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**

**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
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

2019-2020 Estimated Revenue (All Funds) $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

Debt Service Fund
Bonds
$2.9 M - 0 FTE

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

Internal Service Fund - Facilities
$5.6 M 49 Total FTE

Enterprise Fund
$4.9M
18.37 FTE
Choice Partners Cooperative.
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
The sum of fees, taxes, indirect cost must be balanced with growth, market fees, expenditure needs, compliance, salaries, sustainability and performance ratios

Formula:

9 NEW Positions
Additional positions are requested for School Based Therapy (2), Special Schools (4), Technology (2), Records (1)
Major Initiatives
FY 2019-2020

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

Top 5 Fee Sources

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

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

- **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

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

- **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%

Other Revenues in General Fund

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

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

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

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

Other
Miscellaneous and Interest Costs
$450,727

Increase from $52,943,191
Or 4.09% Increase
$2,164,601

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

Other
Miscellaneous and Interest Costs
$450,727

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

Increase from $52,943,191
Or 4.09% Increase
$2,164,601

HB3 Funding Loss $560K

5%
42%
7%
3%
43%
1%
13%
14%
3%
Client Fees (INFLOWS)

Includes fees from:
General Fund & Choice
Choice Partners Cooperative Membership

- Charter School: 5%
- College: 4%
- County: 8%
- Government Entity: 9%
- Hospital: 0%
- ISD: 38%
- Municipality: 16%
- Non-Profit: 10%
- Private School: 5%
- University: 5%
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%
- Educator Certification and Prof Adv: 1.77%
- Center for Safe & Secure Schools: 1.73%
- Research & Evaluation: 0.46%
- Business Services: 0.43%
- CASE Local: 0.3%
- Technology Support Services: 0.08%
- School Based Therapy Services: 43.40%

TOTAL: $23,118,627
Cyfair ISD $2,918,286
Houston ISD $2,674,350
Katy ISD $2,369,048
Spring Branch $385,600
Dayton ISD $75,192

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

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

Special Schools Contracted Seats - 16% of general fund revenue - FY 2019-2020
Special Schools Rates
FY 2019-2020

HP East
In County
$10,049 /year
Competitor $12,000
JJAEP
District AEP

HP East
Out of County
$11,064/yr.
Competitor $12,000

Fortis Academy
In County
$6,250/yr.
Competitors - $20,000
Archway
Three Oaks

AB Schools
Out of County
$23,853/yr.
Competitors - $30,000
Avondale -

AB Schools
In County
$20,605/yr.
Competitors - $30,000
Avondale -

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

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

Capital Outlay $593,672
6600 Accounts – Payments for capitalized assets

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
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.

9 New Positions
Property Values Growth

Last Six Fiscal Years

FY 2015
$338 Billion

$393 Billion in FY 2016

$55 Billion

$422 Billion in FY 2017

$29 Billion

$437 Billion in FY 2018

$15 Billion

$450 Billion in FY 2019

$13 Billion

Prelim Estimate

FY 2019
$477 Billion

$27 Billion
Property Tax Rate $.01 Maximum

Six Year History

15
$0.005999
Effective Tax Rate

16
$0.005422
Below Effective Tax Rate

17
$0.0052
Below the ETR

18
$0.005195
Below the ETR

19
$0.005190
Below the ETR

20
$0.00517
Below the ETR

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

$289 Billion

$338 Billion

$393 Billion

$393 Billion

$422 Billion

$422 Billion

$437 Billion

$437 Billion

$450 Billion

$450 Billion

$477 Billion

$477 Billion

Last Six Fiscal Years

Lowering the tax rate

$289 Billion

$338 Billion

$393 Billion

$393 Billion

$422 Billion

$422 Billion

$437 Billion

$437 Billion

$450 Billion

$450 Billion

$477 Billion

$477 Billion

Harris County Department of Education
## Estimated Tax Rate

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Harris County Department of Education</strong>&lt;br&gt;<strong>Comparative Analysis of Property Values</strong></td>
<td><strong>CURRENT</strong>&lt;br&gt;<em>March</em></td>
<td><strong>If Proj at $461 Bill</strong>&lt;br&gt;<strong>BUDGET PRELIM</strong></td>
<td><strong>Actual Estimate</strong>&lt;br&gt;<em>Per HCAD</em></td>
</tr>
<tr>
<td><strong>ADOPTED TAX RATE</strong>&lt;br&gt;<strong>ADOPTED TAX RATE</strong></td>
<td><strong>Including new improvements</strong>&lt;br&gt;<strong>Estimated TAX RATE</strong></td>
<td><strong>Including new improvements</strong>&lt;br&gt;<strong>Estimated TAX RATE</strong></td>
<td><strong>Estimated TAX RATE</strong></td>
</tr>
<tr>
<td>Proposed Collections Tax Year 2018</td>
<td>0.005190</td>
<td>0.005190</td>
<td>0.005190</td>
</tr>
<tr>
<td>Certified Taxable Value per HCAD *</td>
<td>$ 412,526,038,722</td>
<td>$ 448,050,463,110</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>
</tr>
<tr>
<td></td>
<td>449,694,486,448</td>
<td>449,062,357,917</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>
</tr>
<tr>
<td>X Estimated collection rate</td>
<td>99.88%</td>
<td>99.88%</td>
<td>99.88%</td>
</tr>
<tr>
<td><strong>Estimated collection rate</strong></td>
<td><strong>23,311,137</strong></td>
<td><strong>23,278,369</strong></td>
<td><strong>23,707,788</strong></td>
</tr>
</tbody>
</table>

**+ Delinquent Tax Collections**<br>$ 0<br>$ 0<br>$ 0<br>$ 0

**+ Special Assessments**<br>15,000<br>15,000<br>15,000<br>15,000

**+ Penalty & Interest**<br>150,000<br>150,000<br>150,000<br>150,000

**Estimated Current Tax Available for Operations:**<br>$ 23,476,137<br>$ 23,443,389<br>$ 23,872,788<br>$ 23,781,429
## 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>96.8%</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>89%</td>
</tr>
<tr>
<td>Net Tax Collections</td>
<td>$22,820,040</td>
<td>$191,367</td>
<td>$22,131,094</td>
<td>$688,946</td>
<td>97.0%</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

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

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

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

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

- **Building Upgrades**
  - $0.17 M
  - LED replacement project.

**Capital Improvements**

- **Harris County Department of Education**
  - $14.6M
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