

HISD Public Hearing on **Budget & Tax Rate** 2025-2026 Proposed Fiscal Year Budget June 12, 2025



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 funds 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.

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

Development Timeline



Agenda

- **Property Values**
- **Budgets for Adoptions**
 - **General Fund**
 - **Debt Service Fund**
 - **Nutrition Services Fund**
- **Budget Form to be Adopted**

PROPERTY VALUES

Tax Year 2025 Property Values

Major Property Category	2024 Taxable Value	Percent Change	Projected 2025 Taxable Value
Residential & Rural Improved	99,293,283,702	4.60%	103,865,590,477
Apartment	35,592,814,176	1.28%	36,047,599,224
Commercial	65,574,056,140	1.54%	66,584,822,510
Vacant Land	6,883,385,061	-3.92%	6,613,636,696
Industrial	4,843,022,493	-0.33%	4,827,234,240
Utility	2,817,943,526	3.16%	2,907,060,990
Commercial Personal	12,820,659,587	1.92%	13,067,264,974
Industrial Personal	7,296,967,230	-1.71%	7,172,225,575
All Other Property	93,876,019	-37.86%	58,332,211

Projected 2025 Taxable Value	235,216,007,934	2.52%	241,143,766,896
-------------------------------------	------------------------	--------------	------------------------

Projected 2025 Taxable Value Range

Accuracy +/- 5%	229,086,578,552	To	253,200,955,241
------------------------	------------------------	-----------	------------------------

Estimated FY2026 Tax Collections

- Projected Taxable Value = \$241,143,766,896
- M&O Tax Rate = .6923
- **Estimated M&O Tax Revenue = \$1,558,545,630**
- I&S Tax Rate = .1667
- **Estimated I&S Tax Revenue = \$367,333,733**

GENERAL FUND (M&O)

Proposed General Fund Budget FY26

HOUSTON INDEPENDENT SCHOOL DISTRICT PROJECTED RECOMMENDED BUDGET

SCHEDULE OF REVENUES, APPROPRIATIONS, AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

See attachment

Proposed General Fund Budget FY26

HOUSTON INDEPENDENT SCHOOL DISTRICT PROJECTED RECOMMENDED BUDGET

SCHEDULE OF REVENUES, APPROPRIATIONS, AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	FY2025 Budget As of June 12, 2025	Proposed FY2026 Budget
REVENUES		
Local sources	\$ 1,618,582,218	\$ 1,645,873,202
State sources	262,890,713	414,500,000
Federal sources	25,131,818	21,660,000
Total revenues	<u>\$ 1,906,604,750</u>	<u>\$ 2,082,033,202</u>
APPROPRIATIONS		
11 Instruction	\$ 1,202,028,014	\$ 1,244,558,642
12 Instructional resources and media services	7,533,634	6,452,762
13 Curriculum development and instructional staff development	16,558,653	14,082,957
21 Instructional leadership	67,230,988	71,949,719
23 School leadership	221,800,900	225,426,329
31 Guidance, counseling, and evaluation services	66,092,313	58,115,936
32 Social work services	6,869,543	2,905,997
33 Health services	24,638,108	26,134,103
34 Student (pupil) transportation	53,482,293	38,336,368
35 Food services	131,632	23,441
36 Co-curricular/extracurricular activities	27,223,366	23,734,834
41 General administration	51,651,348	59,990,522
51 Facilities maintenance and operations	217,948,329	190,550,216
52 Security and monitoring services	30,157,939	33,393,427
53 Data processing services	49,356,090	44,798,974
61 Community services	7,812,291	7,088,134
71 Debt service	7,030,350	120,000
81 Facilities acquisition and construction	1,268,646	15,819
91 Contracted instructional services between public schools	44,468,370	-
95 Juvenile justice alternative education program	692,000	792,000
97 Payments to tax increment fund	56,066,884	53,509,290
99 Tax appraisal and collection	16,190,000	19,913,644
Total expenditures	<u>2,176,231,690</u>	<u>2,121,893,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(269,626,940)</u>	<u>(39,859,912)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	24,700,000	25,000,000
Sale of Property	14,000,000	20,000,000
Transfers out	(16,405,274)	(19,823,927)
Total other financing sources (uses)	<u>22,294,726</u>	<u>25,176,073</u>
Net change in fund balances	(247,332,214)	(14,683,839)
Estimated fund balances—beginning July 1, 2024 or 2025 ⁽²⁾	1,047,196,700	799,864,486
Estimated Fund balances—ending June 30, 2025 or 2026 ⁽²⁾	<u>\$ 799,864,486</u>	<u>\$ 785,180,647</u>

Revenue

Revenue/ Savings	Budget Estimates
Budgeted Revenue FY2025	\$1,906,604,750
Local Revenue: Property Taxes/Interest Earnings (4)	\$27,290,984

State Funding	
Basic Allotment and State Entitlements	\$83,884,702
Teacher Retention Allotment	\$36,550,000
Support Staff Retention Allotment	\$6,287,135
School Safety Allotment	\$6,636,919
Allotment for Basic Costs	\$18,250,531

Federal Sources: Indirect Cost (1)	(\$3,471,818)
------------------------------------	---------------

Revenue Increase	\$175,428,453
-------------------------	----------------------

Estimated Revenue FY2026	\$2,082,033,203
---------------------------------	------------------------

Expenditures

Increase/Decrease in Expenditures	Budget Estimate
Budgeted Expenditures FY2025	\$2,176,231,690

Pre-K Expansion	\$5,000,000
Other District Action Plan (5)	\$3,000,000
Teacher Pay Raise	\$11,710,000
Support Staff Pay Raise	\$5,800,000
Special Education - Teachers and Teaching Assistants	\$13,728,691
Schools-Charter, DAEP, JJAEP, HCC Lifeskills, Community Services	\$10,861,591
Safety & Security	\$3,235,488
Appraisal Fee Increase	\$3,723,644
Districtwide	\$6,709,676
Maintenance Tax Notes	\$4,000,000
Increase in expenditures	\$67,769,090

Departments	(\$29,230,451)
PUA Campuses	(\$14,118,621)
NES Campuses	(\$21,509,955)
One-Time Expenses	(\$12,780,269)
Recapture (2)	(\$44,468,370)

Reductions in expenditures	(\$122,107,666)
Expenditures (decrease)	(\$54,338,576)
Estimated Expenditure F20Y26	\$2,121,893,114

Summary

Estimated Revenue FY2026	\$2,082,033,203
Estimated Expenditure F20Y26	\$2,121,893,114
Revenue - Expenditures FY2026	(\$39,859,911)

Other Sources	
Transfers In Other Funds (6)	\$25,000,000
Sale of Property	\$20,000,000
Transfers (Out) Debt (3)	(\$19,823,927)
Total Other sources/uses	\$25,176,073
Net change in Fund Balance	(\$14,683,838)

Forecasted FY 2025 Fund Balance	\$799,864,486
Forecasted FY 2026 Fund Balance	\$785,180,648

DEBT SERVICES FUND

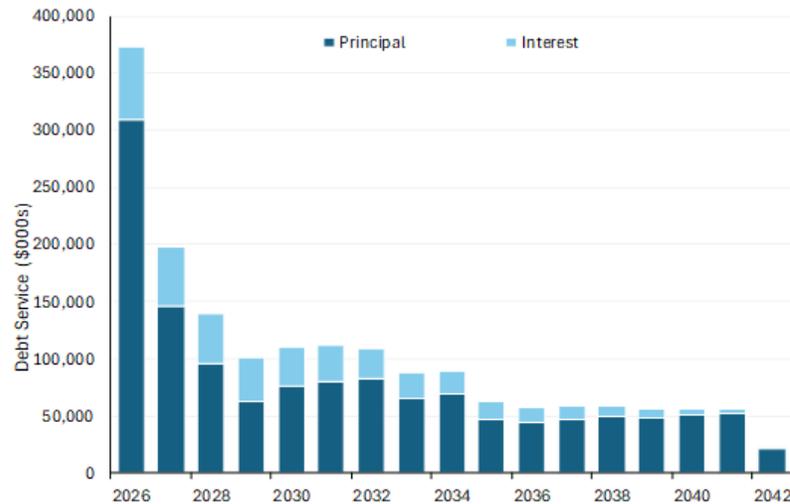
Debt Service Fund (I&S)

- The Debt Service Fund pays back the district's principal and interest on long-term, general debt obligations.
- Primary source of revenues – Property Taxes
- Proposed Interest & Sinking (I&S) tax rate – 0.1667
 - This is the same tax rate as the prior year.
 - The school board will adopt an I&S tax rate in September or October.
- Current bond ratings:
 - Moody's: AAA (highest possible rating)
 - Standard and Poor's: AA+

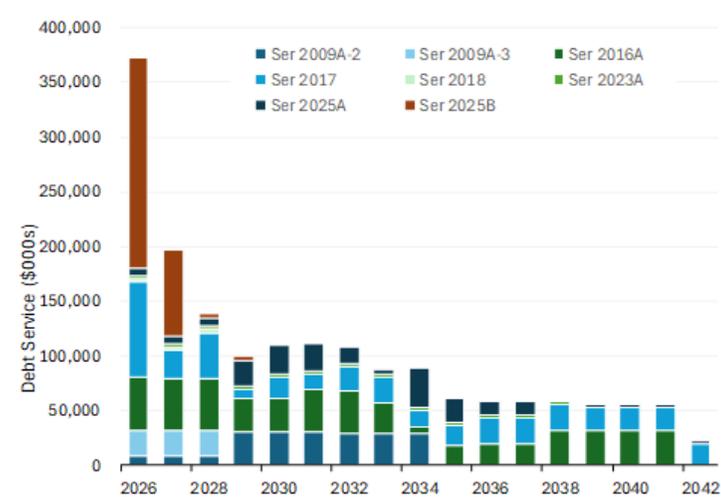
Bond Profile

Issue	Issued Par Amount	Outstanding Par	Coupon Range of		Final Maturity	Structure	Use of Proceeds
		Amount	Callable Bonds	First Call Date			
Ltd Tax Schhse Bds, Taxable Ser 2009A-2 (BAB)	\$ 148,850,000	\$ 148,850,000	6.068% - 6.168%	Anytime	2/15/2034	Fixed	School Building
Ltd Tax Schhse Bds, Taxable Ser 2009A-3 (BAB)	183,750,000	62,300,000	6.125%	Anytime	2/15/2028	Fixed	School Building
Ltd Tax Schhse & Ref Bds, Ser 2016A	757,195,000	374,395,000	4.000% - 5.000%	2/15/2026	2/15/2041	Fixed	School Building; Ref
Ltd Tax Schhse & Ref Bds, Ser 2017	848,740,000	315,545,000	4.000% - 5.000%	2/15/2027	2/15/2042	Fixed	School Building; Ref
Ltd Tax Schhse Bds, Ser 2018	86,960,000	8,490,000	4.000% - 5.000%	Anytime	2/15/2028	Fixed	School Building
Ltd Tax Ref Bds, Ser 2023A	104,255,000	26,810,000	5.000%	2/15/2033	2/15/2038	Fixed	Refunding
Ltd Tax Ref Bds, Ser 2025A	149,685,000	149,685,000	5.000%	2/15/2035	2/15/2042	Fixed	Refunding
Ltd Tax Ref Bds, Ser 2025B	264,935,000	264,935,000	-	Non-Callable	2/15/2029	Fixed	Refunding
Total	\$ 2,544,370,000	\$ 1,351,010,000					

Outstanding Unlimited Tax Debt by Principal & Interest



Outstanding Unlimited Tax Debt by Series



FY26 Recommended Debt Service Fund (I&S)

Statement of Revenues & Expenditures

REVENUES		Projected FYE 2025 Budget	Projected FY2026 Budget
	Local sources	369,108,048	374,083,733
	State sources	16,323,934	15,665,576
	Federal sources	-	-
	Total revenues	385,431,982	389,749,309

APPROPRIATIONS			
71	Debt service	373,118,145	397,003,334
	Total expenditures	373,118,145	397,003,334
	Excess (deficiency) of revenues over (under) expenditures	12,313,837	(7,254,025)

OTHER FINANCING SOURCES (USES)			
	Transfers in	20,977,900	20,643,677
	Issuance of refunding debt	435,175,000	-
	Premium on the sale of refunding debt	26,483,255	-
	Payment of refunding bonds to escrow agent	(452,435,000)	-
	Total other financing sources (uses)	30,201,155	20,643,677

	Net change in fund balances	42,514,991	13,389,653
	Estimated fund balances—beginning July 1, 2024 or 2025 ⁽¹⁾	126,657,122	169,172,113
	Estimated Fund balances—ending June 30, 2025 or 2026 ⁽¹⁾	169,172,113	182,561,766

(1) Fund balances will be updated once the 2024-2025 Annual Comprehensive Financial Report (ACFR) is complete.

Estimates based on current data; subject to change

NUTRITION SERVICES FUND

FY26 Recommended Nutrition Services Fund Statement of Revenues & Expenditures

	REVENUES	Projected FYE 2025 Budget	Projected FY2026 Budget
	Local sources	8,739,835	9,966,373
	State sources	458,239	491,957
	Federal sources	133,280,661	136,992,532
	Total revenues	142,478,735	147,450,862

	APPROPRIATIONS	Projected FYE 2025 Budget	Projected FY2026 Budget
35	Food services	149,632,418	134,844,512
41	General administration	655,308	427,672
51	Facilities maintenance and operations	2,443,723	10,147,005
	Total expenditures	152,731,449	145,419,189
	Excess (deficiency) of revenues over (under) expenditures	(10,252,714)	2,031,673

	Net change in fund balances	(10,252,714)	2,031,673
	Estimated fund balances—beginning July 1, 2024 or 2025 ⁽¹⁾	62,689,022	52,436,308
	Estimated Fund balances—ending June 30, 2025 or 2026 ⁽¹⁾	52,436,308	54,467,981

(1) Fund balances will be updated once the 2024-2025 Annual Comprehensive Financial Report (ACFR) is complete.

Estimates based on current data; subject to change

PROPOSED BUDGET

Proposed Budget

HOUSTON INDEPENDENT SCHOOL DISTRICT RECOMMENDED BUDGET

SCHEDULE OF REVENUES, APPROPRIATIONS, AND CHANGES IN FUND BALANCE - GENERAL FUND, DEBT SERVICE, AND NUTRITION SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

See attachment

Proposed Budget FY26

REVENUES		General Fund	Debt Service	Nutrition Services
Property taxes		\$ 1,563,545,630	\$ 374,083,733	
Earnings on investments		43,500,000		2,100,103
Miscellaneous local sources		38,827,572		7,866,270
State sources		414,500,000	15,665,576	491,957
Federal sources		21,660,000		136,992,532
Total revenues		<u>\$ 2,082,033,202</u>	<u>\$ 389,749,309</u>	<u>\$ 147,450,862</u>
APPROPRIATIONS				
11	Instruction	\$ 1,244,558,642	\$ -	\$ -
12	Instructional resources and media services	6,452,762	-	-
13	Curriculum development and instructional staff development	14,082,957	-	-
21	Instructional leadership	71,949,719	-	-
23	School leadership	225,426,329	-	-
31	Guidance, counseling, and evaluation services	58,115,936	-	-
32	Social work services	2,905,997	-	-
33	Health services	26,134,103	-	-
34	Student (pupil) transportation	38,336,368	-	-
35	Food services	23,441	-	134,844,512
36	Co-curricular/extracurricular activities	23,734,834	-	-
41	General administration	59,990,522	-	427,672
51	Facilities maintenance and operations	190,550,216	-	10,147,005
52	Security and monitoring services	33,393,427	-	-
53	Data processing services	44,798,974	-	-
61	Community services	7,088,134	-	-
91	Contracted instructional services between public schools	-	-	-
95	Juvenile justice alternative education program	792,000	-	-
97	Payments to tax increment fund	53,509,290	-	-
99	Tax appraisal and collection	19,913,644	-	-
	Debt service			
71	Principal	120,000	397,003,334	-
71	Interest and fiscal charges	-	-	-
81	Capital outlay	15,819	-	-
	Total expenditures	<u>2,121,893,114</u>	<u>397,003,334</u>	<u>145,419,189</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>(39,859,912)</u>	<u>(7,254,025)</u>	<u>2,031,673</u>
OTHER FINANCING SOURCES (USES)				
	Transfers in	25,000,000	20,643,677	-
	Sale of Property	20,000,000		
	Transfers out	(19,823,927)	-	-
	Total other financing sources (uses)	<u>25,176,073</u>	<u>20,643,677</u>	<u>-</u>
	Net change in fund balances	(14,683,839)	13,389,652	2,031,673
	Estimated fund balances—beginning ⁽¹⁾	799,864,486	168,399,312	52,436,308
	Estimated Fund balances—ending	<u>\$ 785,180,647</u>	<u>\$ 181,788,964</u>	<u>\$ 54,467,981</u>