BUSINESS MODEL

HARRIS COUNTY DEPARTMENT OF EDUCATION HAS A COMMITMENT TO DEMONSTRATING COMMUNITY STEWARDSHIP THROUGH FISCAL RESPONSIBILITY WHILE POSITIVELY IMPACTING OUR COMMUNITY THROUGH EDUCATION AND SERVICE

SYSTEMS - PHILOSOPHY AND EFFICIENCY MODELS

VALUE [EFFICIENCY OF SCALE]

OPPORTUNITY [NOW & FUTURE]

SERVICE
COMMUNITY STEWARDSHIP

Transparent Systems

Balanced budgets


Increased Services

New Initiatives
BUDGET PROCESS

- Internal Needs Assessment
- External Needs Assessment
- SWOT Analysis
- Identify HCDE Priorities
- Budget Balancing
HCDE PRIORITIES

HEAD START COOLWOOD - $500,000
EMPLOYEE BENEFITS - $500,000
EMPLOYEE SALARIES - $800,000
FUND BALANCE - Planned investment for facilities
One Source for All Learners

FY 2019-2020 Annual Budget Summary
June 12, 2019 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 2019-2020
4. Overview of TASB Salary Schedules
5. Next Steps
6. Adjourn
Our Mission:
Support Harris County by enriching educational opportunities and providing value through services.
HCDE Goals

GOAL 1, $22,355,145, 17%
GOAL 2, $17,129,577, 13%
GOAL 3, $57,245,239, 45%
GOAL 4, $20,554,671, 16%
GOAL 5, $11,017,179, 9%

HCDE FY20 Budget by 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

Federal

7-17
Start / End - Evaluation Of performance Monitoring

9/1
Plan - prepare

State

8/31
Initiate Budget Estimates

Local

6/9
Ensure Sustainability

June
Budget Review

Implement Plan

April
Budget Submission & Review

Set Priorities

Pay Priorities

Budget Allocations And Projections

H/R

Need Assessments And SWOT Analysis

Student Programs

Instructional Support Programs

Facilities

Grant Funded Programs

Finance

Equalization Mandate

Instructional Support Programs

Enterprise Divisions

Grant Funded Programs

Budget Approval Posting - Hearing

8/31
2019-2020 Estimated Revenue (All Funds) $112,791,145

- General Fund, $55,107,792
- Special Revenue Fund, $40,474,974
- Debt Service Fund, $2,917,611
- Capital Projects Fund, $3,796,869
- Internal Service Fund, $5,585,951
- Enterprise Fund, $4,907,948

Total Estimated Revenue: $112,791,145
$128,301,881  
TOTAL BUDGET  
FY 2019-2020

General Fund  
$60M - 445.48 FTE

Special Revenue Fund - Grants  
$40.4 M - 389.32 FTE

Capital Projects Fund  
$14.4M – 0 FTE  
AB West - Fortis Academy and various maintenance projects.

Debt Service Fund - Bonds  
$2.9 M - 0 FTE

Internal Service Fund - Facilities  
$5.6 M 49 Total FTE

Enterprise Fund  
$4.9M  
18.37 FTE  
Choice Partners Cooperative.

47%  
32%  
2%  
11%  
4%  
4%
**Budgetary Assumptions**

### 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 from $450B to $477 Billion or 6% increase from a year ago, thus recommending a tax rate of $.00517 which is estimated to be below the Effective Tax Rate.

### $4.890 M 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 reduced worker’s comp. rate.
  - Health care insurance aid was included for $250k.

### 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

### 9 NEW Positions

- Additional positions are requested for School Based Therapy (2), Special Schools (4), Technology (2), Records (1)
**Major Initiatives**

**FY 2019-2020**

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**Top 3 New Programs**

- **Special Schools**
  - Provide Students with Special Schools Personnel 4

- **Services to ISDs**
  - Continuing our competitive edge to enhance services to school districts

- **Capital Improvements**
  - Development Plans projected for FY 20 Financial Plan
  - $4,890,736 total for various projects
    - Upgrade & Building Improvements,
    - Head Start – CoolWood Renovation Technology and Replacement Assets
  - On Going: AB West Project

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**Top 5 Fee Sources**

1. **School Based Therapy ( #1 Fee INFLOW Source)**
   - Total Revenue $10.03 M
   - Projected Performance Ratio 82%

2. **Special Schools (#2 Fee INFLOW Source)**
   - Total Revenue for 4 schools $8.9M
   - Projected Performance Ratio 81%, 83%, 63%, 55%

3. **Choice Cooperative (#3 Fee INFLOW Source)**
   - Total Revenue $4.9 M
   - Total Transfer to G/Fund $2.375 M or 4.3% of overall G/F
   - Projected Performance Ratio 180% of expenses

4. **Records Management ( #4 Fee INFLOW Source)**
   - Total Revenue $1.9 M
   - Projected Performance Ratio 95%

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

Other Revenue Sources of Fees

FY 2019-2020

Safe and Secure Schools
Total Revenue $399,750
Performance Ratio 65%

Educator Certification
Total Revenue $409,210
Performance Ratio 60%

Other Revenues in General Fund

Misc. Revenues
Other revenues
$287,591 includes
HCDE Plus, CASE,
Grants, Research, &
Technology, etc.
General Fund Revenues
$55,107,792
FY 2019-2020

Fees for Services
Client based revenues such as therapy fees, Special Schools fees, training fees, audit services fees, etc.
$23,118,627

State Funding
TRS On behalf and state aid from salary and health insurance grants
$3,610,000

Property Tax Revenues
Taxes based on $450 Billion in value at $.005167 est. rate. & delinquent taxes
$23,771,834

Other
Miscellaneous and Interest Costs
$450,727

Indirect Costs
Indirect cost from grants
$1,781,830

Transfers IN - Choice
Transfer in from Choice Partners Coop
$2,375,224

HB3 Funding Loss $560K

$2,164,601 Increase from $52,943,191
Or 4.09% Increase
Client Fees (INFLOWS)

Includes fees from:
General Fund & Choice
FY20 CUSTOMER FEES BY DIVISION - GENERAL FUND
$23,118,627

Special Schools: 38.41%
Records Management Services: 8.29%
Teaching and Learning Center: 5.16%
Center for Safe & Secure Schools: 1.73%
Educator Certification and Prof Adv: 1.77%
Research & Evaluation: 0.46%
Technology Support Services: 0.08%
Business Services: 0.43%
CASE Local: 0.3%
School Based Therapy Services: 43.40%
Records Management Membership

- ISD: 53%
- Government Entity: 15%
- County: 5%
- College: 9%
- Municipality: 7%
- Charter School: 11%
Records Management Fees
FY 17-18

Record Management Fees by Client
FY 2017-2018
$1,894,771

- ISD $683,504 (36%)
- Charter $28,847 (1%)
- Municipality $957,973 (51%)
- College $64,270 (3%)
- County $92,711 (5%)
- Governmental $67,465 (4%)

Total: $1,894,771
### Record Management Fees - In County

#### ANNUAL MEMBERSHIP FEE

| Membership Fee | Based on enrollment from $500 to $12,600 |

#### STORAGE RATES

- **Standard Storage Box (10" x 12" x 15")**
  - $0.24 per local mo.

#### SERVICE RATES

- **Consulting**
  - Records Control Schedules
    - Membership
  - Policy and Procedures
    - Membership
  - Record Retrieval (accessing a stored file or box)
    - Membership
  - Refile (returning a stored file or box)
    - Membership
  - FAX (FACCE or other)/Electronic Transmission
    - Membership
  - Document Shredding (pickup from customer's site)
    - Membership
  - Monthly Management Reports (all types)
    - Membership
  - Receiving new boxes, including data entry
    - $1.00 per box
  - Transportation/Scheduled pick-ups and deliveries
    - $20.00 per stop
  - Transportation/Rush Services (weekend and holidays)
    - $45.00 per stop
  - After Hours/Rush Retrieval and Deliveries Services
    - $45.00 per stop
  - Transportation/Large Volume Scheduled pick-ups and deliveries
    - $75.00 per box
  - Data Migration (importing customer's data)
    - $25.00 per hour
  - Interfiling/indexing per file
    - $1.35 each file
  - Permanent Removal (per box)
    - $1.50 each
  - Permanent Removal to Close the Account
    - $2.50 each item

#### SUPPLIES

- **Box barcodes labels (15 per sheet)**
  - N/L
- **Standard storage box (packed 25/bundle)**
  - $1.50 each
- **Recycling bin services (monthly rotation): 84 gallon**
  - $6.00 each
- **Recycling bin services (monthly rotation): 32 gallon**
  - $7.00 each
- **Recycling Consols (for confidential papers)**
  - $5.00 each

* Supply prices subject to change with notice.

### ELECTRONIC DOCUMENT MANAGEMENT SERVICES

Rates for 16mm & 35mm microfilming conversions and/or electronic imaging, indexing, scanning and document preparation must be quoted separately due to the wide range of variables associated with each job.

We electronically digitize all types of records including:

- Human Resources Records
- Benefits Records
- Special Education
- High School Transcripts
- Accounts Payable and Receivables
- Large Format Maps
- Converting roll film to digital images

**Electronic Document Storage and Retrieval Online**

<table>
<thead>
<tr>
<th>Service</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTO, SDLT, DLT</td>
<td>$0.25/month</td>
</tr>
<tr>
<td>16mm, 35mm, 8mm, 4 mm</td>
<td>$0.25/month</td>
</tr>
<tr>
<td>Roll film</td>
<td>$0.25/month</td>
</tr>
<tr>
<td>3480/3490/3495 tapers, CD's &amp; Hard Drives</td>
<td>$0.25/month</td>
</tr>
<tr>
<td>Small case storage (standard container)</td>
<td>$1.50/month</td>
</tr>
<tr>
<td>Large case storage (over size cases)</td>
<td>$2.00/month</td>
</tr>
</tbody>
</table>

**Service Rates**

- Tape Retrieval
  - $1.50 each
- Tape Return
  - $1.50 each
- Date Entry
  - $1.50 each
- Daily, Weekly and Monthly Rotation Retrieval Services per case
  - $3.00 each
- Daily, Weekly and Monthly Rotation roundtrip transportation
  - $20.00 each
- Rush Services per case/tape
  - $6.25 each
- After Hour/Rush Transportation
  - $45.00 per hour
### Record Management Fees - Out of County

**OUT OF COUNTY FEES**

<table>
<thead>
<tr>
<th>ANNUAL MEMBERSHIP FEE</th>
<th>$ Based on enrollment From $500 to $12,000</th>
</tr>
</thead>
</table>

**STORAGE RATES**

- Standard Storage Box (10" x 12" x 15")
  - $0.26 per box/ mo.
- Nonstandard size boxes ($0.25 per cu ft/mo)

**SERVICE RATES**

- Training and setup: Membership
- Consulting/Records Control Schedules: Membership
- Policy and Procedures: Membership
- Retrieval (accessing a stored file or box): Membership
- Refill (returning a stored file or box): Membership
- FAST (HCDE User)/Electronic Transmission: Membership
- Document Shredding (pickup from customer’s site): Membership
- Monthly Management Reports (all types): Membership
- Receiving (new boxes, including data entry): $1.25 per box
- Transport/Scheduled pick-ups and deliveries
  - Outside of Harris County (up to 100 boxes): $25.00 per stop
  - Outside of Harris County (up to 100 boxes)
  - After Hours/Rush Retrieval and Deliveries Services
  - Transportation/Large Volume Scheduled Pick-ups and Deliveries: $25.00 per hour
  - Outside of Harris County (over 101 boxes)
  - Data Migrations (importing customer’s data)
  - Interfiling/INDEXING PER FILE: $1.75 each
  - Permanent Removal (per box)
  - Permanent Removal to Close the Account: $2.25 each item

**SUPPLIES**

- Box barcodes labels (15 per sheet): N/A
- Standard storage box (packed 24/bundle)
  - 1.95 each
- Recycling Bin Services (monthly rotations)
  - 54 gallon: $5.50 each
- Recycling Bin Services (monthly rotations)
  - 55 gallon: $10.00 each
- Recycling Bins (for confidential papers): $5.50 each

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**ELECTRONIC DOCUMENT MANAGEMENT SERVICES**

- Rates for 16mm & 35mm microfiling conversions and/or electronic imaging, indexing, scanning and document preparation must be quoted separately due to the wide range of variables associated with each job.

We electronically digitize all types of records including:

- Human Resources Records
- Benefits Records
- Special Education
- High School Transcripts
- Accounts Payable and Receivables
- Large Format Maps
- Converting roll film to digital images

**Electronic Document Storage and Retrieval Online**

- $11.50 per GB/month

**VAULT STORAGE AND TAPE & FILM SERVICES**

**Storage Rates**

- LTO, SDLT, DLT
  - 16mm, 35mm, 8mm, 4 mm: $0.30/month
- Roll film: $0.30/month
- 3480/3490/3490E Tapes, CD’s & Hard Drives: $0.35/month

**Small case storage (standard container)**

- $2.00/month

**Large case storage (over size cases)**

- $2.50/month

**Service Rates**

- Includes bar-coding, filing, data entry and tracking

- Tape Retrieval: $2.00 each
- Tape Return: $2.00 each
- Data Entry: $2.00 each
- Daily, Weekly and Monthly Rotation Services per case: $4.00 each
- Daily, Weekly and Monthly Rotation Roundtrip Transportation: $25.00 each
- Rush Services per case/ a day: $7.25 each
- After Hours/Rush Transportation: $50.00 per hour
Katy ISD $2,369,048
Cyfair ISD $2,918,286
Houston ISD $2,674,350
Other ISD Contracts under $50,000 = $409,445
Spring ISD $991,104
Spring Branch $385,600
Dayton ISD $75,192

School Based Therapy Services

FY 2019-2020

Other ISD Contracts under $50,000 = $409,445

In County
- Therapy In County $482/Day
- OT – PT Assistant $380

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

Rates have been fixed the last four years. 85% Performance Target.
Special Schools Contracted Seats
$8,879,324
16% of general fund revenue
FY 2019-2020

Fortis Academy
$196,250

AB School West
$3,119,600

AB School East
$3,469,001

Highpoint East
$2,094,473
Rates have been fixed the last four years. For FY 20, rates are increasing by 1.5% for AB & HP. Fortis reduced for start up promotion. 75% to 85% Performance Target.
Planned Use of Fund Balance for one time expenditures

FY 2019-2020

Capital Improvements $4,890,736

- Technology upgrades
  Status: Annual replacement schedule
  $593,867

- CoolWood Head Start Improvements
  Status: Pending buildout
  $500,000

- Building Upgrades
  Various buildings are in need of renovation due to ADA requirements, roof aging and HVAC replacement
  (i.e. AB East Building, Adult Ed facilities, Reagan–Irvington Building, Westview facility, etc.)
  $3,796,869
General Fund Expenditures
$59,998,528
FY 2019-2020

- Payroll $38,004,154
  6100 Accounts – Payments for employee salaries and benefits

- Contracted Services $4,631,482
  6200 Accounts – Payments to vendors and contractors

- Supplies & Materials $2,190,690
  6300 Accounts – Payments for supplies

- Transfers Out $8,115,267
  8800 Accounts – Transfers to other Funds, debt Service and Grants

- Miscellaneous $6,463,068
  6400 Accounts – Payments for other costs, travel and facilities charges.

- Capital Outlay $593,672
  6600 Accounts – Payments for capitalized assets
Transfers Out to Other Funds
$8,115,267
FY 2019 - 2020

- Capital Projects $3,796,869
- Debt Service Fund – Bonds $2,917,611
- CASE – Local Match $550,787
- Head Start – Coolwood $500,000
- Head Start – Operating $350,000
Two occupational therapists to cover additional demand from ISDs. Budget Neutral.

Two help desk technicians from contracted to employees. Budget Neutral

One Imaging clerk from contracted to employee. Budget Neutral.

One Parent Liaison, one instructional coach, one teacher for Highpoint, and one bus driver. Funding from ISDs will fund these positions. Budget neutral.
Property Values Growth

Last Six Fiscal Years

FY 2015
$338 Billion

FY 2016
$55 Billion
$393 Billion in FY 2016

FY 2017
$29 Billion
$422 Billion in FY 2017

FY 2018
$15 Billion
$437 Billion in FY 2018

FY 2019
$13 Billion

$450 Billion in FY 2019

Prelim Estimate

$27 Billion

$477 Billion

FY 2019 Prelim Estimate

27
Property Tax Rate $.01 Maximum

Six Year History

$289 Billion

$338 Billion

11%

$393 Billion

4%

$393 Billion

$.005999 Effective Tax Rate

$.005422 Below Effective Tax Rate

$.0052 Below the ETR

$.005190 Below the ETR

$.005195 Below the ETR

$.005190 Below the ETR

$.00517 Below the ETR

$.00517 Below the ETR

$.00517 Below the ETR

$.00517 Below the ETR

5th year in a row to recommend BELOW the Effective Tax Rate

Lowering the tax rate

Harris County
Department of Education

15
16
17
18
19
20

$289 Billion

$338 Billion

$393 Billion

$422 Billion

$437 Billion

$450 Billion

$477 Billion

Last Six Fiscal Years

11%

4%

.1%

.1%

.1%

.1%
## Estimated Tax Rate

### Harris County Department of Education
Comparative Analysis of Property Values

<table>
<thead>
<tr>
<th>Proposed Collections Tax Year 2018</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted TAX RATE</td>
<td>0.005190</td>
<td>0.005190</td>
<td>0.005190</td>
<td>0.005170</td>
</tr>
<tr>
<td>Adopted TAX RATE</td>
<td>$412,526,038,722</td>
<td>$448,050,463,110</td>
<td>$426,609,240,021</td>
<td>$426,609,240,021</td>
</tr>
<tr>
<td>Values under protest or not certified</td>
<td>37,168,447,726</td>
<td>1,011,894,807</td>
<td>34,802,332,739</td>
<td>34,802,332,739</td>
</tr>
<tr>
<td></td>
<td>449,694,486,448</td>
<td>449,062,357,917</td>
<td>461,411,572,760</td>
<td>461,411,572,760</td>
</tr>
<tr>
<td>/ Rate per Taxable $100</td>
<td>4,496,944,864</td>
<td>4,490,623,579</td>
<td>4,614,115,728</td>
<td>4,614,115,728</td>
</tr>
<tr>
<td></td>
<td>99.88%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X Estimated collection rate</td>
<td>23,311,137</td>
<td>23,278,369</td>
<td>23,707,788</td>
<td>23,616,429</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delinquent Tax Collections</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>+Special Assessments</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>+ Penalty &amp; Interest</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
</tr>
</tbody>
</table>
**TAX YEAR 2018 COLLECTION SUMMARY**

*As of April 30, 2019*

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>BUDGET</th>
<th>CURRENT MONTH</th>
<th>Y-T-D</th>
<th>BALANCE (OVER) / UNDER</th>
<th>Y-T-D % OF BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Tax</td>
<td>$ 23,310,040</td>
<td>$ 176,114</td>
<td>$ 22,635,594</td>
<td>$ 674,446</td>
<td>97.1%</td>
</tr>
<tr>
<td>Delinquent Tax</td>
<td>150,000</td>
<td>(5,313)</td>
<td>(55,609)</td>
<td>205,609</td>
<td>-37%</td>
</tr>
<tr>
<td>Penalty &amp; Interest</td>
<td>-</td>
<td>19,204</td>
<td>125,457</td>
<td>(125,457)</td>
<td>0%</td>
</tr>
<tr>
<td>Special Assessments and</td>
<td>15,000</td>
<td>1,361</td>
<td>11,258</td>
<td>3,742</td>
<td>75%</td>
</tr>
<tr>
<td><strong>Subtotal Revenues:</strong></td>
<td>$ 23,475,040</td>
<td>$ 191,367</td>
<td>$ 22,716,700</td>
<td>$ 758,340</td>
<td><strong>96.8%</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: HCAD Fees</td>
<td>$ 180,000.00</td>
<td>$ -</td>
<td>$ 127,380.00</td>
<td>$ 52,620.00</td>
<td>71%</td>
</tr>
<tr>
<td>LESS: HCTO Fees</td>
<td>475,000</td>
<td>-</td>
<td>458,226</td>
<td>16,774</td>
<td>96%</td>
</tr>
<tr>
<td><strong>Subtotal Expenditures:</strong></td>
<td>$ 655,000</td>
<td>$ -</td>
<td>$ 585,606</td>
<td>$ 69,394</td>
<td><strong>89%</strong></td>
</tr>
<tr>
<td><strong>Net Tax Collections:</strong></td>
<td>$ 22,820,040</td>
<td>$ 191,367</td>
<td>$ 22,131,094</td>
<td>$ 688,946</td>
<td><strong>97.0%</strong></td>
</tr>
</tbody>
</table>
Total Grants
$40.4 M
FY 2019-2020

Early Head Start
Federal Grant – Health & Human Services
Federal Grant – Incl. Matching
$3,025,301

Local Grants
$167,174

CASE
21 Century Grant - US Dept. of ED. Workforce Development – HGAC, COH, Houston Endowment
Federal Grant
$7,294,294

Head Start
Federal Grant – Health & Human Services
Federal Grant – Incl. Matching
$22,118,713

Adult Ed.
HGAC Federal-State Grant
$7,869,492
Fund Balance Activity
FY 2019 - 2020

Beginning Fund Balance $25.2 M
Plus Revenue Inflow $55.1 M
Less Appropriations Outflow $59.9
Ending Fund Balance $20.3

$4.890 Net Use of Projected Fund Balance
This is the net effect on fund balance based on planned capital expenditures that are a one time use of fund balance.
* (Included in $59.9 M total)
Capital Project Funds
FY 2019-2020

Capital Improvements $14.6M

AB West
- Carryover funds for the construction of the new Campus (PFC)
- $10.5 M

AB East
- Roof, HVAC, bus line & detention pond
- $1.8 M

Adult Education Facilities
- Roof and HVAC replacements, & ADA requirement adjustments
- $1.7 M

Fortis Academy
- Building modifications for science laboratory.
- $0.13 M

Building Upgrades
- LED replacement project.
- $0.17 M
Estimated Fund Balance
$20,384,139
FY 2019-2020

Unassigned $17,769,755
$59,998,528 G/Fund
= 26.6%
Or 3.55 Months

Non Spendable  $125,000
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  $550,000
Shall mean that portion of the fund balance that is constrained to a specific purpose by the Board of Trustees.

Assigned  $1,939,384
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  $17,769,755
Includes amounts available for any legal purpose.
• Required Posting – Houston Chronicle – 10 days prior to board meeting
• Board Workshop – July 17, 2019
  [Target Budget Approval Date July 17, 2019]
• Target Date - Certified Value – August 2, 2019
• Beginning New Fiscal Year September 1, 2019
• Target Date - Tax Date Approval Date – September 18, 2019
Employee Pay Systems Review
2018-19

Cindy Clegg, TASB Consultant
June 2019

This information is provided for educational purposes only to facilitate a general understanding of the law or other regulatory matter. This information is neither an exhaustive treatment on the subject nor is this intended to substitute for the advice of an attorney or other professional advisor. Consult with your attorney or professional advisor to apply these principles to specific fact situations.
Background

• TASB has worked with HCDE since 2002 to maintain competitive pay practices.
• Employee pay and HCDE pay structures compared to market benchmarks.
• Proposed adjustments and cost estimates based on a snapshot of 807 employees as of January, 2019.
• Reviewed with HCDE leaders in March.
<table>
<thead>
<tr>
<th>District</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aldine ISD</td>
<td>70,434</td>
</tr>
<tr>
<td>Alief ISD</td>
<td>47,015</td>
</tr>
<tr>
<td>Alvin ISD</td>
<td>22,030</td>
</tr>
<tr>
<td>Clear Creek ISD</td>
<td>41,500</td>
</tr>
<tr>
<td>Cypress-Fairbanks ISD</td>
<td>113,689</td>
</tr>
<tr>
<td>Deer Park ISD</td>
<td>13,142</td>
</tr>
<tr>
<td>Fort Bend ISD</td>
<td>72,412</td>
</tr>
<tr>
<td>Galena Park ISD</td>
<td>22,509</td>
</tr>
<tr>
<td>Goose Creek CISD</td>
<td>23,612</td>
</tr>
<tr>
<td>Houston ISD</td>
<td>210,987</td>
</tr>
<tr>
<td>Humble ISD</td>
<td>40,431</td>
</tr>
<tr>
<td>Klein ISD</td>
<td>57,000</td>
</tr>
<tr>
<td>La Porte ISD</td>
<td>7,755</td>
</tr>
<tr>
<td>Pasadena ISD</td>
<td>55,577</td>
</tr>
<tr>
<td>Pearland ISD</td>
<td>21,000</td>
</tr>
<tr>
<td>Spring Branch ISD</td>
<td>35,100</td>
</tr>
<tr>
<td>Spring ISD</td>
<td>36,438</td>
</tr>
</tbody>
</table>

Other Data Sources:
2 Houston third party salary surveys
Current Market Conditions

- Market districts budgeted for pay increases of 2.0% for 2018-19.
- April poll predicted average pay increase of 2.5% for 2019-20.
- Effects of HB3 uncertain for several months.
- Annual inflation rate for Houston was 1.8% as of April.
<table>
<thead>
<tr>
<th>Pay Group</th>
<th>Number of Positions Benchmarked</th>
<th>Overall Market Position 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers</td>
<td>1</td>
<td>107%</td>
</tr>
<tr>
<td>Professional Support</td>
<td>6</td>
<td>102%</td>
</tr>
<tr>
<td>Administrators</td>
<td>27</td>
<td>103%</td>
</tr>
<tr>
<td>Technology</td>
<td>12</td>
<td>105%</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>9</td>
<td>109%</td>
</tr>
<tr>
<td>Instruction Support</td>
<td>6</td>
<td>112%</td>
</tr>
<tr>
<td>Operations Support</td>
<td>6</td>
<td>112%</td>
</tr>
</tbody>
</table>
Teachers – Market Salaries

Teacher Salary Plan, 2018-2019

Market Comparison

HCDE
Harris County Market Peers -191 days

0-Year Salary  | 5-Year Salary  | 10-Year Salary  | 15-Year Salary  | 20-Year Salary
---|---|---|---|---
54,695 | 56,829 | 60,062 | 62,664 | 65,660
56,000 | 58,464 | 60,815 | 63,265 |
58,000 | 60,000 |
60,000 | 62,000 |
62,000 | 64,000 |
64,000 | 66,000 |
66,000 |
### HCDE Health Benefits

<table>
<thead>
<tr>
<th>Employee Only Health Coverage</th>
<th>Annual Health Insurance Contribution</th>
<th>Employee Contribution Required *</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCDE – TRS 1-HD</td>
<td>$3,026</td>
<td>$1,378</td>
</tr>
<tr>
<td>Region 4 Districts</td>
<td>$3,324</td>
<td>$1,200</td>
</tr>
</tbody>
</table>

* Of 20 responding districts, only 3 pay the full cost of employee health insurance.
Recommendations

• Adjust all pay ranges for market inflation and give a general pay increase.
  • 3% of each range midpoint is modeled.
  • Teacher pay raise would be $1,800.
  • Teacher starting salary would be $57,000 (leading in Harris County).

• Increase the bilingual teacher stipend to $4,200 for potential future hires.
• Make strategic adjustments to pay range structures for Technology, Instruction Support, and Operations Support.
  • Improve range capacity for network analysts.

• Improve pay range and incumbent pay for degreed/certified Head Start teachers
  • Added market adjustment of $1.50 to increase average wage to $23.15 (market is $23.08).
Recommendations

• Raise minimum wage from $10.38 to $12.00 for Operations Support.

• Add in-range adjustments for experience.
## Estimated Costs

### 3% General Pay Increase Model

<table>
<thead>
<tr>
<th>Pay Group</th>
<th>General Pay Increase</th>
<th>Adjustments</th>
<th>Estimated Total Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Instructional Staff</td>
<td>$126,592</td>
<td>$0</td>
<td>$126,592</td>
</tr>
<tr>
<td>Administrative</td>
<td>$458,031</td>
<td>$0</td>
<td>$458,031</td>
</tr>
<tr>
<td>Professional Support</td>
<td>$256,421</td>
<td>$709</td>
<td>$257,130</td>
</tr>
<tr>
<td>Technology</td>
<td>$57,850</td>
<td>$0</td>
<td>$57,850</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>$86,181</td>
<td>$0</td>
<td>$86,181</td>
</tr>
<tr>
<td>Instructional Support</td>
<td>$179,835</td>
<td>$163,984</td>
<td>$343,819</td>
</tr>
<tr>
<td>Operations Support</td>
<td>$72,083</td>
<td>$19,190</td>
<td>$91,273</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,236,993</strong></td>
<td><strong>$183,883</strong></td>
<td><strong>$1,420,876</strong></td>
</tr>
</tbody>
</table>

**% of Current Costs**

- **Total**: 3.0%
- **$472,571 of the total cost is for Head Start and Adult Education**
HCDE’s use of resources –
A business model to leverage $1 of local tax into $4.86

By Dr. Jesus Amezcua
Applicable sections of TEC former Ch. 17 and Ch. 18 require that the Department utilize the revenues from the tax rate for the equalization of educational opportunities in Harris County and for the payment of administration expense.

Mission: Harris County Department of Education supports Harris County by enriching educational opportunities and providing value through services.

To this end, the Board of Trustees adopted five goals for the Department:

- **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
HOW

TYPE A - Providing various services to ISDs at reduced rates to save them time and money
SPECIAL SCHOOLS; SCHOLASTIC ART PROGRAMS; SCHOOL BASED THERAPY SERVICES; TEACHING AND LEARNING CENTER; CENTER FOR SAFE & SECURE SCHOOLS; EDUCATOR CERTIFICATION

TYPE B - Infrastructure support systems to leverage grant funding
CASE FOR KIDS; EARLY HEAD START AND HEAD START PROGRAMS; ADULT EDUCATION - GED PROGRAMS

TYPE C - Reduce costs and pass on savings
RECORDS MANAGEMENT AND CHOICE PARTNERS COOPERATIVE PROGRAMS
TYPE A -
Providing various services to ISDs at reduced rates to save them time and money

<table>
<thead>
<tr>
<th>Service</th>
<th>Targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL SCHOOLS</td>
<td>at 70 to 85%</td>
</tr>
<tr>
<td>SCHOLASTIC ART PROGRAMS</td>
<td>Targeted</td>
</tr>
<tr>
<td>at 60 to 70%</td>
<td></td>
</tr>
<tr>
<td>SCHOOL BASED THERAPY SERVICES</td>
<td>Targeted</td>
</tr>
<tr>
<td>at 80 to 90%</td>
<td></td>
</tr>
<tr>
<td>TEACHING AND LEARNING CENTER</td>
<td>Targeted</td>
</tr>
<tr>
<td>at 70 to 85%</td>
<td></td>
</tr>
<tr>
<td>CENTER FOR SAFE &amp; SECURE SCHOOLS</td>
<td>Targeted</td>
</tr>
<tr>
<td>at 60% to 85%</td>
<td></td>
</tr>
<tr>
<td>EDUCATOR CERTIFICATION</td>
<td>Targeted</td>
</tr>
<tr>
<td>at 70 to 85%</td>
<td></td>
</tr>
</tbody>
</table>

Self-sustaining levels. The difference is projected to be paid through other resources, including excess enterprise activities, indirect costs and/or tax revenues.
TYPE B - Infrastructure support systems to leverage grant funding

AFTER-SCHOOL PROGRAMS – Local Match to leverage $550K
EARLY HEAD START AND HEAD START PROGRAMS – Local Match and additional support
ADULT EDUCATION–GED PROGRAMS – Local support to leverage $4M

Support includes Business Services, Human Resources, Communications, Technology and Facilities
TYPE C - Reduce costs and pass on savings

- RECORDS MANAGEMENT PROGRAM Targeted at 5% to 10% excess
- Similar to a shared service arrangement
- Cost of providing services to ISDs and cost of facilities
- By adding other local governments, the cost of charges allocation is lower and reduces overhead to ISDs and HCDE
TYPE C - Reduce costs and pass on savings

- CHOICE PARTNERS PURCHASING COOP Targeted at 45% Excess

  Individual

margin of 15% to 25%

PROCESS

1. Legal, competitive procurement of vendors – RFP – Board-approved contracts
2. Members join Coop through interlocal agreements
3. Members of Coop – use contracts and benefit from economies of scale and contract pricing as well as save time and resources by not procuring themselves
4. Vendors pay administrative participation fee on contracts
As the business model is determined, HCDE develops a budget calendar.

- The calendar includes:
  1. review of programs,
  2. SWOT analysis,
  3. developing an operations plan that includes goals and objectives, funding plans and application and evaluation of sustainability and performance ratios
Strategies

1. Balanced Budget
2. Utilize all resources by maximizing outside resources while utilizing efficient local tax support through the use of effective tax rate
3. Implement monitoring tools, risk assessments, accountability systems and interim and year end financial reporting
Summary

Key points

• Local tax base is used to leverage and bring $4.86 to ISDs for every $1 of local taxes

• Be efficient, accountable and prudent

• Utilize sound business practices to deliver services needed and requested by ISDs