One Source for All Learners

FY 2019-2020 Annual Budget Summary
July 17, 2019 Budget Workshop

Submitted to Board of Trustees
by
James Colbert Jr. Superintendent
Dr. Jesus J. Amezcuca, Assistant Supt. For Business
Budget Workshop Agenda

1. Introduction
2. Annual Budget Overview & Updates - FY 2019-2020
3. Next Steps
4. Adjourn

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET

The Harris County Department of Education will hold a public meeting at 1:00 PM on Wednesday, July 17th, 2019
in the room 400A at 6200 Irving Blvd.
Houston, Texas 77092

The purpose of this meeting is to discuss the school district’s budget that will be adopted. Public participation in the discussion is invited.

Comparison of Proposed Budget with Last Year’s Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories:

- Maintenance and operations: 4% increase or 0% (decrease)
- Debt service: 0% increase or 0% (decrease)
- Total expenditures: 4% increase or 0% (decrease)

Public Hearing Scheduled for 1:00 PM for July 17, 2019
Goals Planning Cycle

- **Federal**
  - Start/End Evaluation of performance Monitoring
  - 8/31
  - Budget Approval Posting Hearing
  - 7-17
  - Initiate Budget Estimates
  - 9/1

- **State**
  - Pay Priorities
  - 2/11
  - Need Assessments And SWOT Analysis
  - Budget Allocations And Projections
  - Budget Review & Recommendations
  - 4/9
  - Budget Submission & Review
  - June

- **Local**
  - Set Priorities
  - 9/1
  - Equalization Mandate
  - Implement Plan
  - 7-17
  - Ensure Sustainability
  - June

- **Finance**
- **H/R**
- **Student Programs**
- **Facilities**
- **Instructional Support Programs**
- **Enterprise Divisions**
- **Grant Funded Programs**

**Plan - prepare**
## June 19th Workshop
Submitted Budget

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
<th>Internal Service Fund</th>
<th>Enterprise Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Revenues</strong></td>
<td>$55,107,792</td>
<td>$40,474,974</td>
<td>$2,917,611</td>
<td>$3,796,869</td>
<td>$5,585,951</td>
<td>$4,907,948</td>
<td>$112,791,145</td>
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<tr>
<td><strong>Appropriations</strong></td>
<td>51,883,261</td>
<td>40,474,974</td>
<td>2,917,611</td>
<td>14,416,869</td>
<td>5,585,951</td>
<td>2,532,724</td>
<td>117,811,390</td>
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<tr>
<td><strong>Transfers Out</strong></td>
<td>8,115,267</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,375,224</td>
<td>10,490,491</td>
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<tr>
<td><strong>Total Appropriations and Other Uses</strong></td>
<td>59,998,528</td>
<td>40,474,974</td>
<td>2,917,611</td>
<td>14,416,869</td>
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<td>128,301,881</td>
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<tr>
<td><strong>Appropriations from Fund Balance:</strong></td>
<td>(4,890,736)</td>
<td>-</td>
<td>-</td>
<td>(10,620,000)</td>
<td>-</td>
<td>-</td>
<td>(15,510,736)</td>
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<tr>
<td><strong>Projected Fund Balance Beg.</strong></td>
<td>25,274,875</td>
<td>-</td>
<td>-</td>
<td>11,219,387</td>
<td>1,452,407</td>
<td>500,000</td>
<td>38,446,669</td>
</tr>
<tr>
<td><strong>Projected Fund Balance End.</strong></td>
<td>$20,384,139</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$599,387</td>
<td>$1,452,407</td>
<td>$500,000</td>
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### Budget Updates

#### Estimated Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
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<th>Enterprise Fund</th>
<th>Total</th>
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<tbody>
<tr>
<td>$116,273</td>
<td>$116,273</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$116,273</td>
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</table>

#### Appropriations

<table>
<thead>
<tr>
<th>Source</th>
<th>General Fund</th>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>116,273</td>
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</tbody>
</table>

#### Transfers Out

<table>
<thead>
<tr>
<th>Source</th>
<th>General Fund</th>
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</table>

#### Total Appropriations and Other Uses

<table>
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#### Appropriations from Fund Balance:

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#### Projected Fund Balance Beg.

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#### Projected Fund Balance End.

<table>
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<tr>
<td>$-</td>
<td>$-</td>
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<td>$-</td>
<td>$-</td>
<td>$-</td>
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<td>$-</td>
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</tbody>
</table>

### Changes in Appropriations

<table>
<thead>
<tr>
<th>Source</th>
<th>Partial</th>
<th>Total</th>
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<tbody>
<tr>
<td>Salary adjustment to Teachers</td>
<td>116,273</td>
<td>116,273</td>
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<tr>
<td>Total Net Appropriations</td>
<td></td>
<td>116,273</td>
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</table>

### Changes to Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Partial</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Taxes - Before</td>
<td>23,606,834</td>
<td>23,606,834</td>
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<tr>
<td>Taxes After</td>
<td>24,279,517</td>
<td>672,683</td>
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<tr>
<td>TEA Health Insurance - Before</td>
<td>560,000</td>
<td>560,000</td>
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<tr>
<td>TEA Health Insurance - After</td>
<td>- (560,000)</td>
<td>- (560,000)</td>
</tr>
<tr>
<td>Investment Earnings - Before</td>
<td>450,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Investment Earnings - After</td>
<td>453,590</td>
<td>3,590</td>
</tr>
<tr>
<td>Total Net Revenues</td>
<td></td>
<td>116,273</td>
</tr>
</tbody>
</table>

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1. Salary Schedule changes = $116,273
2. HB3 Reduction in Funding = $560,000
3. Property Value Estimates → Tax Revenue = $672,683
4. Additional Interest Earnings = $3,590

**Total Net**

<table>
<thead>
<tr>
<th>Source</th>
<th>Partial</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>$676,273</td>
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<td>$676,273</td>
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Proposed Budget
After Updates for
(1) Teacher Schedule
(2) HB3 Funding Reduction
(3) New Property Value Estimates

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<td>$ 3,796,869</td>
<td>$ 5,585,951</td>
<td>$ 4,907,948</td>
<td>$ 112,907,418</td>
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<td>Appropriations</td>
<td>51,999,534</td>
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<td>2,917,611</td>
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<td>117,927,663</td>
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<td>10,490,491</td>
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<tr>
<td>Total Appropriations</td>
<td>60,114,801</td>
<td>40,474,974</td>
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<td>5,585,951</td>
<td>4,907,948</td>
<td>128,418,154</td>
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<td>$ -</td>
<td>$ 599,387</td>
<td>$ 1,452,407</td>
<td>$ 500,000</td>
<td>$ 22,935,933</td>
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</table>
What is in the budget?

FY 19-20

• Based on $475 Billion in Values
• Salary Increase to 5% for teachers, and 4.5% for counselors, asst principal, Intervention Specialists, Nurse, and LSSP – Licensed Specialist in School Psychology
• Salary Increase to 3% for all other staff
• Increase to Health Insurance $250,560
• Assumed $560,000 cost for $900 for health insurance
• 9 New Budget neutral positions for schools and converting from contracted services to employees
• One time costs of $4,890,736 for capital projects and replacement assets
• $14.6 M in Capital Projects inclusive of AB West Carryover funds
• Total FTE employees = 904
• Projected Ending Fund Balance of $20.3M

What is Not in the budget?

FY 19-20

Items for future budget amendment (Fall 2019)

Est Revenues
(Grants- Federal Revenues)
SHARS Program Revenue $150,000
TDA Program Revenue $150,000
------------
$300,000

Appropriations
Compliance Specialist for special schools $60,000
Contracted Services to service SHARS and TDA $70,000
Health Plan Program $75,000
Contracted Services (From Worker’s Comp. Fund) $95,000
------------
$300,000

Harris County Department of Education
2019-2020 Estimated Revenue (All Funds) $112,907,418

- General Fund, $55,224,065
- 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 Revenue: $112,907,418
$128,418,154

Less $14.4 M in Construction = Net Operating = $114,001,285

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
$14.4M - 0 FTE
AB West - Fortis Academy and various maintenance projects.

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

**9 NEW Positions**
Additional positions are requested for School Based Therapy (2), Special Schools (4), Technology (2), Records (1)
General Fund Revenues
$55,224,065
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
42%

State Funding
TRS On behalf and state aid from salary and health insurance grants
$3,050,000
6%

Property Tax Revenues
Taxes based on $450 Billion in value at $.005167 est. rate. & delinquent taxes
$24,444,517
44%

Other
Miscellaneous and Interest Costs
$454,317
1%

Transfers IN –Choice
Transfer in from Choice Partners Coop
$2,375,224
4%

Indirect Costs
Indirect cost from grants
$1,781,380
13%

HB3 Funding Loss $560K

Increase from $52,943,191
Or 4.0% Increase
$2,280,874
5%

3%
42%
General Fund Expenditures
$60,114,801
FY 2019-2020

Payroll $38,120,427
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 $593,867
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
Planned Use of Fund Balance for one time expenditures

FY 2019-2020

$4,890,736

Capital Improvements $4,890,736

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

- CoolWood Head Start Improvements
  - Status: Pending RFP and grant application
  - $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
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
Property Values Growth

Last Six Fiscal Years

FY 2015
$338 Billion

FY 2016
$393 Billion
$55 Billion

FY 2017
$422 Billion
$29 Billion

FY 2018
$437 Billion
$15 Billion

FY 2019
$450 Billion
$13 Billion

Prelim Estimate

FY 2019
$477 Billion
$27 Billion
Property Tax Rate $.01 Maximum

Six Year History

Lowering the tax rate

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

Last Six Fiscal Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Rate</th>
<th>Fiscal Year</th>
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<tr>
<td>15</td>
<td>$.005999</td>
<td>$289 Billion</td>
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<tr>
<td>16</td>
<td>$.005422</td>
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<td>17</td>
<td>$.0052</td>
<td>$393 Billion</td>
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<td>18</td>
<td>$.005195</td>
<td>$422 Billion</td>
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<tr>
<td>19</td>
<td>$.005190</td>
<td>$437 Billion</td>
</tr>
<tr>
<td>20</td>
<td>$.005145</td>
<td>$450 Billion</td>
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$338 Billion
$393 Billion
$422 Billion
$437 Billion
$450 Billion
$477 Billion

11%
4%
.1%
.1%
.1%

15% off
4% off
.1% off
.1% off
.1% off

Estimated

Harris County
Department of
Education
### Estimated Tax Rate

<table>
<thead>
<tr>
<th>Proposed Collections Tax Year 2018</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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<tbody>
<tr>
<td>Adopted TAX RATE</td>
<td>0.005190</td>
<td>0.005190</td>
<td>0.005190</td>
<td>0.005145</td>
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<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>
<td>$451,521,836,635</td>
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<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>23,764,307,191</td>
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<tr>
<td>Proposed Collections Total</td>
<td>449,694,486,448</td>
<td>449,062,357,917</td>
<td>461,411,572,760</td>
<td>475,286,143,826</td>
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</table>

<table>
<thead>
<tr>
<th>Rate per Taxable $100</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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</thead>
<tbody>
<tr>
<td>99.88%</td>
<td>23,311,137</td>
<td>23,278,369</td>
<td>23,707,788</td>
<td>24,270,071</td>
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</tbody>
</table>

### Estimated Current Tax Available for Operations:

- Delinquent Tax Collections: -
- Special Assessments: 15,000
- Penalty & Interest: 150,000

<table>
<thead>
<tr>
<th>Estimated Current Tax Available for Operations</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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<td>$23,476,137</td>
<td>$23,443,369</td>
<td>$23,872,788</td>
<td>$24,435,071</td>
<td></td>
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</table>
Total Grants
$40.4 M

FY 2019-2020

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

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

Local Grants
$167,174

早期家庭启动
联邦赠款 – 健康与人类服务
联邦赠款 – 包括匹配
$3,025,301

成人教育
HGAC
联邦-州赠款
$7,869,492

早期家庭启动
联邦赠款 – 健康与人类服务
联邦赠款 – 包括匹配
$3,025,301

CASE
21世纪赠款 – 美国教育部
劳动力发展 – HGAC, COH, 休斯顿基金
联邦赠款
$7,294,294

地方赠款
$167,174

成人教育
HGAC
联邦-州赠款
$7,869,492

早期家庭启动
联邦赠款 – 健康与人类服务
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CASE
21世纪赠款 – 美国教育部
劳动力发展 – HGAC, COH, 休斯顿基金
联邦赠款
$7,294,294

地方赠款
$167,174

成人教育
HGAC
联邦-州赠款
$7,869,492
Fund Balance Activity
FY 2019 - 2020

Beginning Fund Balance: $25.2 M

Plus Revenue Inflow: $55.2 M

Less Appropriations Outflow: $60.1 M

Ending Fund Balance: $20.3 M

$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 $60.1 M total)
Capital Project Funds
FY 2019-2020

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

- **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**
  - $14.6 M

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

- Required Posting – Houston Chronicle – 10 days prior to board meeting
- Board Workshop – July 17, 2019
- Public Hearing and Budget Approval Date July 17, 2019
- Target Date - Certified Value – August 25, 2019
- Beginning New Fiscal Year September 1, 2019
- Target Date - Tax Date Approval Date – September 18, 2019