

Harris County Department of Education

FY17 Board Budget Workshop

June 15, 2016



Value – Opportunity – Service

Agenda



1. HCDE Goals
2. Budget Goals
3. Status as of May 2016
4. Forecast & Future Outlook
5. Budget Process
6. Proposed FY17 Budget
7. Next Steps

1.- HCDE Goals



HCDE Goals

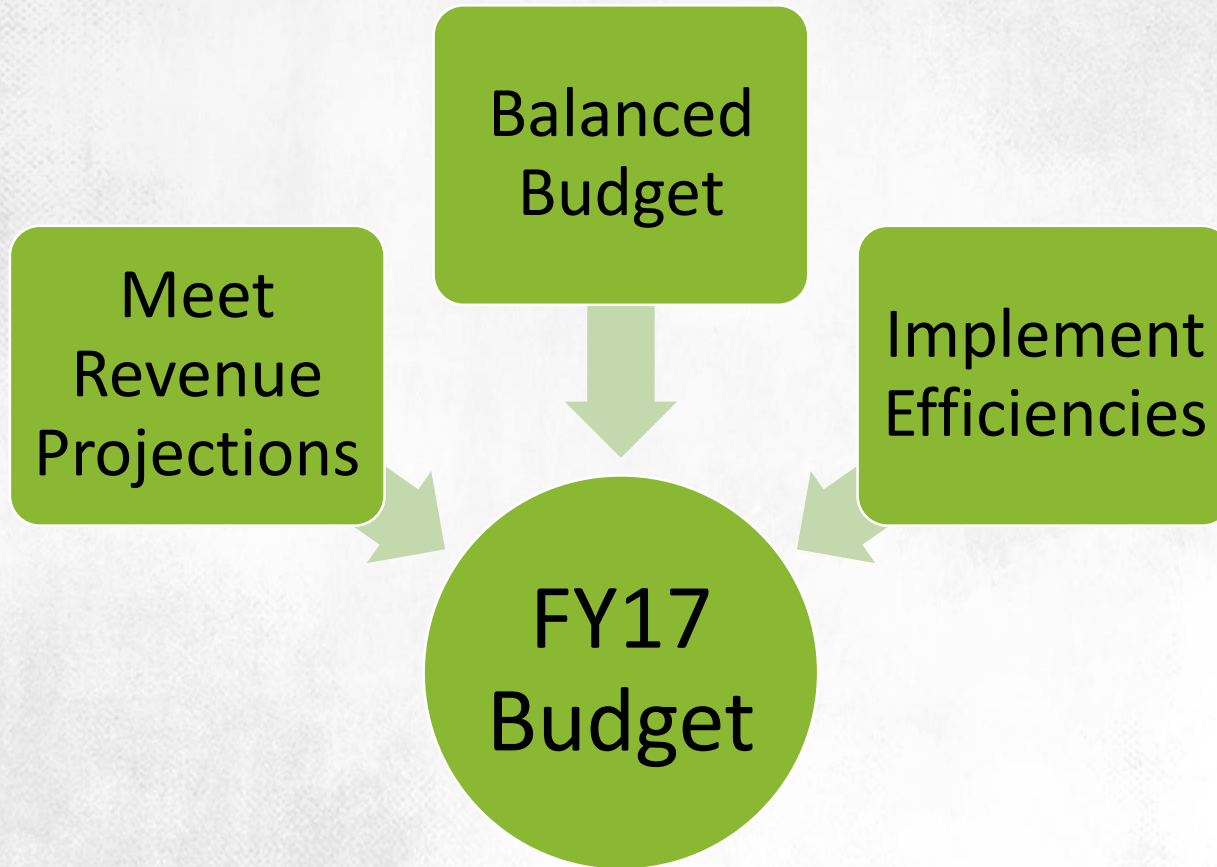


1. Impact education by responding to the evolving needs of Harris County.
2. Deliver value to Harris County by utilizing resources in an ethical, transparent, and fiscally responsible manner.
3. Advocate for all learners by using innovative methods to maximize students' potential.
4. Provide cost-savings to schools districts by leveraging tax dollars.
5. Recruit and maintain a high-quality professional staff.

2.- Budget Goals



Budget Goals



3.- Status as of May 2016



HARRIS COUNTY DEPARTMENT OF EDUCATION
INTERIM FINANCIAL REPORTS (Unaudited)
GENERAL FUNDS 100-199 BUDGET SUMMARY REPORT
 Fiscal year to date: May 31, 2016

Schedule 3

	BUDGET	YTD REVENUES	VARIANCE	FY 15-16 % BUDGET REALIZED	FY 14-15 % BUDGET REALIZED
REVENUES & OTHER RESOURCES					
Revenues					
Local Customer Fees/Charges	\$ 18,863,612	\$ 15,990,539	\$ (2,873,073)	85%	78%
Local Property Tax Rev-Current	20,831,560	20,771,751	(59,809)	100%	97%
Local Property Tax Rev-Del, P&I	400,500	86,595	(313,905)	22%	62%
Local Investment Earnings	8,000	39,280	31,280	491%	117%
Local Grants Indirect Cost Rev	-	-	-	0%	0%
Local Grants	5,000	-	(5,000)	0%	0%
Local Miscellaneous Revenue	388,200	64,993	(323,207)	17%	62%
Total Local:	40,496,872	36,953,157	(3,543,715)	91%	87%
State FSP-Compensation	300,000	221,208	(78,792)	74%	70%
State TEA-State Health Insurance	450,000	449,118	(882)	100%	75%
State Indirect Cost	27,320	23,812	(3,508)	87%	-6%
Total State:	777,320	694,138	(83,182)	89%	71%
Federal Grants Indirect Cost	1,479,108	823,707	(655,401)	56%	60%
Total Revenues:	42,753,300	38,471,003	(4,282,297)	90%	85%
Other Resources					
Local HCTO Tax Collection Fees	-	-	-	0%	0%
State TRS Matching	2,150,000	-	(2,150,000)	0%	0%
Transfers In-Choice Partners	1,164,940	1,678,210	513,270	144%	0%
Total Other Resources:	3,314,940	1,678,210	(1,636,730)	51%	0%
Total Revenues & Other Resources:	46,068,240	40,149,213	(5,919,027)	87%	82%

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EXPENDITURES & OTHER USES						
Expenditures						
Adult Education-Local	\$ 187,650	\$ 106,975	\$ -	\$ 80,675	57%	51%
Educ Cert & Prof Advance	442,794	298,185	11,751	132,858	70%	59%
Asst Supt-Educ and Enrich	279,770	215,688	-	64,082	77%	71%
Assistant Superintendent-Academic Support	263,159	187,694	149	75,317	71%	71%
Board of Trustees	270,275	92,670	2,699	174,907	35%	67%
Business Support Services	2,127,575	1,299,255	49,671	778,648	63%	75%
Center for Safe & Secure Schools	493,863	291,363	11,908	190,591	61%	60%
Communication	949,293	624,747	19,660	304,886	68%	75%
Client Engagement	468,005	328,944	2,912	136,150	71%	71%
Ctr A/S Summ & Exp Learn	170,455	85,243	2,726	82,486	52%	61%
Department-Wide	4,216,861	2,428,623	439,752	1,348,485	68%	65%
Education Foundation	201,875	196,997	-	4,878	98%	98%
Special Assistant to Superintendent	192,796	132,996	52	59,748	69%	66%
Facilities						
Choice Partners Cooperative	-	-	-	-	0%	67%
Construction Services	132,646	94,180	-	38,466	71%	74%
Local Construction Fund 170	701,090	12,369	688,720	1	100%	68%
Building Replacement Schedule	225,983	8,070	1,263	216,651	4%	0%
Records Management Services	1,714,932	1,115,124	43,797	556,012	68%	66%
Head Start-Local	5,000	330	-	4,670	7%	0%
Human Resources	989,735	700,516	12,002	277,217	72%	71%
The Teaching and Learning Center						
Bilingual Education	125,407	35,714	31,794	57,899	54%	49%
Digital Learning	41,723	25,648	-	16,075	61%	36%
Digital Education and Innovation	200,395	150,741	-	49,654	75%	74%
TLC (Division Wide)	218,053	171,758	-	46,295	79%	53%
Early Childhood Winter Conference	197,033	127,454	3,322	66,257	66%	61%
English Language Arts	250,087	115,922	57,785	76,380	69%	45%
Math	237,895	164,987	12,780	60,128	75%	55%
Professional Development	48,146	24	-	48,123	0%	13%
Science	118,793	64,195	948	53,650	55%	60%
Social Studies	47,779	13,033	1,000	33,746	29%	73%
Speaker Series	155,830	67,928	43,724	44,177	72%	47%
Special Education	42,073	15,330	4,000	22,743	46%	74%
Purchasing Support Services	542,279	350,519	2,013	189,747	65%	56%
Research & Evaluation Institute	579,443	344,853	-	234,590	60%	64%
Texas Center for Grants Development	565,638	401,396	-	164,242	71%	68%
Retirement Leave Benefits Fund	300,000	266,777	-	33,223	89%	157%
Scholastic Arts	117,035	74,259	6,954	35,823	69%	69%

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EXPENDITURES & OTHER USES						
Expenditures						
Special Schools & Services						
Academic and Behavior School East	3,596,704	2,443,101	49,629	1,103,974	69%	67%
Academic and Behavior School West	3,141,183	2,018,276	18,994	1,103,913	65%	63%
Highpoint East School	2,788,658	1,918,814	75,911	793,933	72%	70%
Highpoint North School	1,491,161	955,328	31,395	504,438	66%	74%
Special Schools Administration	517,111	340,498	20,217	156,396	70%	59%
Superintendent's Office	397,498	285,371	-	112,127	72%	64%
State TEA Employee Portion Health Ins	450,000	400,937	-	49,063	89%	68%
State TRS On Behalf Payments	2,150,000	-	-	2,150,000	0%	0%
Technology						
Chief Information Officer	190,256	129,992	-	60,264	68%	67%
Technology Support Services	4,038,561	2,814,461	319,455	904,645	78%	63%
School Based Therapy Services	9,489,691	7,093,163	1,328	2,395,200	75%	74%
Total Expenditures:	46,072,189	29,010,448	1,968,309	15,093,432	67%	65%
Other Uses						
Transfers Out-Special Revenue Funds	550,787	550,787	-	-	100%	100%
Transfers Out-Head Start Fund 205	371,886	288,206	-	83,680	77%	0%
Transfers Out-Debt Service	2,408,201	2,267,700	-	140,501	94%	72%
Transfers Out-Department Wide	3,330,233	-	-	3,330,233	0%	0%
Total Other Uses:	6,661,107	3,106,693	-	3,554,414	47%	68%
Total Expenditures & Other Uses:	52,733,296	32,117,141	1,968,309	18,647,846	65%	65%
Excess/(Deficiency) Estimated Revenues						
Over/(Under) Expenditures:	(6,665,056)	8,032,072				
Beginning Fund Balance-September 1st:	27,903,235	27,903,235				
Estimated Fund Balance:\$	21,238,179	\$ 35,935,307				

4.- Forecast & Future Outlook



FY17 General Fund Revenues & Expenditures – Five Year Forecast

	Budget 2015-16	Estimated 2016-17	Estimated 2017-18	Estimated 2018-19	Estimated 2019-20	Estimated 2020-21
Beginning Fund Balance	\$27,903,232	\$21,906,783	\$16,729,550	\$15,332,961	\$14,410,411	\$13,986,442
Estimated Revenues	47,312,214	48,735,091	50,197,144	51,703,058	53,254,150	54,851,774
Appropriations (Exp.)	53,308,663	53,912,324	51,593,733	52,625,607	53,678,120	54,751,682
Difference	(5,996,449)	(5,177,233)	(1,396,589)	(922,549)	(423,970)	100,092
Projected Ending Fund Balance	\$21,906,783	\$16,729,550	\$15,332,961	\$14,410,411	\$13,986,442	\$14,086,534
Nonspendable Fund Balance	148,911	148,911	148,911	148,911	148,911	148,911
Restricted Fund Balance	6,281	6,281	6,281	6,281	6,281	6,281
Committed Fund Balance	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000	3,150,000
Assigned Fund Balance	5,555,254	5,555,254	5,555,254	5,555,254	5,555,254	5,555,254
Unassigned Fund Balance	13,677,899	7,869,104	6,472,515	5,549,965	5,125,996	5,226,088
Total Required Cash Flow	13,873,844	14,074,236	13,789,581	14,065,373	14,346,680	14,633,614
Cash Flow Needed:						
- For Special Revs Funds	2,494,534	2,544,424	2,595,313	2,647,219	2,700,163	2,754,167
- From General Fund	4,442,389	4,492,694	4,299,478	4,385,467	4,473,177	4,562,640
Cash Flow Calculations:						
Special Revenue Funds - Grants *	29,934,403	30,533,091	31,143,753	31,766,628	32,401,961	33,050,000
1/12 of Total Grant is	2,494,534	2,544,424	2,595,313	2,647,219	2,700,163	2,754,167
General Fund - Appropriations	53,308,663	53,912,324	51,593,733	52,625,607	53,678,120	54,751,682
1/12 of General Fund for Cash Flow	4,442,389	4,492,694	4,299,478	4,385,467	4,473,177	4,562,640

Forecast & Future Outlook



Planned
Spending

New Programs

Needs

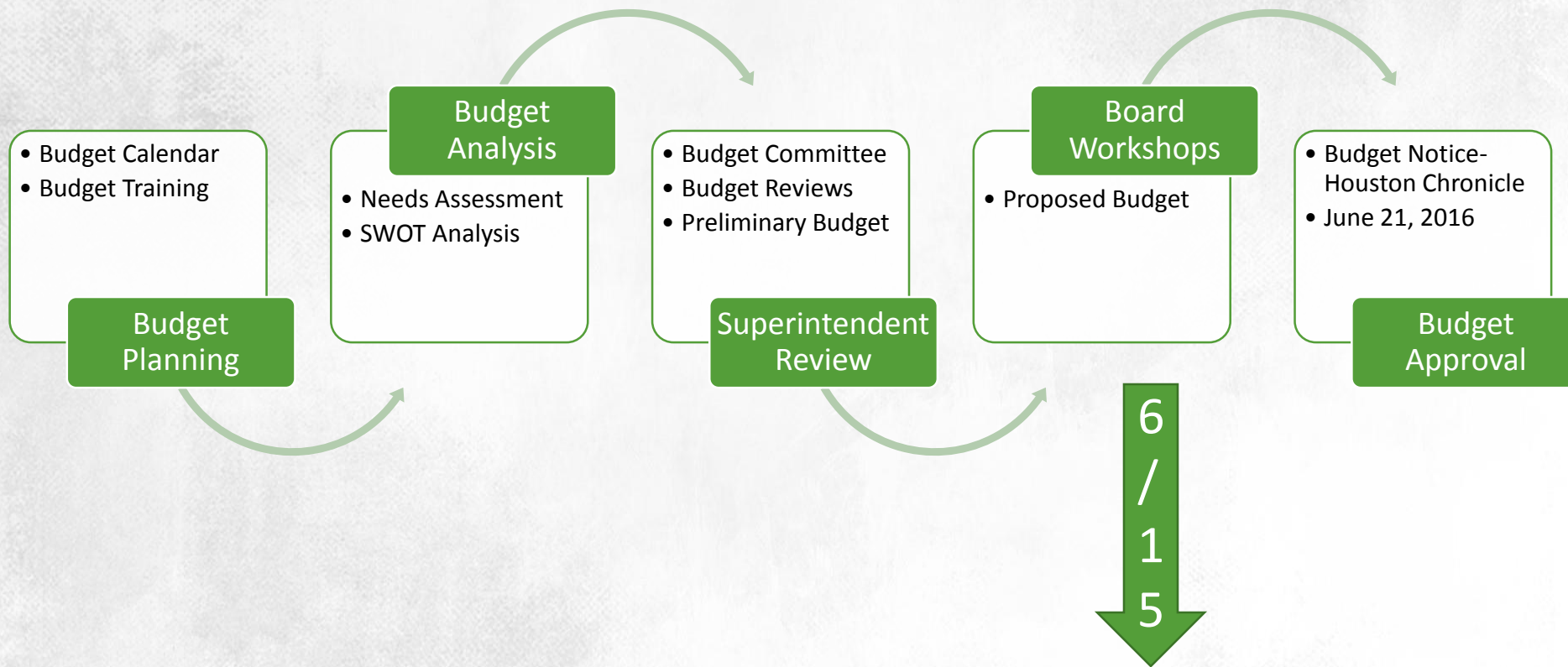
Entrepreneurial:
Choice

Innovation!

5.- Budget Process



Budget Process



6.- Proposed FY17 Budget

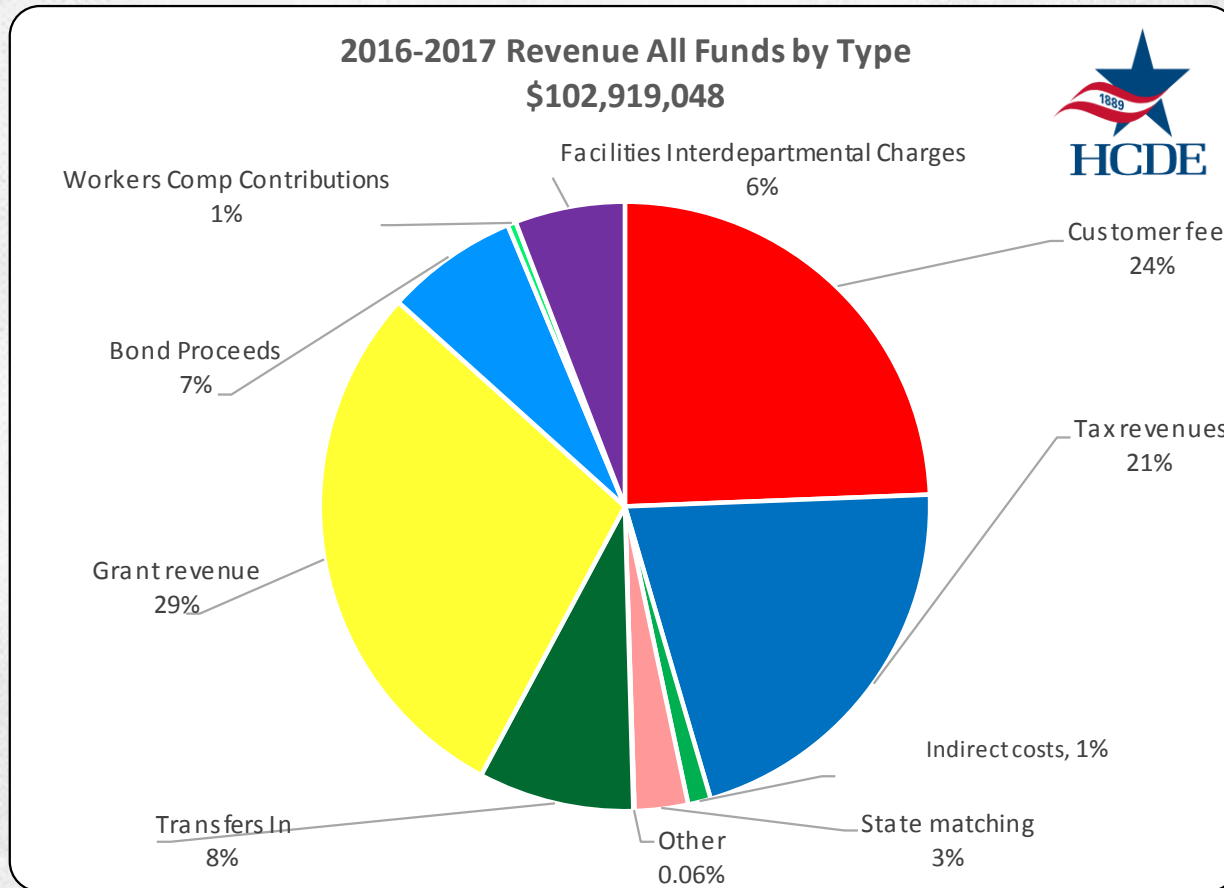


FY17 HCDE Budget – All Funds – Proposed

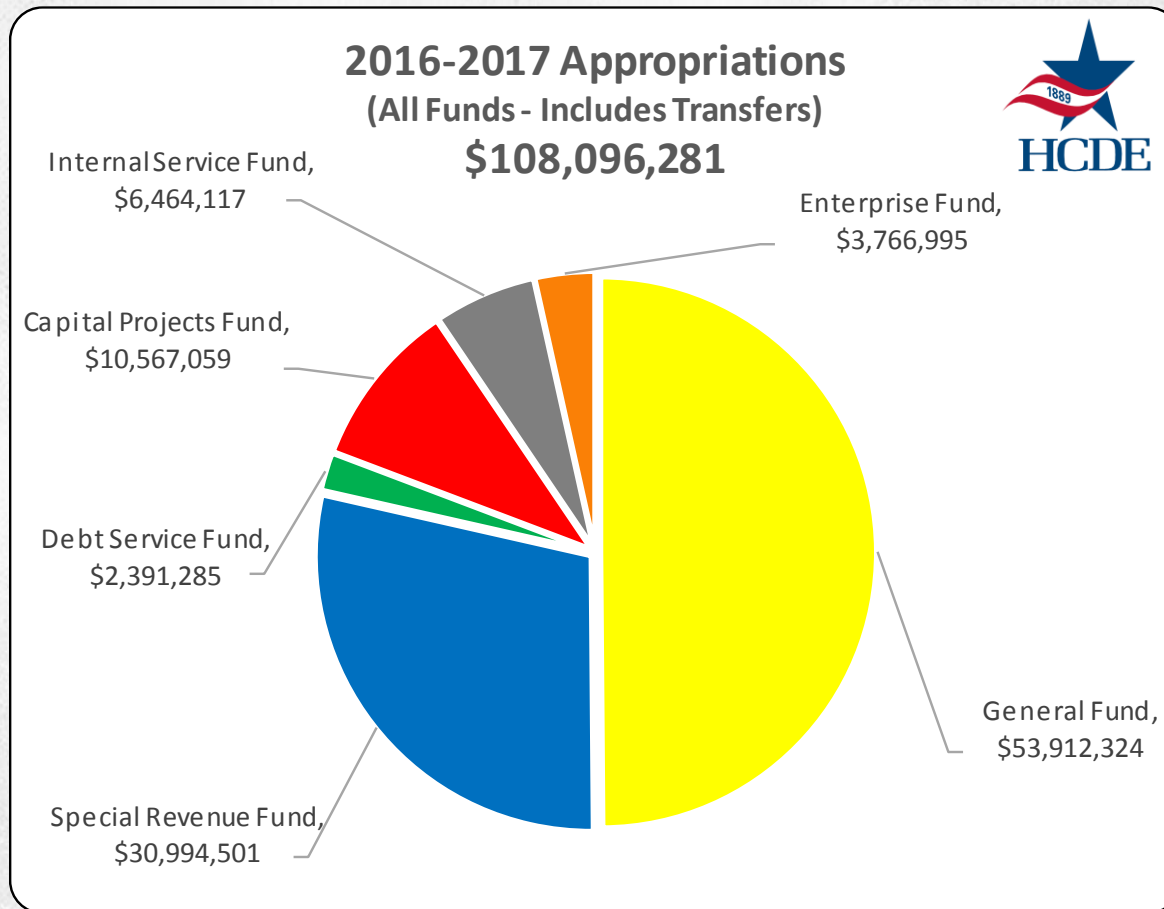


	Governmental				Proprietary		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	
Est. Revenues	\$48,735,091	\$30,994,501	\$2,391,285	\$10,567,059	\$6,464,117	\$3,766,995	\$102,919,048
Appropriations	46,913,133	30,994,501	2,391,285	10,567,059	6,464,117	3,766,995	101,097,090
Transfers Out	6,999,191	-	-	-	-	-	6,999,191
Total Appropriations and Other Uses	\$ 53,912,324	\$ 30,994,501	\$ 2,391,285	\$ 10,567,059	\$ 6,464,117	\$ 3,766,995	\$ 108,096,281
Appropriations from Fund Balance:	\$ (5,177,233)	-	-	-	-	-	\$ (5,177,233)
Projected Fund Balance Beg.	21,906,783	-	-	-	-	-	21,906,783

FY17 HCDE Revenue – By Type



FY17 HCDE Appropriations




Proposed FY17 General Fund Budget



	Original Budget 2015-2016	Amended Budget 2015-2016	Proposed Budget 2016-2017	Percent Change
Beg. Fund Balance	\$ 27,903,232	\$ 27,903,232	\$ 21,906,783	
Est. Revenues	47,847,572	47,307,214	48,735,091	3%
Appropriations	45,970,766	46,642,556	46,913,133	1%
Transfers Out	3,330,874	6,661,107	6,999,191	5%
Total Appropriations	\$ 49,301,640	\$ 53,303,663	\$ 53,912,324	1.14%
Excess/(Deficiency) of Revenues Over/(Under) Appropriations	(1,454,068)	(5,996,449)	(5,177,233)	
Ending Fund Balance	26,449,164	21,906,783	16,729,550	
Non-Spendable Fund Balance	163,462	163,462	163,462	
Restricted Fund Balance	6,281	6,281	6,281	
Committed Fund Balance	6,721,446	3,391,213	3,391,213	
Assigned Fund Balance	5,185,416	5,185,416	5,185,416	
Unassigned Fund Balance	14,372,559	13,160,411	7,983,178	
Ending Fund Balance	\$ 26,449,164	\$ 21,906,783	\$ 16,729,550	
Unassigned Fund Balance as % of Appropriations	31%	28%	17%	
PROPOSED BUDGET FUND BALANCE APPROPRIATIONS:			\$ (5,177,233)	
Assigned				
Technology Replacement Assets			345,000	
Head Start One time Cost Baytown Project			380,000	
Unassigned				
Construction Projects			4,452,233	
Excess/(Deficiency) of Revenues Over/(Under) Appropriations			\$ 5,177,233	

FY17 General Fund Budget Summary



• Total Estimated Revenues	\$48,735,091
• Total Appropriations - Expenditures	<u>\$53,912,324</u>
• Difference	\$ 5,177,233
• Less One time planned costs	<u>\$ 5,177,233</u>
• Budget Difference	\$ - 0 -

What's Included in the FY17 Budget?



Salary Increases:

- 3% for General Fund and Enterprise Fund employees and 5% for therapists, in order to remain competitive in the market.

New Positions (20.16):

• School Divisions	12.00	} 20.16
• School Based Therapy Services	6.30	
• Educator Certification and Professional Advancement	1.86	
• Research Specialist (Research Evaluation / Head Start)	1.00	

What's Included in the FY17 Budget? (Cont.)

ONE TIME COSTS:

Technology Replacement Assets	\$345,000
Head Start Baytown Project	380,000
Upkeep and upgrade of HCDE buildings and elevators	\$ 400,000
Capital Projects	
All Schools Camera Project	\$252,000
La Porte Parking Project	120,000
Reagan Building Lobby Project	350,000
AB West School Construction	3,330,233

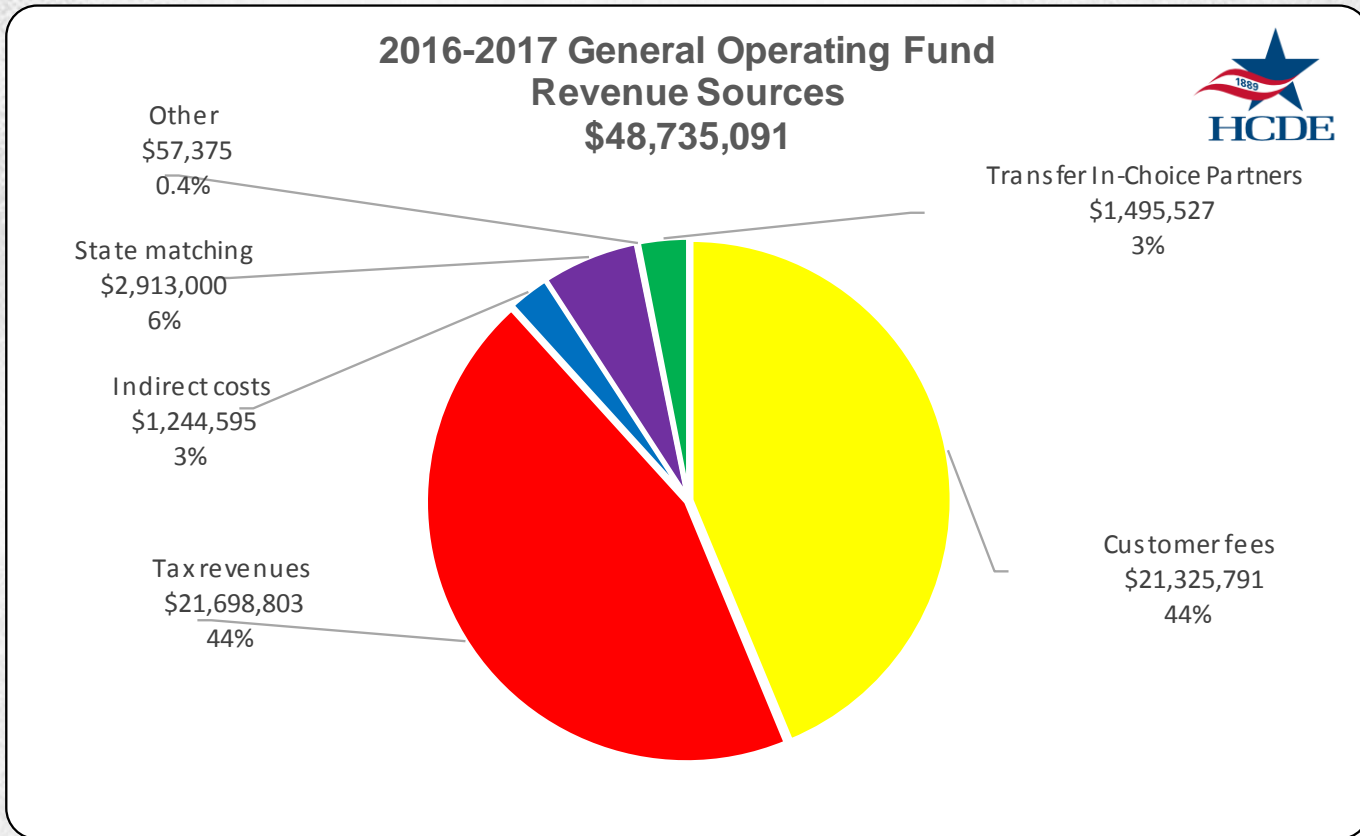
Proposed Fund Balance
Appropriations
\$5,177,233

General Fund Estimated Revenues



	Original Budget 2015-2016	Amended Budget 2015-2016	Proposed Budget 2016-2017	Percent Change
Customer fees	\$ 20,477,153	\$ 20,573,795	\$ 21,325,791	4%
Tax revenues	21,864,060	21,232,060	21,698,803	2%
Indirect costs	1,379,419	1,379,419	1,244,595	-10%
State matching	2,900,000	2,900,000	2,913,000	0%
Other	57,000	57,000	57,375	1%
Transfer In-Choice Partners	1,164,940	1,164,940	1,495,527	28%
Total Revenues	\$ 47,842,572	\$ 47,307,214	\$ 48,735,091	3%

Estimated Revenues



Taxable Values & Proposed Tax Rate

Harris County Department of Education
Tax Rate and Property Values



	FY 2016		FY 2017	
	ADOPTED TAX RATE	ADOPTED TAX RATE	ESTIMATED EFF. TAX RATE	ESTIMATED EFF. TAX RATE
	0.005422	0.005422		0.005141
Certified Taxable Value per HCAD	\$ 347,220,934,096	\$ 391,672,491,377	100% of certified	\$ 422,985,448,025
Values under protest or not certified	44,649,427,904	2,186,204,572		422,985,448,025
	391,870,362,000	393,858,695,949		422,985,448,025
Rate per Taxable \$100	3,918,703,620	3,938,586,959	@ 100% ->	4,229,854,480
< Tax Rate	21,247,211	21,355,018	@ 98% ->	21,745,682
< Estimated 98% collection rate	20,822,267	20,927,918		21,310,768
	Budgeted			
-Delinquent Tax Collections	270,000	270,000		200,000
+Special Assessments	10,000	10,000		10,000
- Penalty & Interest	130,500	130,500		180,000
Estimated Current Tax Available for Operations:	\$ 21,232,767	\$ 21,338,418		\$ 21,700,768

Reduction in
Tax rate

(0.000281)

**Budgeted
\$21,308,803**

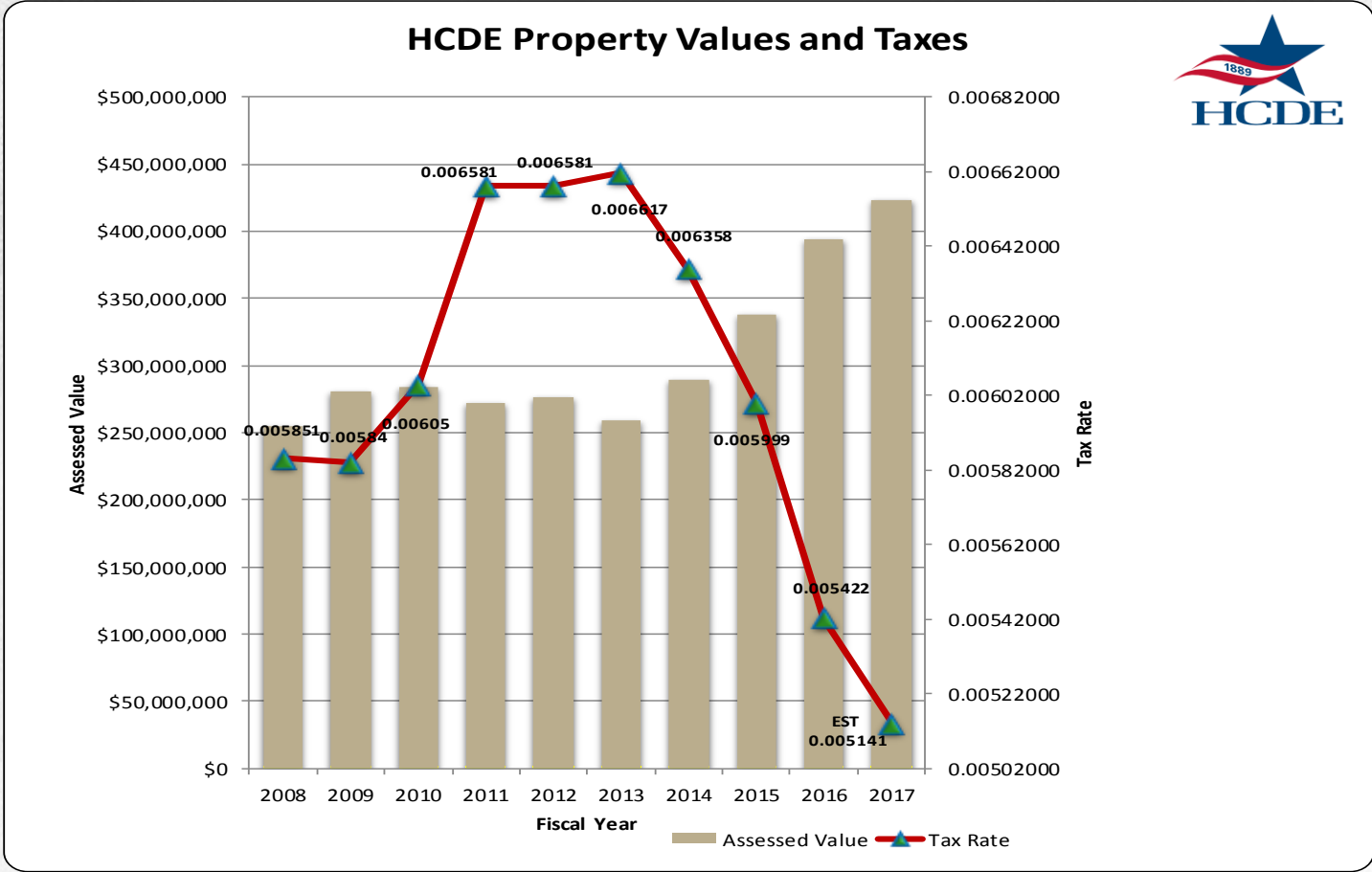
Preliminary Tax Values



- Current Values as of April 2016 \$422,985,448,025
- Preliminary Values 2015 \$393,714,660,161
- Estimated Increase \$ 29,270,787,864

HCAD Estimates a 7.43% increase in total values

Current Tax Rate (FY15-16) \$0.005422

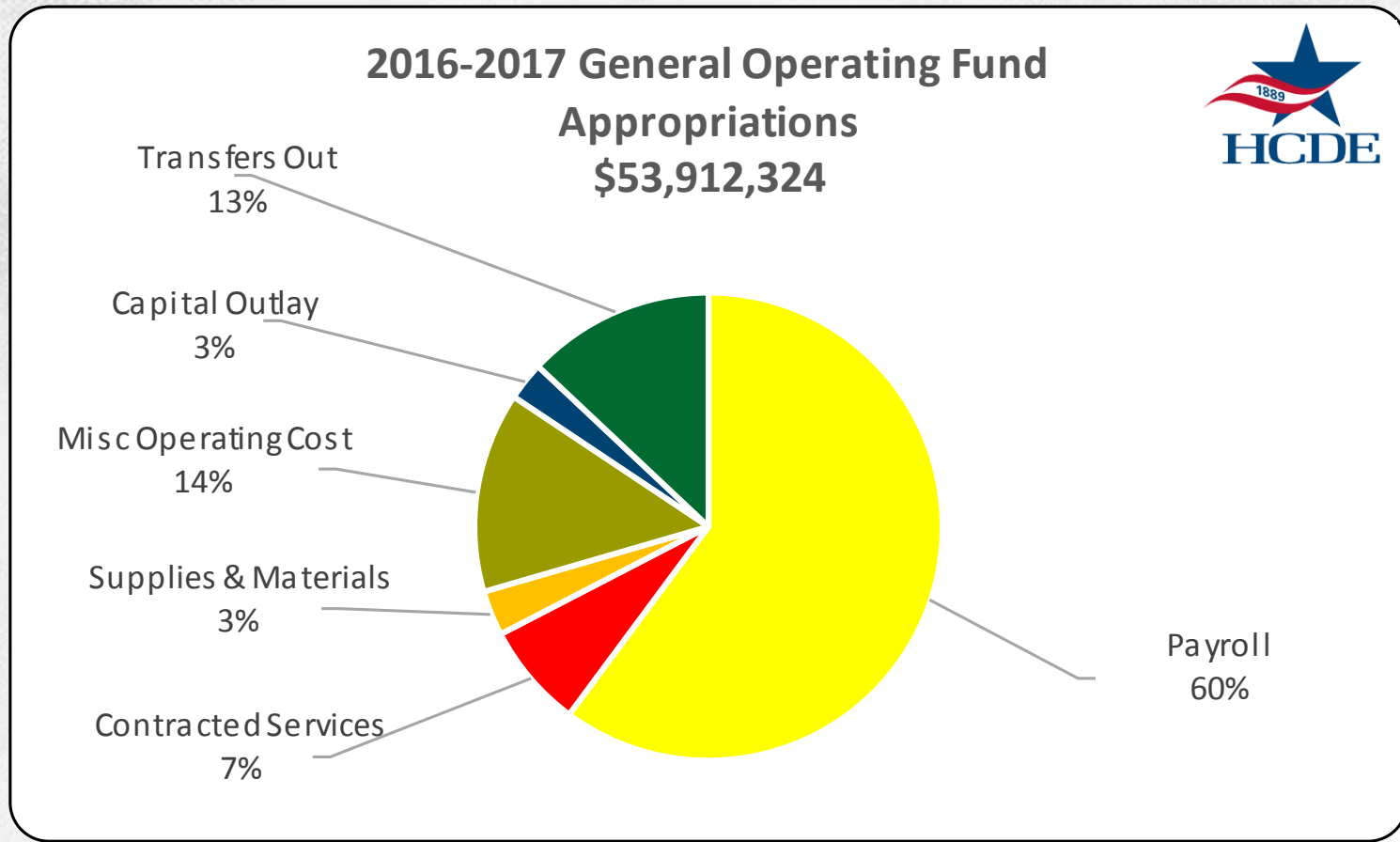


General Fund Appropriations by Object Code



Object Code	Original Budget 2015-2016	Amended Budget 2015-2016	Proposed Budget 2016-2017	Percent Change
Payroll	\$ 30,860,724	\$ 30,982,863	\$ 32,428,533	5%
Contracted Services	4,220,945	4,283,340	3,906,621	-9%
Supplies & Materials	2,420,251	2,272,773	1,676,995	-26%
Misc Operating Cost	7,138,552	7,228,292	7,473,634	3%
Capital Outlay	1,330,294	1,875,288	1,427,350	-24%
Transfers Out	3,330,874	6,661,107	6,999,191	5%
Total Appropriations	\$ 49,301,640	\$ 53,303,663	\$ 53,912,324	1%


FY17 General Fund Appropriations By Object



7.- Next Steps



Next Steps

- 
- Board Review and Recommendations
 - Required Budget Posting-Houston Chronicle
 - Target Budget Approval Date: June 21, 2016
 - Target Date for Certified Value: August 26, 2016
 - Target Tax Rate Approval Date: September 20, 2016