Harris County
Department of
Education

One source for all learners.
#oneforall
One Source for All Learners

FY 2017-2018 Annual Budget Summary
June 13, 2017 Budget Workshop

Submitted to Board of Trustees
by
James Colbert Jr. Superintendent
Dr. Jesus J. Amezcua, Assistant Supt. For Business

Harris County Department of Education
Agenda

1. Introduction
2. Superintendent’s Overview
3. Annual Budget Overview FY 2017-2018
4. TASB Pay Systems Maintenance Report – Personnel
5. Date for next budget workshop and budget and tax adoption calendar – Next Steps
6. Adjourn
HCDE Goals

Goal 1:
- Impact education by responding to the evolving needs of Harris County

Goal 2:
- Deliver value to Harris County by utilizing resources in an ethical, transparent, and fiscally responsible manner

Goal 3:
- Advocate for all learners by using innovative methods to maximize students’ potential.

Goal 4:
- Provide cost-savings to school districts by leveraging tax dollars

Goal 5:
- Recruit and maintain a high-quality professional staff
Goals Planning Cycle

1. Set Priorities
2. Plan - Prepare
3. Budget Approval Posting - Hearing
4. Start/End Evaluation Of Performance Monitoring
5. Initiate Budget Estimates
6. Need Assessments And SWOT Analysis
7. Budget Allocations And Projections
8. Budget Review & Recommendations
9. Budget Review & Recommendations
10. Budget Review & Recommendations
11. Equalization Mandate
12. Federation
13. Implement Plan
14. Finance
15. H/R
16. Student Programs
17. Instructional Support Programs
18. Facilities
19. Enterprise Divisions
20. Grant Funded Programs

Local

State

Federal

Ensure Sustainability

Plan - prepare

Set Priorities

Pay Priorities
$114,181,060
TOTAL BUDGET
FY 2017-2018

General Fund

$54,286,832 or 45.7%
Total FTE 429

Enterprise Fund
Choice Partners Fund totaling $4,299,354 or 3.8%
Total FTE 16

Capital Projects Fund
Capital project for AB West
$10,816,072 or 9.5%
Total FTE – None

Internal Service (Facilities) Fund
Total Expenditures
$6,040,761 or 5.3%
Total FTE 49.5

Special Revenue Funds
Grants totaling $35,593,649 or 31.2%
Total FTE 398

Debt Service Fund
Debt Service Payments totaling $3,14,593 or 2.8%
Total FTE -None

Pending Note: $300,000 sources to be added in appropriation for 3% salaries and HDL.
Budgetary Assumptions

FY 2017-2018

Basis of Accounting
Modified and Accrual
Budgets are prepared based on the projection of cash basis – inflows and outflows to the Department and adjusted at year end for accruals.

Growth Rate 3%
Property Values increased to $437 Billion or 3.5% increase from a year ago, thus recommending a tax rate of $.0051 which is below the Effective Tax Rate.

$3.8 Planned Expenditures
One time Capital Expenditures
Capital improvements that utilize funds to invest in program upgrades and facilities

Balanced Approach
Revenues equal Expenditures for Operating
Projected Revenues & Appropriations
Include 3% salary increases and no other change in benefits

Business Model
Formula
The sum of fees, taxes, indirect cost must be balanced with growth, market fees, expenditure needs, compliance, salaries, sustainability and performance ratios.

Positions
Total FTE are 11.05 additional positions are requested for School Based Therapy (2.05) Recovery HS (2) Special Schools (3) Choice (1) Records (1) Debate – CASE (1)
FY 2017-2018
Major Initiatives

Top 3 New Programs

- Recovery HS
  Operating Budget $927,368 Plus facilities charges of $167,969
  Personnel 10
  Capital Project One Time $950,000
- CASE Debate Program
  Operating Budget $347,528
  Personnel 1
  Partnership with ISD and HUDL
- Capital Improvements
  Development Plans projected for FY 18 Financial Plan
  $2,000,000 total for various projects such as $750,000 - Building Improvements,
  Adult Ed –Cross-Timbers Renovation
  Culinary Kitchen
  On Going:
  AB West Project
  Recovery HS Program

Top 5 Fee Sources

- School Based Therapy ( #1 Fee INFLOW Source)
  Total Revenue $9.6 M
  Projected Performance Ratio 86%
- Special Schools ( #2 Fee INFLOW Source)
  Total Revenue for 3 schools $7.7M
  Projected Performance Ratio 76%,68%,76%
- Choice Cooperative ( #3 Fee INFLOW Source)
  Total Revenue $4.3 M
  Total Transfer to G/Fund $1.9 M or 4% of overall G/F
  Projected Performance Ratio 180% of expenses
- Records Management ( #4 Fee INFLOW Source)
  Total Revenue $1.7 M
  Projected Performance Ratio 96%
- Teaching & Learning ( #5 Fee INFLOW Source)
  Total Revenue $1.2 M
  Projected Performance Ratio Varies by Division
General Fund
Other Revenue Sources
FY 2017-2018

Other Revenues in General Fund

Safe and Secure Schools
Total Revenue $300,000
Performance Ratio 63%

Educator Certification
Total Revenue $506,010
Performance Ratio 77%

Misc. Revenues
Other revenues
$153,175 includes
HCDE Plus, Research, Technology, etc.

Recovery HS
Total Revenue $200,000
Performance Ratio – Partial – Projected
General Fund Revenues
$50,432,631
FY 2017-2018

$1,382,771 2%
$2,800,000 6%
$21,568,886 43%
$22,623,000 45%

$1,618,040 Increase from
$48,814,591
Or 3.3% Increase

Indirect Cost
Indirect cost from grants

State matching
TRS On behalf and state aid from salary and health insurance grants

Fee for Services
Client based revenues such as therapy fees, Special Schools fees, training fees, audit services fees, etc.

Property Taxes
Taxes based on $437 Billion in value at $.0051 est. rate. & delinquent taxes

Transfers to other funds and Other Sources
Transfer in from Choice Partners Coop and interest earnings
Client Fees (INFLOWS)

HDCE FY16 Fees Billed to Districts & Other for $24,880,909

- Aldine ISD: 3%
- Alief ISD: 4%
- Channel View ISD: 2%
- Clear Creek ISD: 2%
- Crosby ISD: 0%
- Cy-Fair ISD: 11%
- Dayton ISD: 1%
- Deer Park ISD: 1%
- Galena Park ISD: 1%
- Goose Creek ISD: 2%
- Houston ISD: 14%
- Huffman ISD: 0.38%
- Humble ISD: 1%
- Katy ISD: 7%
- Klein ISD: 2%
- La Porte ISD: 1%
- New Caney ISD: 0.13%
- Pasadena ISD: 2%
- Sheldon ISD: 1%
- Pearland ISD: 0%
- Tomball ISD: 1%
- Stafford ISD: 0.33%
- Spring ISD: 5%
- Spring Branch ISD: 4%
- Dayton ISD: 1%
- Other ISDs: 6%
- Other Entities: 28%
- Charters: 1%

Includes fees from: General Fund, TX-VSN & Choice
General Fund Expenditures
$54,286,631
FY 2017-2018

$1,374,960 Decrease from $55,661,591
Or 6% Decrease

Payroll
6100 Accounts – Payments for employee salaries and benefits.

Contracted Services
6200 Accounts – payment to vendors and contractors

Supplies and Services
6300 Accounts – payments for supplies

Miscellaneous Operation Cost – Including travel
6400 Accounts – payments for other costs and travel

Capital Outlay
6600 Accounts – Payments for capitalized assets

Transfers Out
6600 Accounts – transfers to other funds – debt service and grants

- Head Start: $300,886
- Head Start Baytown: $569,000
- CASE: $550,787
- Debt Service: $3,144,592
Property Tax Rate $.01 Maximum

Five Year History

- **FY 2014** Effective Tax Rate: $.006358
- **FY 2015** Effective Tax Rate: $.005999
- **FY 2016** Below the Effective Tax Rate: $.005422
- **FY 2017** Below the Effective Tax Rate: $.0052
- **FY 2018** Projected to be below the Effective Tax Rate: $.0051

- Actual Revenue:
  - FY 2014: $319 Billion
  - FY 2015: $346 Billion
  - FY 2016: $392 Billion
  - FY 2017: $422 Billion
  - FY 2018: $437 Billion

Effective Tax Rate projected to be below the effective tax rate.
Total Grants
$35,593,649

FY 2017-2018

CASE Programs
Federal
After School Programs
$7,110,230

Adult Ed Programs
Federal
Adult Ed Grant
$3,834,939

State Programs
$624,711
And Texas Virtual Schools
$1,355,560

Head Start – Federal
Total Budget $17,295,364
Plus $4,542,623 of In-Kind

Local Grants
Local grants –
Endowment City of Houston, and various
local grants.
$830,222
## Estimated Tax Rate

### FY 2017

<table>
<thead>
<tr>
<th>Certified Taxable Value per HCAD</th>
<th>Values under protest or not certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>$380,379,454.270</td>
<td>$36,698,734,822</td>
</tr>
<tr>
<td></td>
<td>$660,114,964</td>
</tr>
<tr>
<td>$419,099,189.092</td>
<td>$421,076,116.718</td>
</tr>
</tbody>
</table>

/ Rate per Taxable $100

\[ \frac{4,190,691.661}{21,791,598} = 0.192 \]

\[ \times \text{Tax Rate} \]

\[ 21,595,473 \times 0.192 = 21,698,894 \]

\[ \text{Budgeted} \]

+ Delinquent Tax Collections

+ Special Assessments

+ Penalty & Interest

Estimated Current Tax Available for Operations:

\[ $21,985,473 \]

### FY 2018

<table>
<thead>
<tr>
<th>Current as of May 31, 2017</th>
<th>Estimated Effective Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADOPTED TAX RATE</strong></td>
<td><strong>ADOPTED TAX RATE</strong></td>
</tr>
<tr>
<td>0.0052</td>
<td>0.005200</td>
</tr>
<tr>
<td><strong>ESTIMATED EFF. TAX RATE</strong></td>
<td><strong>ESTIMATED EFF. TAX RATE</strong></td>
</tr>
<tr>
<td>0.005100</td>
<td>(0.0001)</td>
</tr>
</tbody>
</table>

\[ 100\% \text{ of certified} \]

\[ $437,880,499.666 \]

\[ @ 100\% \rightarrow 22,331,905 \]

\[ @ 99.75\% \rightarrow 22,276,076 \]

Estimated Current Tax Available for Operations:

\[ $22,623,000 \]

Budgeted $22,623,000
General Fund Fund Balance
FY 2017-2018

Beginning Fund Balance
This is the projected fund balance based on last year's estimates. The audited fund balance will be available until January.

$22.1

Plus Revenues
These are the projected revenues - INFLOWS

$50.4

Less Appropriations
These are the projected expenditures - OUTFLOWS

$54.2

Net Use of Projected Fund Balance
This is the net effect on fund balance based on planned capital expenditures that are one time use of fund balance.

$3.8

Ending Fund Balance
This is the projected Ending Fund Balance.

$18.3
Capital Improvements

Development Plans for

FY 2017-2018

**$950,000**

**Recovery HS Renovations**
Status: Pending Architect Design and procurement

**Baytown Head Start Improvements**
Status: Pending buildout

**$10.5 Million**

**AB West**
$10.5 M Project
Status: Pending final approval of development plan and real estate matters

**$498,000**

**Adult Ed- Cross Timbers**
TBD – Development Plan
Status: Development Plan under design

**Building Upgrades**
TBD Development Plan - Various buildings are in need of renovation due to ADA requirements, space utilization and efficiency models (i.e. Adult Ed. Building, Reagan -Irvington Building, Wolfe-NPO Building, etc.)
Fund Balance
$18,295,717
FY 2017-2018

$159,613 $0 $1,200,000 $679,276 $16,256,828

Non Spendable
shall mean that portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use such as the self-funded reserves program.

Restricted
includes amounts constrained to a specific purpose by the provider, such as grantor.

Committed
shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees and/or the Superintendent.

Assigned
shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees and/or the Superintendent.

Unassigned
includes amounts available for any legal purpose.
Next Steps

• Board Review – June 13, 2017
• Board Workshop – June 27 or July 20, 2017
• Required Posting – Houston Chronicle – 10 days prior -
  • **Target Budget Approval Date July 18, 2017**
• Target Date - Certified Value – August 25, 2017
• Target Date - Tax Date Approval Date – September 19, 2017