FY 2018-2019 Annual Budget Summary
June 5, 2018 Budget Workshop

Submitted to Board of Trustees
by
James Colbert Jr. Superintendent

Dr. Jesus J. Amezcua, Assistant Supt. For Business
Agenda

1. Introduction
2. Superintendent’s Overview
3. Annual Budget Overview FY 2018-2019
4. Next Steps
5. Adjourn
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**

- **Federal**
  - Ensure Sustainability
  - Start/End-Evaluation of performance Monitoring
  - Budget Approval Posting - Hearing

- **State**
  - Implement Plan
  - Budget Review
  - Budget Submission & Review

- **Local**
  - Pay Priorities
  - Set Priorities

- **Equalization Mandate**
  - Initiate Budget Estimates
  - Need Assessments And SWOT Analysis

- **Finance**
  - Budget Review & Recommendations
  - Budget Allocations And Projections

- **H/R**
  - Student Programs
  - Pay Priorities

- **Student Programs**
  - Equalization Mandate
  - Budget Review & Recommendations

- **Facilities**
  - Equalization Mandate
  - Budget Review & Recommendations

- **Instructional Support Programs**
  - Equalization Mandate
  - Budget Review & Recommendations

- **企业和支持项目**
  - Equalization Mandate
  - Budget Review & Recommendations

- **Grant Funded Programs**
  - Equalization Mandate
  - Budget Review & Recommendations

- **Set Priorities**
  - Equalization Mandate
  - Budget Review & Recommendations

- **Plan - prepare**
  - Equalization Mandate
  - Budget Review & Recommendations

- **Equalization Mandate**
  - Equalization Mandate
  - Budget Review & Recommendations
**TOTAL BUDGET**

FY 2018-2019

*$117,136,372*

**General Fund**

$56.6M 437.48 Total FTE

**Special Revenue Fund**

Grants

$34.4 M 386 Total FTE

**Debt Service Fund - Bonds**

$3.1 M Total FTE-None

**Capital Projects Fund**

$12.5M Total FTE - None

AB West- Fortis Academy and various maintenance projects.

**Internal Service Fund- Facilities**

$5.7 M 49.5 Total FTE

**Enterprise Fund**

$4.7M 18.37 Total FTE

Choice Partners Cooperative.

Harris County Department of Education

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Budgetary Assumptions
FY 2018-2019

8.5 NEW Positions
Additional positions are requested for School Based Therapy (1.5), Special Schools (4), Choice (2), Records (1)

Business Model
The sum of fees, taxes, indirect cost, compliance, cost, and revenues equal expenditures

Balanced Approach
Projected revenues and appropriations include costs. No other changes in benefits

$3.925 M Planned Expenditures
Capital improvements that utilize funds to invest in program upgrades and facilities

Growth Rate 3%
Property values increased from $478 to $490 Billion or 3.5% increase from a year ago, thus recommending a tax rate of $0.05167 which is estimated to be below the outflows to the Department and adjusted at year-end for accruals

Effective Tax Rate
One time Capital Expenditures

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.
FY 2018-2019
Major Initiatives

**Top 3 New Programs**

- **Fortis Academy**
  Operating Budget $1,046,998 Plus facilities charges of $182,187
  Personnel 10

- **CASE Debate Program**
  Operating Budget $347,528
  Personnel 1
  Partnership with ISD and HUDL

- **Capital Improvements**
  Development Plans projected for FY 19 Financial Plan
  $2,300,000 total for various projects
  - 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 $9.8 M
  Projected Performance Ratio 85%

- **Special Schools (#2 Fee INFLOW Source)**
  Total Revenue for 3 schools $8.2M
  Projected Performance Ratio 76%, 68%, 76%

- **Choice Cooperative (#3 Fee INFLOW Source)**
  Total Revenue $4.6 M
  Total Transfer to G/Fund $2.079 M or 4% of overall G/F
  Projected Performance Ratio 180% of expenses

- **Records Management (#4 Fee INFLOW Source)**
  Total Revenue $1.8 M
  Projected Performance Ratio 96%

- **Teaching & Learning (#5 Fee INFLOW Source)**
  Total Revenue $1.2 M
  Projected Performance Ratio Varies by Division

**Recovery High School**

- **Therapy** 45%
- **Special Schools** 37%

**Choice**

- **Capital Improvements**

**Records Management** 8%

**Teaching & Learning** 5%
General Fund
Other Revenue Sources of Fees
FY 2018-2019

Safe and Secure Schools
Total Revenue $229,500
Performance Ratio 38%

Educator Certification
Total Revenue $400,735
Performance Ratio 62%

Misc. Revenues
Other revenues
$254,900 includes
HCDE Plus, CASE, Grants, Research, & Technology, etc.

Other Revenues in General Fund
## General Fund Revenues

**$52,743,191**

**FY 2018-2019**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>General Fund Revenues</strong></td>
<td><strong>$52,743,191</strong></td>
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<tr>
<td><strong>State Funding</strong></td>
<td><strong>$3,490,000</strong></td>
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<tr>
<td><strong>Other</strong></td>
<td><strong>$336,203</strong></td>
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<tr>
<td><strong>Transfers IN – Choice</strong></td>
<td><strong>$2,079,220</strong></td>
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<tr>
<td><strong>Fees for Services</strong></td>
<td><strong>$21,987,099</strong></td>
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<tr>
<td><strong>Property Tax Revenues</strong></td>
<td><strong>$23,275,040</strong></td>
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<tr>
<td><strong>Indirect Costs</strong></td>
<td><strong>$1,575,629</strong></td>
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<tr>
<td><strong>Miscellaneous and Interest</strong></td>
<td><strong>$336,203</strong></td>
</tr>
<tr>
<td><strong>Transfer in from Choice</strong></td>
<td><strong>$2,079,220</strong></td>
</tr>
</tbody>
</table>

### Revenues Breakdown

- **2%** Fees for Services: Client based revenues such as therapy fees, Special Schools fees, training fees, audit services fees, etc.
- **42%** Fees for Services: Client based revenues such as therapy fees, Special Schools fees, training fees, audit services fees, etc.
- **13%** State Funding: TRS on behalf and state aid from salary and health insurance grants
- **3%** Property Tax Revenues: Taxes based on $450 Billion in value at $.005167 est. rate & delinquent taxes
- **44%** Property Tax Revenues: Taxes based on $450 Billion in value at $.005167 est. rate & delinquent taxes
- **14%** Indirect Costs: Indirect cost from grants
- **3%** Indirect Costs: Indirect cost from grants
- **1%** Other: Miscellaneous and Interest Costs
- **4%** Other: Miscellaneous and Interest Costs

### Increase

- **$1,970,560** Increase from **$50,772,631**
- Or **3.88% Increase**
Includes fees from:
General Fund, TX-VSN & Choice
Projects School Based Therapy Services

Cyfair ISD
$2,807,100

Houston ISD
$2,674,350

Katy ISD
$2,034,550

Spring ISD
$933,350

Spring Branch
$372,875

Dayton ISD
$96,425

Other ISD Contracts under $45,000 $384,787

In County
Therapy In County $475/Day
OT – PT Assistant $375

Out of County +$100
Consulting In County $1,500/Day
Out of County $1,650

Rates have been fixed the last four years. 85% to 90% Performance Target.
Special Schools Contracted Seats
$8,203,500
16% of general fund revenue
FY 18-19

- Fortis Academy: $393,000
- AB School West: $2,824,900
- AB School East: $2,982,300
- Highpoint East: $2,003,300

Special Schools Contracted Seats
$8,203,500
16% of general fund revenue
FY 18-19
Special Schools
Rates

Value * Integrity * Commitment

HP East
In County

$9,000 /year
Competitor $12,000
JJAEP
District AEP

HP East
Out of County

$10,900/yr
Competitor $12,000

Fortis Academy
In County

$12,000/yr
Competitors - $20,000
Archway
Three Oaks

AB Schools
Out of County

$23,500/yr
Competitors - $30,000
Avondale -

AB Schools
In County

$20,300/yr
Competitors - $30,000
Avondale -

Rates have been fixed the last four years. 75% to 85% Performance Target.
Planned Use of Fund Balance for one time expenditures

FY 2018-2019

Capital Improvements $3,925,000

Replacement Assets
Status: Annual replacement schedule

Technology upgrades
Status: Annual replacement schedule

Baytown Head Start Improvements
Status: Pending buildout

Building Upgrades
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.)
General Fund Expenditures
$54,626,631

- Payroll $36,280,761
  6100 Accounts – Payments for employee salaries and benefits.
- Contracted Services $4,343,454
  6200 Accounts – Payments to vendors and contractors
- Supplies & Materials $1,955,012
  6300 Accounts – Payments for Supplies.
- Misc. Operating Cost incl. travel $6,690,794
  6400 Accounts – Payments for other costs and travel
- Capital Outlay $997,000
  6600 Accounts – Payments for capitalized assets
- Transfers Out $6,401,170
  6600 Transfers to other funds debt service and grants

FY 2018-2019

$2,041,560 Increase from $54,626,631
Or 3.7% Increase
Transfers out to other Funds

Outstanding Debt is $16,257,248

- **Debt Service Fund** (Bonds) $3,149,497
- **CASE** (Local Match) $550,787
- **Head Start Baytown & Operating** $400,886/$300,000
- **Capital Projects** $2,000,000

**Transfers out** $6,401,170

Other uses from General Fund

Note: HCDE receives $1,450,000 from Workforce Grant

Note: HCDE receives $1,450,000 from Head Start Grant

F/Bal

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Harris County Department of Education
8.5 New Positions

Client Engagement – 1 FTE
Marketing Coordinator to improve market coverage and service delivery.

2 FTEs Choice Partners
One contract manager and billing clerk to enhance contract coordination and market penetration.

Special Schools – 4 FTEs
Teacher Aides to add resources for classroom assistance due to student severe conditions

1.5 FTE- School Based Therapy
One Therapist and half a manager to address added client contracts.

All positions are tied to revenue enhancement
Investing in our teacher and classroom workforce

**Head Start Teachers**
$4,000 equity to improve classroom quality and recruitment

**Asst. Center Mgrs. Head Start**
$3,500 equity to improve quality supervision.

**Other Staff Salaries**
3% salary increase to maintain compensation plan competitiveness.

**Head Start Early Teachers**
$3,500 equity to improve classroom quality and recruitment

**Special Schools Aides**
$3,000 equity to improve special school

**Special Schools Teacher Salary**
.5% Additional equity to maintain competitiveness
Property Values Growth

Last Six Fiscal Years

- **FY 2014**: $289 Billion
- **FY 2015**: $389 Billion
  - $49 Billion
- **FY 2016**: $393 Billion
  - $55 Billion
- **FY 2017**: $422 Billion
  - $29 Billion
- **FY 2018**: $437 Billion
  - Prelim Estimate: $13 Billion
- **FY 2019**: $450 Billion
  - Prelim Estimate: $15 Billion

Harris County Department of Education
Property Tax Rate $.01 Maximum

Six Year History

Last Six Fiscal Years

14 $0.006358 Effective Tax Rate

15 $0.005999 Below the ETR

16 $0.005422 Below the ETR

17 $0.0052 Below the ETR

18 $0.005195 Below the ETR

19 $0.005167 Below the ETR

Lowering the tax rate

Harris County Department of Education
Total Grants
$34,442,824

Early Head Start
Federal Grant – Health & Human Services
Federal Grant – Incl. Matching
$4,018,982

Local & Federal Grants
$58,100

CASE
21 Century Grant-US Dept. of ED.
Workforce Development – HGAC, COH, H-Endowment
Federal Grant

Head Start
Federal Grant – Health & Human Services
Incl. Matching
$5,748,542

Adult Ed.
$3,962,263

US Dept. of ED- HGAC
Federal-State Grant

Harris County Department of Education
## Harris County Department of Education

### Comparative Analysis of Property Values

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Adopted</td>
<td>CURRENT</td>
<td>If Proj at $440 Bil</td>
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<tr>
<td></td>
<td>TAX RATE</td>
<td>BUDGET PRELIM</td>
<td></td>
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<tr>
<td></td>
<td>ADOPTED</td>
<td>ADOPTED</td>
<td>Including NEW Improvements</td>
</tr>
<tr>
<td></td>
<td>TAX RATE</td>
<td>TAX RATE</td>
<td>Estimated TAX RATE</td>
</tr>
<tr>
<td>Proposed Collections Tax Year 2018</td>
<td>0.005195</td>
<td>0.005195</td>
<td>0.005167</td>
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<tr>
<td>Certified Taxable Value per HCAD *</td>
<td>$ 399,079,153,088</td>
<td>$ 435,918,094,076</td>
<td>$ 426,959,977,243</td>
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<tr>
<td>Values under protest or not certified</td>
<td>36,649,820,444</td>
<td>2,817,805,053</td>
<td>13,513,460,916</td>
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<tr>
<td></td>
<td>435,728,973,532</td>
<td>438,735,899,129</td>
<td>440,473,438,159</td>
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<tr>
<td>/ Rate per Taxable $100</td>
<td>4,357,289,735</td>
<td>4,387,358,991</td>
<td>4,404,734,382</td>
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<tr>
<td>X Tax Rate</td>
<td>22,636,120</td>
<td>22,792,330</td>
<td>22,759,263</td>
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<tr>
<td>X Estimated collection rate</td>
<td>22,273,942</td>
<td>22,427,653</td>
<td>22,531,670</td>
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<tr>
<td>New Improvements</td>
<td>578,370</td>
<td></td>
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<tr>
<td></td>
<td>$ 23,110,040</td>
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<tr>
<td></td>
<td></td>
<td>+Delinquent Tax Collections</td>
<td>155,000</td>
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<td></td>
<td>+Special Assessments</td>
<td>15,000</td>
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<tr>
<td></td>
<td></td>
<td>+ Penalty &amp; Interest</td>
<td>180,000</td>
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<tr>
<td>Net Gain or Loss on values</td>
<td>$ 836,098</td>
<td></td>
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<tr>
<td>Growth</td>
<td>$ 426,959,977,243</td>
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<tr>
<td></td>
<td>3.17%</td>
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<tr>
<td></td>
<td>13,534,631,279</td>
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<tr>
<td>Est. Without NEW Values</td>
<td>440,494,608,521</td>
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Fund Balance Activity
FY 2018-2019

Beginning Fund Balance
This is the projected FY 17-18 beginning fund balance. The audited fund balance will be available until January 2019.

Plus Revenues
These are the projected revenues-
INFLOWS

* Less Appropriations
These are the projected expenditures.
OUTFLOWS

Ending Fund Balance
This is the projected Ending Fund Balance.

$22.8 M
$52.7 M
$56.6 M
$18.9

$3.925  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.
* (included in total)
## Capital Improvements

**FY 2018-2019**

- **AB West**
  - $10.5 Million Project
  - Status: Design Development Approved in May 2018

- **Fortis Academy Renovations**
  - Status: Under construction – Aug 2018 Completion

- **Baytown Head Start Improvements**
  - Status: Under Construction – Funds carried Forward

- **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.)
Estimated Fund Balance
$18,909,074
FY 2018-2019

$56,668,191 G/Fund /$16,871,140 = 30%

Or 3.57 Months

Non Spendable $163,555
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 $0
includes amounts constrained to a specific purpose by the provider, such as grantor.

Committed $575,000
shall mean that portion of the fund balance that is constrained to a specific purpose by the Board of Trustees.

Assigned $1,299,379
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 $16,871,140
includes amounts available for any legal purpose.
Next Steps

• Board Review – June 5, 2018
• Board Workshop – June 20 and/or July 18, 2018
• Required Posting – Houston Chronicle – 10 days prior to board meeting
• Target Budget Approval Date July 18, 2018
• Target Date - Certified Value – August 25, 2018
• Target Date - Tax Date Approval Date – September 19, 2018