-Functional Support for Transportation Reform

Strategic Goal: Improve Operational Systems in Service of Schools

HR will lead a new Transportation Task Force, aligning hiring strategy and process improvements to support districtwide transportation changes for SY25–26, with a focus on staffing efficiency and operational readiness.

Improved HR Data Accuracy and Integration

Strategic Goal: Strengthen Data Systems to Drive Decision-Making

The department will enhance the accuracy and integration of HR data systems to better support school staffing, operational planning, and district-wide performance monitoring.

IT Department Alignment

Data-Driven Decision Making

Strategic Goal: Strengthen Instructional and Operational Effectiveness through Real-Time Data

The IT team will fund, design, and implement a Microsoft-based data lake and dashboard platform using Microsoft Fabric. This solution will provide district leaders with accurate, actionable insights within one hour of request—supporting instructional interventions, compliance reporting, and operational efficiency.

ERP Modernization

Strategic Goal: Improve Operational Systems to Better Support Schools

HISD will select and begin implementation of a cloud-based ERP solution to replace legacy SAP systems across HR, Finance, Procurement, Payroll, and Facilities. This transition will streamline operations, enhance transparency, and reduce long-term technical debt.

Cybersecurity and Compliance Overhaul

Strategic Goal: Safeguard District Data and Ensure Regulatory Compliance

In response to audit findings, the IT department will launch a multi-layered cybersecurity strategy including internal penetration testing, role-based access controls, and full adherence to state and federal data security regulations.

Instructional Technology Systems Support

Strategic Goal: Minimize Instructional Disruption and Enhance Teaching Tools

IT is upgrading and integrating student-facing systems—including gradebooks, attendance, assessments, and SPED platforms—to improve teacher usability and ensure accurate, real-time data integration with the SIS and LMS.

Centralized Communications and Engagement Platform

Strategic Goal: Enhance Family Engagement through Streamlined Communication

The department will fully implement a unified parent communications platform, enabling schools to send timely, personalized updates. IT will lead the technical integration and identity management work to ensure a seamless user experience.

Organizational Effectiveness Department Alignment

Improved Special Education Outcomes and Services

Strategic Goal: Ensure Equity and Excellence for All Learners

The Office of Organizational Effectiveness will lead efforts to improve SPED instruction, service delivery, and student outcomes—ensuring compliance, individualized supports, and high expectations for all students with disabilities.

Transportation and Fleet Efficiency Improvements

Strategic Goal: Strengthen Operational Systems in Service of Schools

The team will enhance districtwide transportation systems and fleet operations to increase reliability, efficiency, and support for timely student access to instruction.

Safe Learning Environment Systems Coordination

Strategic Goal: Foster Safe and Supportive School Environments

Organizational Effectiveness will coordinate across Cabinet offices to improve systems and processes that underpin student safety, ensuring operational alignment with the district's Health & Safety implementation plan.

Stakeholder Engagement in District Decision-Making

Strategic Goal: Build Trust Through Inclusive and Transparent Governance

The office will actively engage key stakeholder committees—including the District Advisory Committee (DAC), Special Education Parent Advisory Group, and Transportation Advisory Committee—to inform district decisions and strengthen community trust.

Police Department Alignment

Safety Systems Modernization

Strategic Goal: Improve Operational Excellence and Student Safety

The department is building infrastructure for a modern Records Management System (RMS) and Computer Aided Dispatch (CAD) system, to go live in SY26–27. These systems will streamline operations, improve response times, and support data-informed decision-making across the district.

Coordinated Safety Support Across the District

Strategic Goal: Foster Safe and Supportive Learning Environments

The department will enhance safety processes and coordination across Cabinet teams—ensuring a unified, districtwide approach to supporting safe learning conditions for all students and staff.

Internal Mediation and Relationship Building

Strategic Goal: Strengthen Organizational Culture and Community Trust

A new internal mediation unit will be established to improve departmental effectiveness, reduce conflict, and foster stronger relationships both within the department and with the broader HISD community.

Leadership Development for High-Potential Supervisors

Strategic Goal: Develop Talent and Build Capacity

The department will identify and invest in supervisors with high leadership potential, offering targeted development opportunities to strengthen internal culture, improve staff effectiveness, and build a sustainable leadership pipeline.

Public Affairs & Communication Department Alignment

Accurate and Transparent Communication

Strategic Goal: Build Trust and Strengthen Stakeholder Confidence

The department ensures families, staff, and the public receive timely, accurate, and clear updates through centralized messaging systems, multilingual communications, and proactive media engagement. This effort supports transparency around key district initiatives and decisions.

Communications Infrastructure Modernization

Strategic Goal: Improve Operational Excellence and Communication Systems

HISD is launching a new suite of communications tools and platforms. The department will lead the training and onboarding of central departments, school-based teams, and families to ensure consistent, accessible, and user-friendly communication districtwide.

Family Engagement and Advocacy

Strategic Goal: Strengthen Family and Community Partnerships

The district will expand direct outreach to families to share school-specific updates and collect input. Public Affairs will also empower families to share their personal, positive experiences with HISD, amplifying authentic voices across the community.

Strategic Stakeholder Relations

Strategic Goal: Ensure Support for HISD's Transformation

The team will maintain consistent engagement with external stakeholders—including the Board of Managers, elected officials, and the education reform community—to share transformation milestones, gather feedback, and build long-term support for district initiatives.

Schools Department Alignment

Improved Quality of Instruction

Strategic Goal: Accelerate Student Achievement in Every Classroom

The Chief of Schools Office will work in close partnership with school leaders to continue to strengthen instructional quality across campuses—ensuring all students benefit from rigorous teaching and consistent use of high-quality curriculum and practices.

Expanded Access to Post-Secondary Pathways

Strategic Goal: Prepare Students for College, Career, and Life

The team will support schools in expanding access to high-quality post-secondary options, including CTE and industry-based certifications (IBCs), and early college programs—ensuring more students graduate with viable and valuable opportunities for their futures.

Continued Implementation of the NES System

Strategic Goal: Increase Access to Excellent Schools through Systemic Innovation

The Chief of Schools Office will continue implementing the New Education System (NES), refining school support structures, academic expectations, and accountability mechanisms to ensure every NES campus delivers consistent, high-quality student outcomes.

Leadership Density and Development

Strategic Goal: Build Strong, Sustainable Campus Leadership Pipelines

The department will invest in growing leadership capacity across all schools, with a focus on deepening the bench of high-quality principals, assistant principals, & instructional leaders to drive long-term school success

Special Education Department Alignment

Improved Service Delivery for Diverse Learners

Strategic Goal: Deliver Equitable, Individualized Supports for All Students

Houston ISD will enhance the delivery of special education services to ensure that instructional practices, interventions, and supports meet the diverse academic, behavioral, and developmental needs of students with disabilities.

Strengthened Compliance with Timelines and Procedures

Strategic Goal: Build Systems of Accountability and Legal Adherence

The district will improve compliance with ARD and evaluation timelines, ensuring all students receive timely and appropriate services aligned with federal and state requirements.

Improved Student Outcomes in Special Education

Strategic Goal: Accelerate Academic and Functional Growth for Students with Disabilities

Special Education will focus on improving academic, behavioral, and post-secondary outcomes for students receiving services by strengthening instructional quality, progress monitoring, and data-informed interventions.

Increased Operational Efficiency at District and Campus Levels

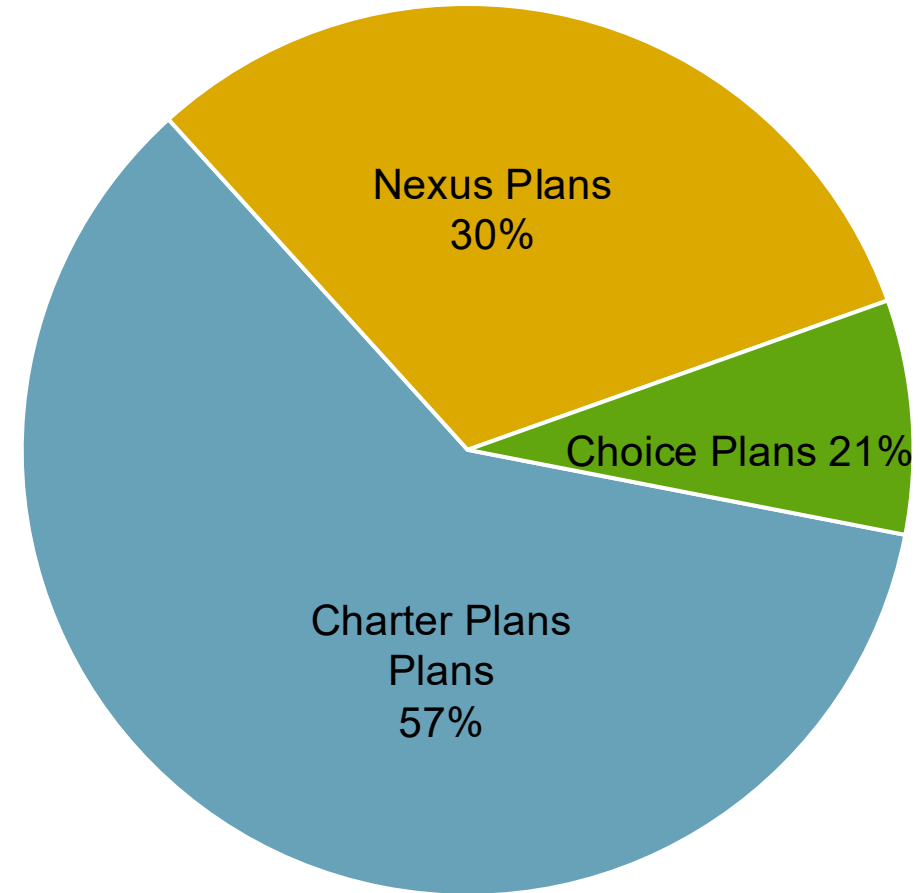
Strategic Goal: Improve Special Education Systems and Supports

HISD will modernize and streamline special education systems and processes across central office and campuses—improving coordination, clarity, and responsiveness in service of students and families.

BENEFITS

HISD Medical Plan Enrollment by Network

- **Charter (Kelsey) Plans** – Houston Network with 42 local clinics and 1,000 providers
- **Nexus/Memorial Herman Plans** – Broader Houston Network with access to a Tier I group of 4,600 Primary Care and 7,300 Specialists
- **Choice Plans** – Broad national network with access to most area providers contracted with United Healthcare



2025 - 2026

HISD Medical Rate Contribution History

HISD Contributions

2025/26

Employee Only - \$680.80/mo
EE and Dependents - \$738.32/mo

2024/25

Employee Only - \$631.24/mo
EE and Dependents - \$684.58/mo

2023/24

Employee Only - \$631.24/mo
EE and Dependents - \$684.58/mo

2022/23

Employee Only - \$628.90/mo
EE and Dependents - \$682.04/mo

Employee Contributions

2026

7.25% Rate Increase

2025

10% Rate Increase

2024

No Rate Increase

2023

No Employee Only Increase
Dependent Rate Increases – 4%-8%

FY2026 Health Service Fund Statement of Revenues and Expenditures

Revenues	FY2025 Current Budget	Projected FY2025 Budget	Projected FY2026 Budget
Employer Contributions	\$ 143,618,000	\$ 137,616,837	\$ 145,610,615
Employee Contributions	\$ 32,976,130	\$ 31,140,953	\$ 32,604,732
Transfer from WC Fund	\$ 12,359,204	\$ 12,359,204	
Investment Earnings	\$ 1,358,500	\$ 1,093,527	\$ 775,000
Misc. Revenues	\$ 16,887,000	\$ 19,748,330	\$ 22,973,578
Total Revenue	\$ 207,198,834	\$ 201,958,851	\$ 201,963,925
Expenses			
Department Costs	\$ 2,230,052	\$ 2,465,115	\$ 2,578,884
Prof. Services – Medical Claims	\$ 136,164,335	\$ 126,985,660	\$ 173,452,921
Prof. Services – Pharmacy Claims	\$ 60,670,684	\$ 54,624,534	\$
Prof. Services – Other Costs	\$ 10,194,981	\$ 11,377,757	\$ 13,440,840
Contracted Services ¹	\$ 6,500,000	\$ 7,046,000	\$ 11,961,033
Total Expenses	\$ 215,760,052	\$ 202,499,065	\$ 201,433,678
Operating Profit/(Loss)	\$ (8,561,218)	\$ (540,215)	\$ 530,247