One Source for All Learners

FY 2017-2018 Annual Budget Summary
July 18, 2017 Budget Workshop

Submitted to Board of Trustees by
James Colbert Jr. Superintendent
Dr. Jesus J. Amezcua, Assistant Supt. For Business
1. Introduction
2. Superintendent’s Overview
3. Annual Budget Overview FY 2017-2018
4. Next Steps
5. 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

- Equalization Mandate
  - Budget Review
  - Implement Plan
  - Budget Submission & Review
  - Budget Review & Recommendations
  - Budget Allocations and Projections
  - Grant Funded Programs
  - Enterprise Divisions
  - Instructional Support Programs
  - Facilities
  - Student Programs
  - H/R
  - Finance

Federal
- Start / End Evaluation of Performance Monitoring
- Initiate Budget Estimates
- Need Assessments and SWOT Analysis

State
- Plan - prepare

Local
- Set Priorities
- Pay Priorities

Ensure Sustainability
$114,521,059
TOTAL BUDGET
FY 2017-2018

General Fund
$54,626,631 or 47.7%
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 9.4%
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 31.1%
Total FTE 398

Debt Service Fund
Debt Service Payments totaling $3,144,592 or 2.7%
Total FTE – None

Departments

General Fund

Enterprise Fund
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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 $0.0051 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 and 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)
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 $1.2M
Projected Performance Ratio Varies by Division
General Fund
Other Revenue Sources of Fees
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%

Recovery HS
Total Revenue $200,000
Performance Ratio – Partial – Projected

Misc. Revenues
Other revenues
$243,175 includes
HCDE Plus, CASE, Grants, Research, Technology, etc.
General Fund Revenues
$50,772,631
FY 2017-2018

$22,623,000
$21,568,886
$3,100,000
$1,382,771
$2,097,974

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

$1,958,040 Increase from $48,814,591
Or 4% Increase
## Client Fees (INFLOWS)

<table>
<thead>
<tr>
<th>District</th>
<th>Fee Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aldine ISD</td>
<td>3%</td>
</tr>
<tr>
<td>Alief ISD</td>
<td>4%</td>
</tr>
<tr>
<td>Channel View ISD</td>
<td>2%</td>
</tr>
<tr>
<td>Clear Creek ISD</td>
<td>2%</td>
</tr>
<tr>
<td>Crosby ISD</td>
<td>0%</td>
</tr>
<tr>
<td>Cy-Fair ISD</td>
<td>11%</td>
</tr>
<tr>
<td>Dayton ISD</td>
<td>1%</td>
</tr>
<tr>
<td>Deer Park ISD</td>
<td>1%</td>
</tr>
<tr>
<td>Galena Park ISD</td>
<td>1%</td>
</tr>
<tr>
<td>Goose Creek ISD</td>
<td>2%</td>
</tr>
<tr>
<td>Houston ISD</td>
<td>14%</td>
</tr>
<tr>
<td>Huffman ISD</td>
<td>0.38%</td>
</tr>
<tr>
<td>Humble ISD</td>
<td>1%</td>
</tr>
<tr>
<td>Katy ISD</td>
<td>7%</td>
</tr>
<tr>
<td>Klein ISD</td>
<td>2%</td>
</tr>
<tr>
<td>La Porte ISD</td>
<td>1%</td>
</tr>
<tr>
<td>New Caney ISD</td>
<td>0.13%</td>
</tr>
<tr>
<td>Pearland ISD</td>
<td>0%</td>
</tr>
<tr>
<td>Pasadena ISD</td>
<td>2%</td>
</tr>
<tr>
<td>Sheldon ISD</td>
<td>1%</td>
</tr>
<tr>
<td>Spring ISD</td>
<td>5%</td>
</tr>
<tr>
<td>Spring Branch ISD</td>
<td>4%</td>
</tr>
<tr>
<td>Stafford ISD</td>
<td>0.33%</td>
</tr>
<tr>
<td>Tomball ISD</td>
<td>1%</td>
</tr>
<tr>
<td>Other ISDs</td>
<td>6%</td>
</tr>
<tr>
<td>Charters</td>
<td>1%</td>
</tr>
<tr>
<td>Other Entities</td>
<td>28%</td>
</tr>
<tr>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td></td>
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<tr>
<td>(5)</td>
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</tbody>
</table>

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

Includes fees from:
- General Fund, TX-VSN
- Choice

(1) Includes fees from General Fund, TX-VSN & Choice
General Fund Expenditures
$54,626,631
FY 2017-2018

$1,034,960 Decrease from $55,661,591
Or 2% 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
Planned Use of Fund Balance for one time expenditures
FY 2017-2018

**Capital Improvements** $3,854,000

- **Replacement Assets** $450,000
  - $10.5 M Project
  - Status: Pending final approval of development plan and real estate matters

- **Technology upgrades** $835,000
  - Status: Pending Architect Design and procurement

- **Baytown Head Start Improvements** $569,000
  - Status: Pending buildout

- **Building Upgrades** $2,000,000
  - TBD Development Plan – Adult Ed. Cross timbers, 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.)
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

$319 Billion  $346 Billion  $392 Billion  $422 Billion  $437 Billion
Total Grants
$35,593,649
FY 2017-2018

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

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

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

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

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

Total Budget $17,295,364

Federal
$35,593,649

Harris County Department of Education
## Estimated Tax Rate

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>ADOPTED TAX RATE</td>
<td>ADOPTED TAX RATE</td>
</tr>
<tr>
<td>Certified Taxable Value per HCAD</td>
<td>$380,379,454,270</td>
<td>$420,389,001,754</td>
</tr>
<tr>
<td>Values under protest or not certified</td>
<td>$36,696,734,822</td>
<td>$667,114,964</td>
</tr>
<tr>
<td>/ Rate per Taxable $100</td>
<td>$4,190,691,891</td>
<td>$4,210,761,167</td>
</tr>
<tr>
<td>X Tax Rate</td>
<td>$21,791,598</td>
<td>$21,895,958</td>
</tr>
<tr>
<td>X Estimated 99% collection rate</td>
<td>$21,595,473</td>
<td>$21,698,894</td>
</tr>
</tbody>
</table>

+ Delinquent Tax Collections: $200,000
+ Special Assessments: $10,000
+ Penalty & Interest: $100,000

Estimated Current Tax Available for Operations:

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Budgeted</td>
<td>$21,985,473</td>
<td>$22,088,894</td>
</tr>
</tbody>
</table>

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
$50.8

Less Appropriations
These are the projected expenditures - OUTFLOWS
$54.6

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

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

$950,000
Recovery HS Renovations
Status: Pending Architect Design and procurement

$498,000
Baytown Head Start Improvements
Status: Pending buildout

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

Improvements
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

**FY 2017-2018**

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Spendable</td>
<td>$159,613</td>
<td>$0</td>
</tr>
<tr>
<td>Restricted</td>
<td>$1,200,000</td>
<td>$679,276</td>
</tr>
<tr>
<td>Committed</td>
<td>$1,200,000</td>
<td>$679,276</td>
</tr>
<tr>
<td>Assigned</td>
<td>$16,256,828</td>
<td>$16,256,828</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$159,613</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Definitions

- **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 legally earmarked for a specific purpose.
- **Unassigned**: includes amounts available for any legal purpose.
Next Steps

- Board Review – June 13, 2017
- Board Workshop – June 27 or July 18, 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