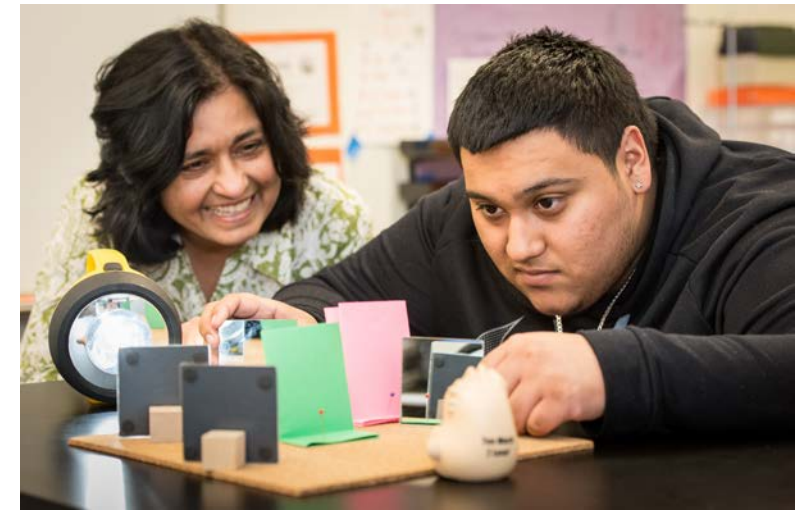




FY 2019-2020 Annual Budget Summary July 17, 2019 Budget Workshop



Submitted to Board of Trustees
by
James Colbert Jr. Superintendent
Dr. Jesus J. Amezcua, 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
(name of school district)
will hold a public meeting at 1:00 PM on Wednesday, July 17th, 2019
(time, date, year)
in the room 400A at 6300 Irvington Blvd.
(name of room, building, physical location)
Houston, Texas 77022
(city, state)

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

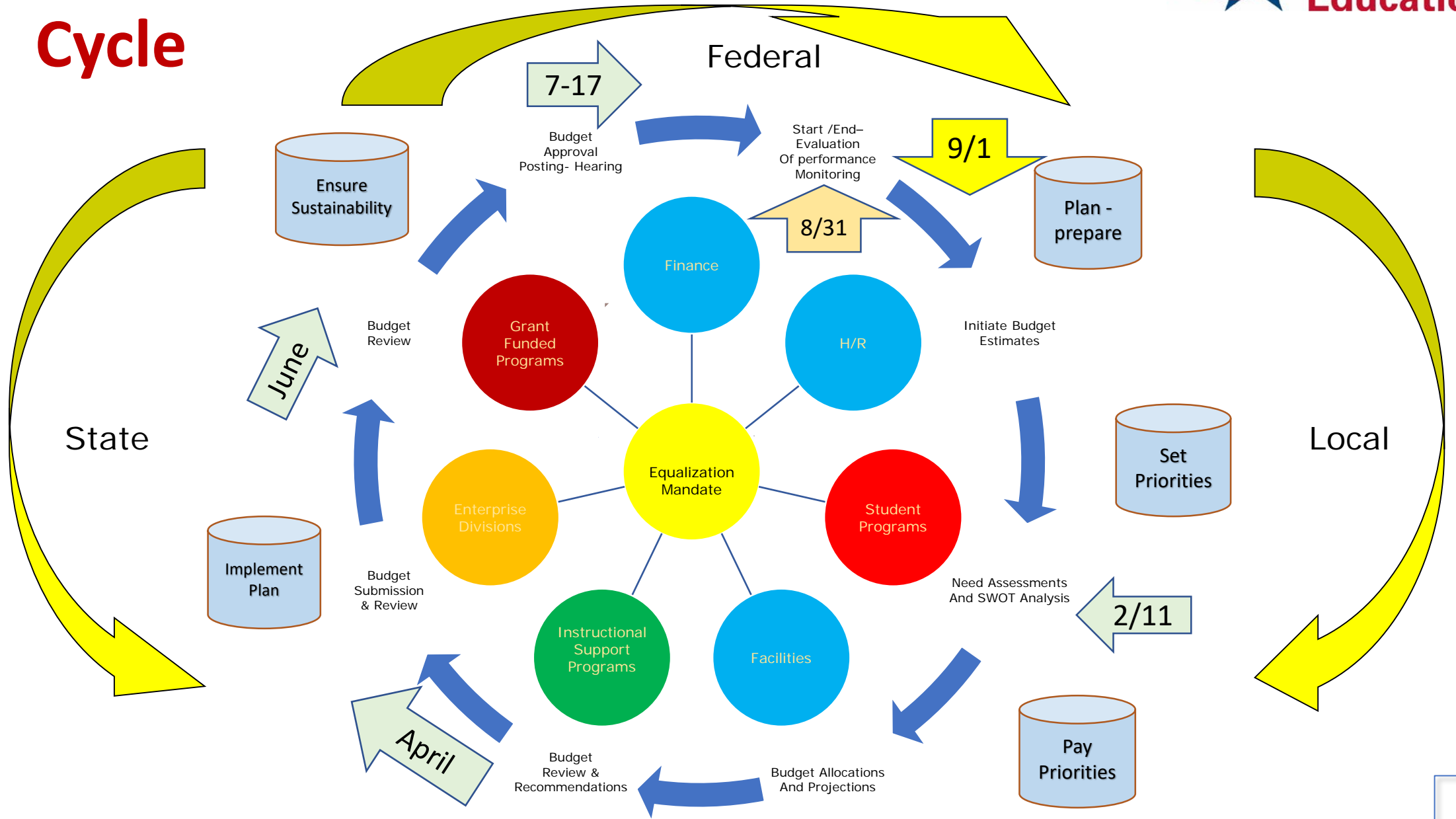
The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories:

Maintenance and operations	<u>4</u> % increase or <u>0</u> % (decrease)
Debt service	<u>0</u> % increase or <u>0</u> % (decrease)
Total expenditures	<u>4</u> % increase or <u>0</u> % (decrease)



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

Goals Planning Cycle



June 19th Workshop Submitted Budget

Budget on June 19th, 2019

	Governmental				Proprietary		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	Total
Estimated Revenues	\$ 55,107,792	\$ 40,474,974	\$ 2,917,611	\$ 3,796,869	\$ 5,585,951	\$ 4,907,948	\$ 112,791,145
Appropriations	51,883,261	40,474,974	2,917,611	14,416,869	5,585,951	2,532,724	117,811,390
Transfers Out	8,115,267	-	-	-	-	2,375,224	10,490,491
Total Appropriations and Other Uses	59,998,528	40,474,974	2,917,611	14,416,869	5,585,951	4,907,948	128,301,881
Appropriations from Fund Balance:	(4,890,736)	-	-	(10,620,000)	-	-	(15,510,736)
Projected Fund Balance Beg.	25,274,875	-	-	11,219,387	1,452,407	500,000	38,446,669
Projected Fund Balance End.	\$ 20,384,139	\$ -	\$ -	\$ 599,387	\$ 1,452,407	\$ 500,000	\$ 22,935,933

Budget Updates

<u>Difference</u>	Governmental				Proprietary		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	
Estimated Revenues	\$ 116,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,273
Appropriations	116,273	-	-	-	-	-	116,273
Transfers Out	-	-	-	-	-	-	-
Total Appropriations and Other Uses	116,273	-	-	-	-	-	116,273
Appropriations from Fund Balance:	-	-	-	-	-	-	-
Projected Fund Balance Beg.	-	-	-	-	-	-	-
Projected Fund Balance End.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NET →

- (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
- \$676,273 \$676,273**

	Partial	Total
Changes in Appropriations		
Salary adjustment to Teachers	116,273	116,273
Total Net Appropriations		116,273
Changes to Revenues		
Taxes - Before	23,606,834	
Taxes After	24,279,517	672,683
TEA Health Insurance - Before	560,000	
TEA Health Insurance - After	-	(560,000)
Investment Earnings - Before	450,000	
Investment Earnings - After	453,590	3,590
Total Net Revenues		116,273

Proposed Budget After Updates for

(1) Teacher Schedule (2) HB3 Funding Reduction (3) New Property Value Estimates

	Governmental				Proprietary		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	
Budget on July 17th, 2019							
Estimated Revenues	\$ 55,224,065	\$ 40,474,974	\$ 2,917,611	\$ 3,796,869	\$ 5,585,951	\$ 4,907,948	\$ 112,907,418
Appropriations	51,999,534	40,474,974	2,917,611	14,416,869	5,585,951	2,532,724	117,927,663
Transfers Out	8,115,267	-	-	-	-	2,375,224	10,490,491
Total Appropriations and Other Uses	60,114,801	40,474,974	2,917,611	14,416,869	5,585,951	4,907,948	128,418,154
Appropriations from Fund Balance:	(4,890,736)	-	-	(10,620,000)	-	-	(15,510,736)
Projected Fund Balance Beg.	25,274,875	-	-	11,219,387	1,452,407	500,000	38,446,669
Projected Fund Balance End.	\$ 20,384,139	\$ -	\$ -	\$ 599,387	\$ 1,452,407	\$ 500,000	\$ 22,935,933

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 I
- Projec



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

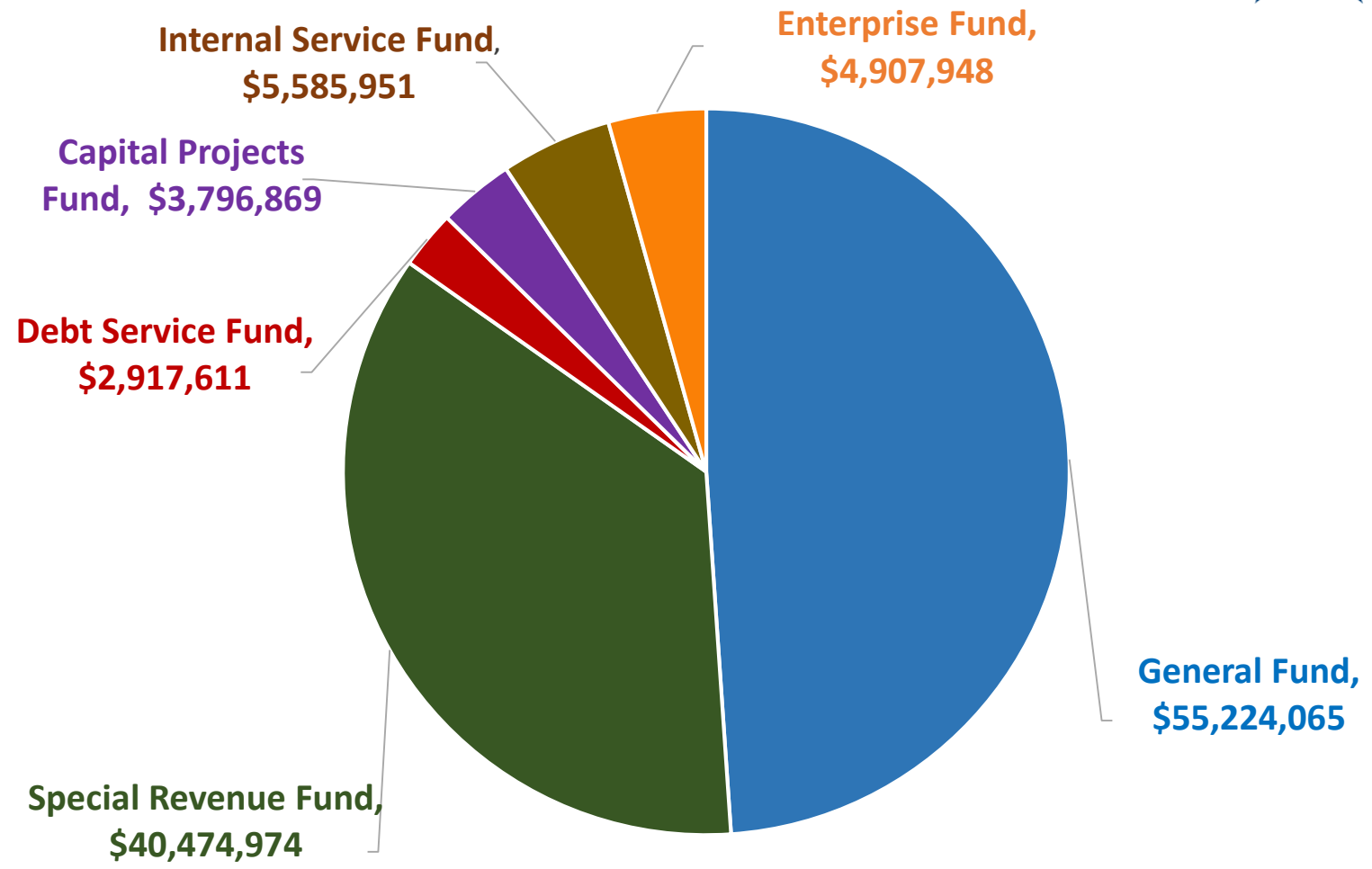
Contracted Services \$95,000

(From Worker's Comp. Fund) -----

\$300,000



**2019-2020 Estimated Revenue
(All Funds) \$112,907,418**



General Fund

\$60M - 445.48 FTE



47%

Special Revenue Fund Grants

\$40.4 M - 389.32 FTE



32%

Debt Service Fund - Bonds

\$2.9 M - 0 FTE

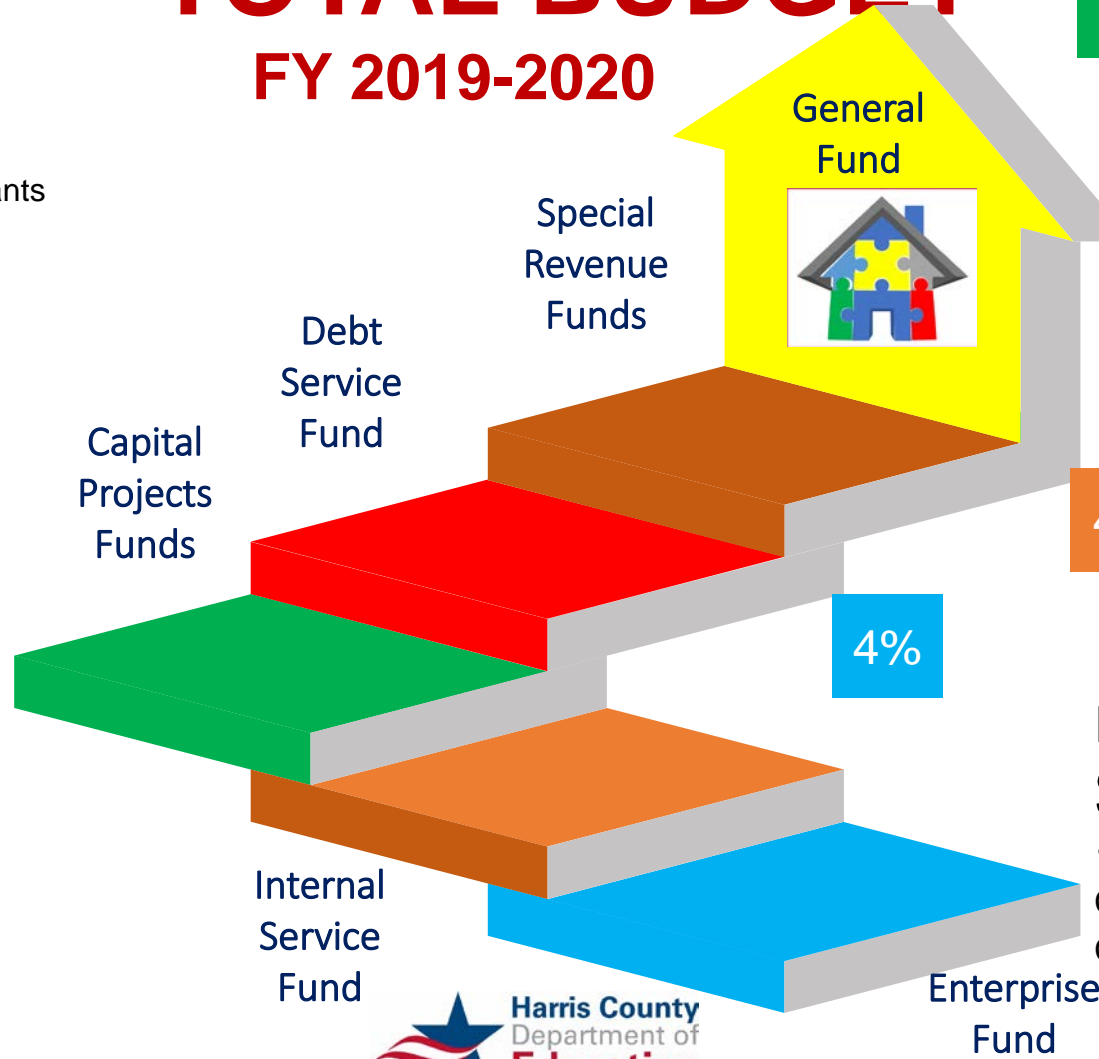


2%

\$128,418,154

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

TOTAL BUDGET FY 2019-2020



Capital Projects Fund

\$14.4M - 0 FTE

AB West - Fortis Academy and various maintenance projects.



11%

Internal Service Fund - Facilities

\$5.6 M 49 Total FTE



4%

Enterprise Fund

\$4.9M

18.37 FTE
Choice Partners Cooperative.



Enterprise Fund

Budgetary Assumptions

FY 2019-2020



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)

General Fund Revenues

\$55,224,065

FY 2019-2020



HB3 Funding Loss \$560K

5%

Fees for Services

Client based revenues such as therapy fees, Special Schools fees, training fees, audit services fees, etc.

\$23,118,627



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



State Funding

TRS On behalf and state aid from salary and health insurance grants

\$3,050,000

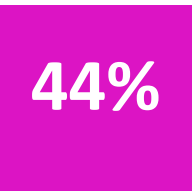
3%

1%

Property Tax Revenues

Taxes based on \$450 Billion in value at \$.005167 est. rate. & delinquent taxes

\$24,444,517



Other

Miscellaneous and Interest Costs

\$454,317

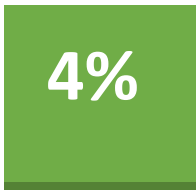
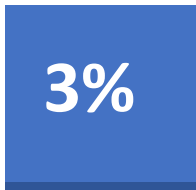
34%

13%

Indirect Costs

Indirect cost from grants

\$1,781,380



Transfers IN -Choice

Transfer in from Choice Partners Coop

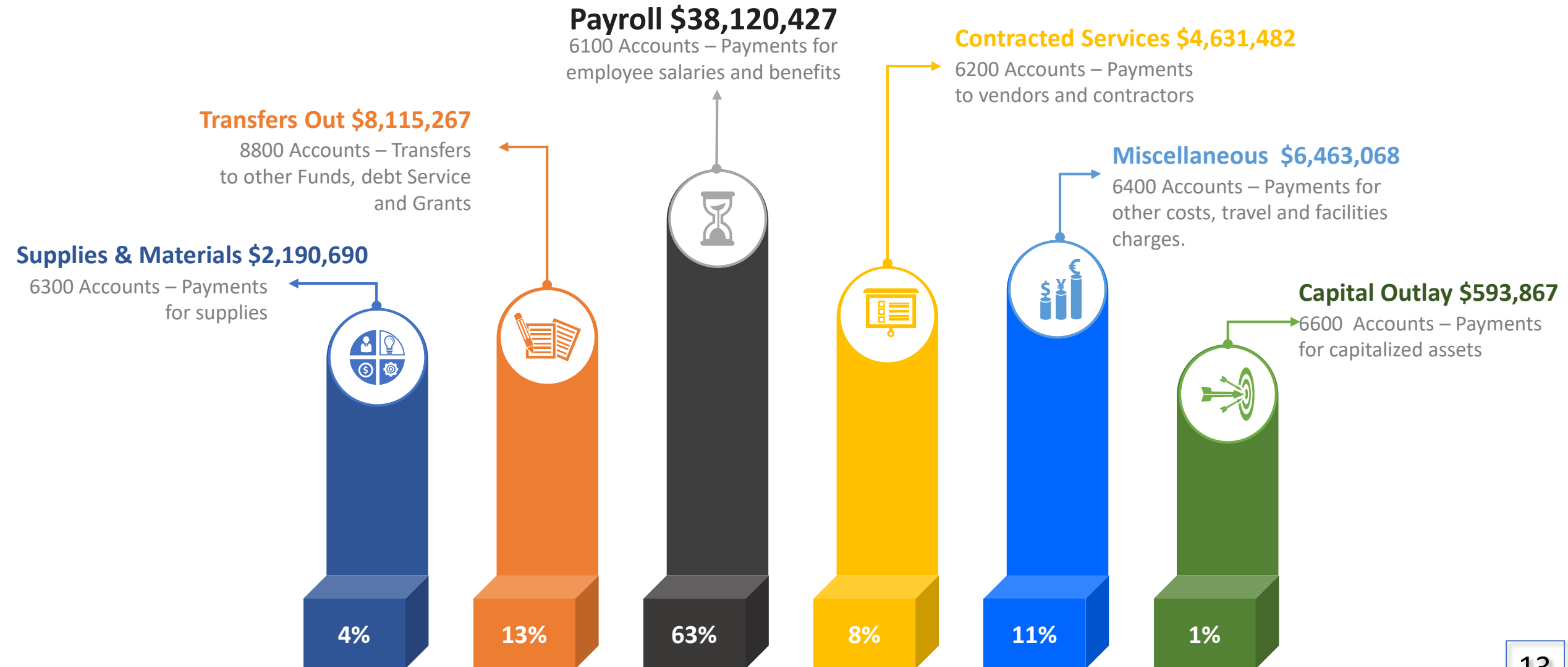
\$2,375,224

14%

General Fund Expenditures

\$60,114,801

FY 2019-2020

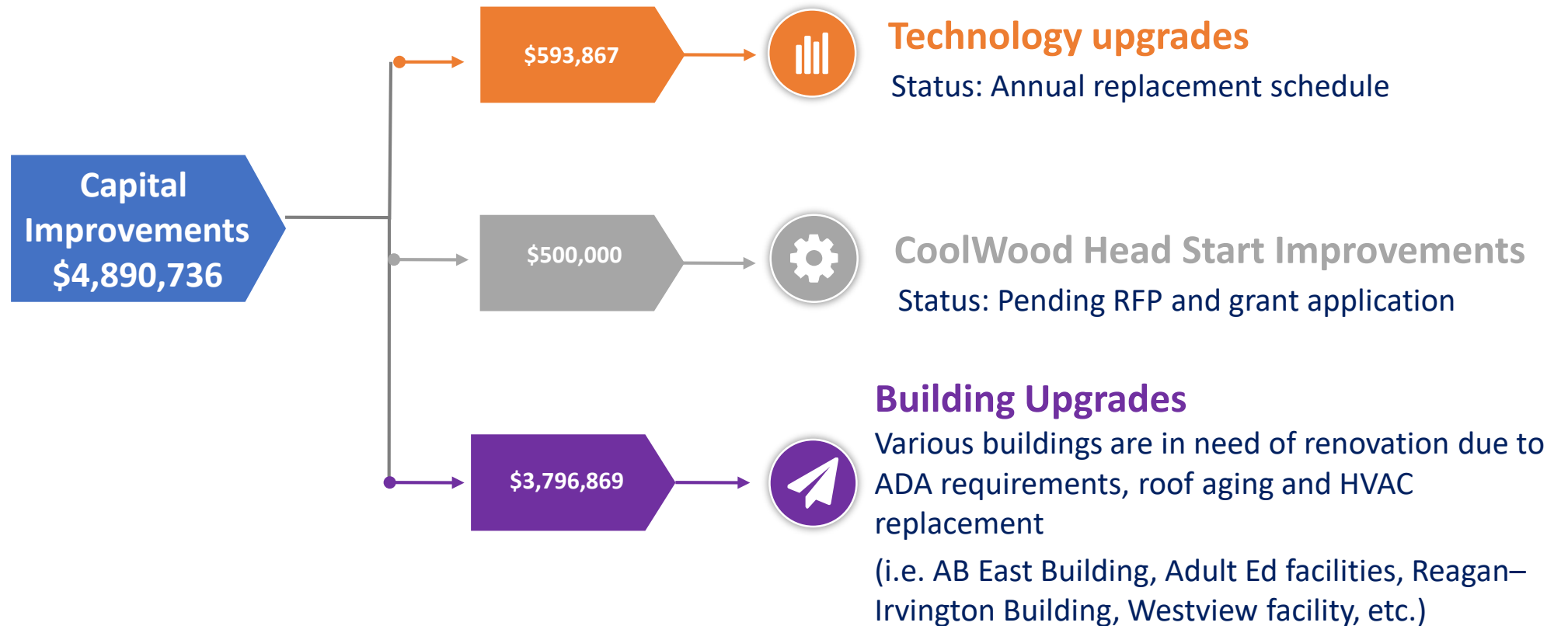




Planned Use of Fund Balance for one time expenditures

\$4,890,736

FY 2019-2020

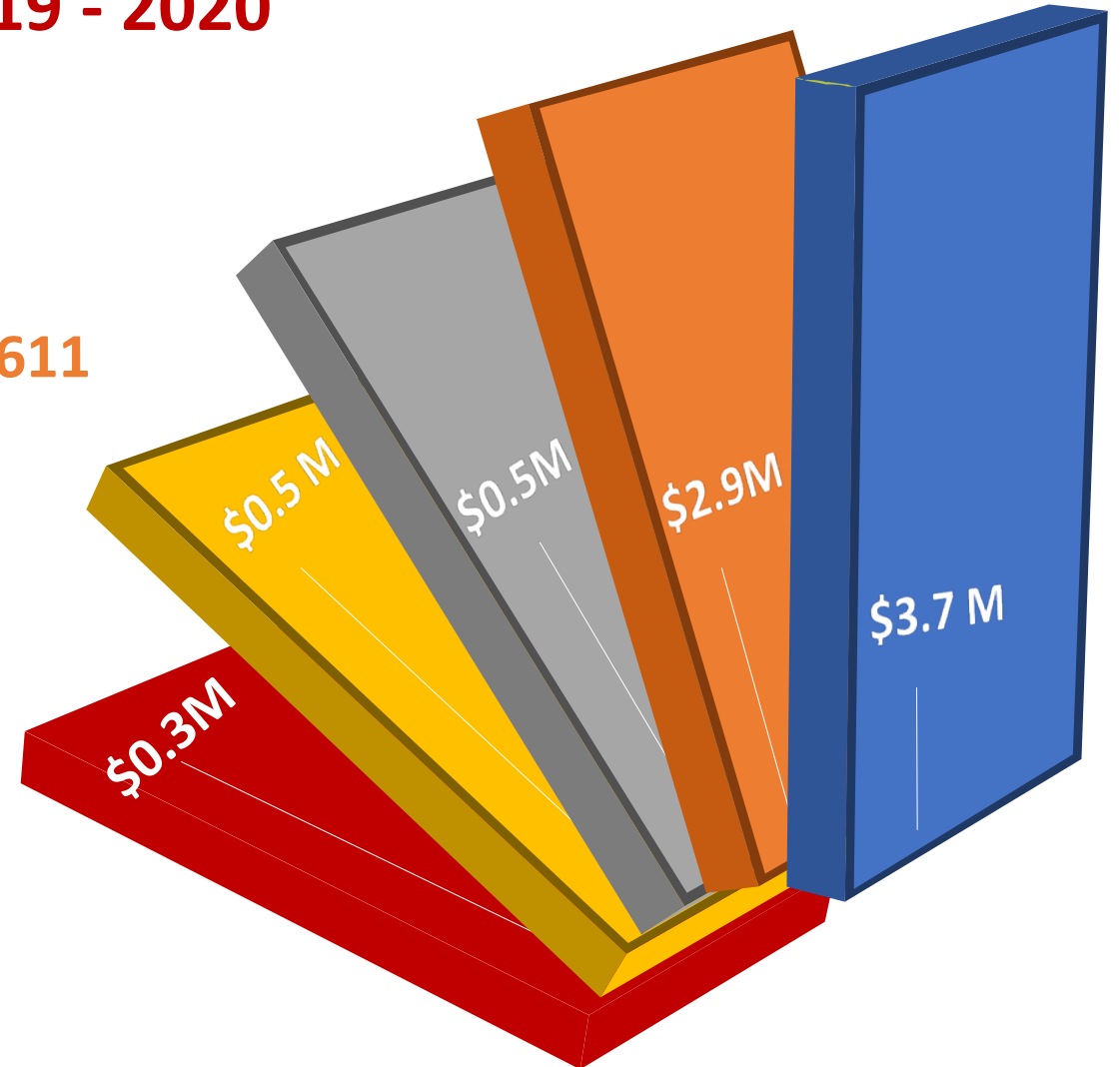


Transfers Out to Other Funds

\$8,115,267

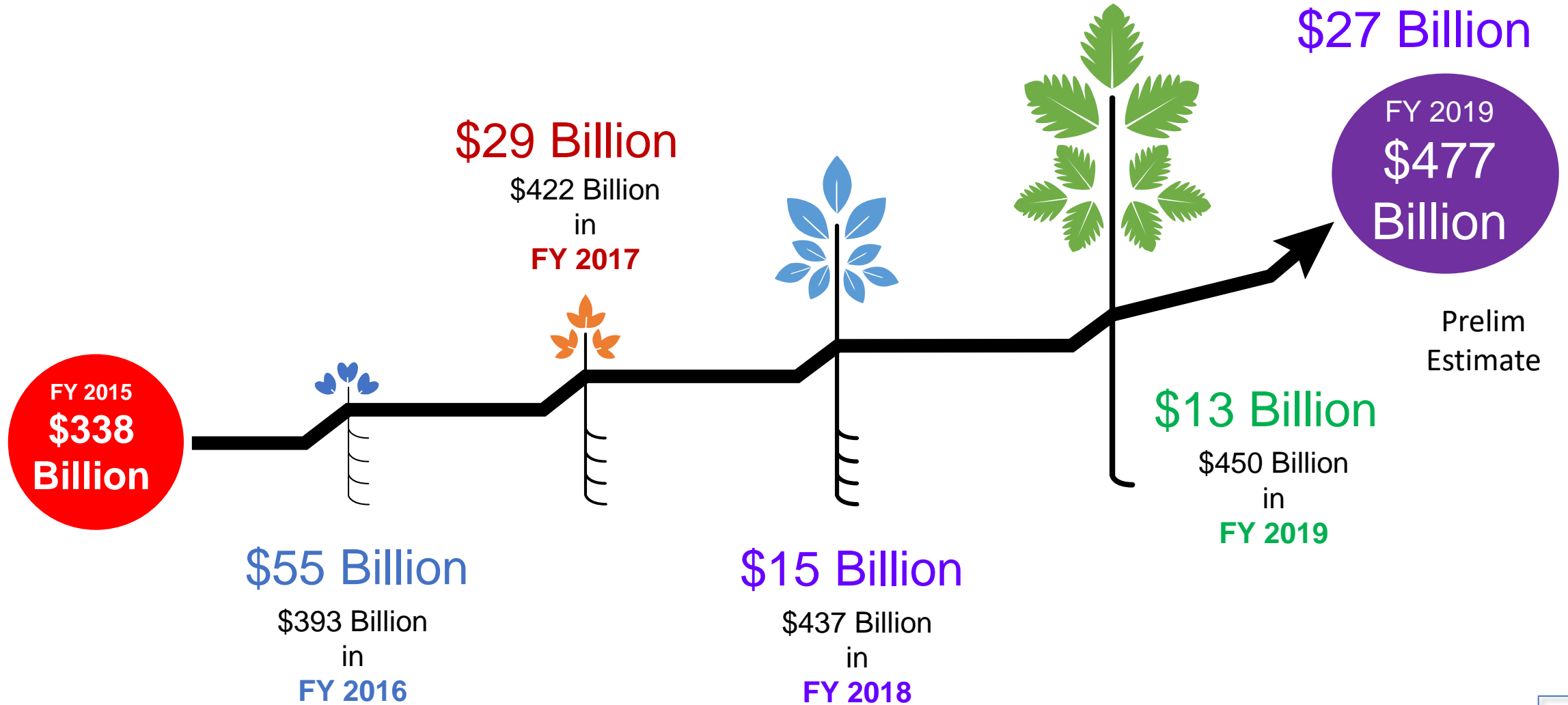
FY 2019 - 2020

- ✓ 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



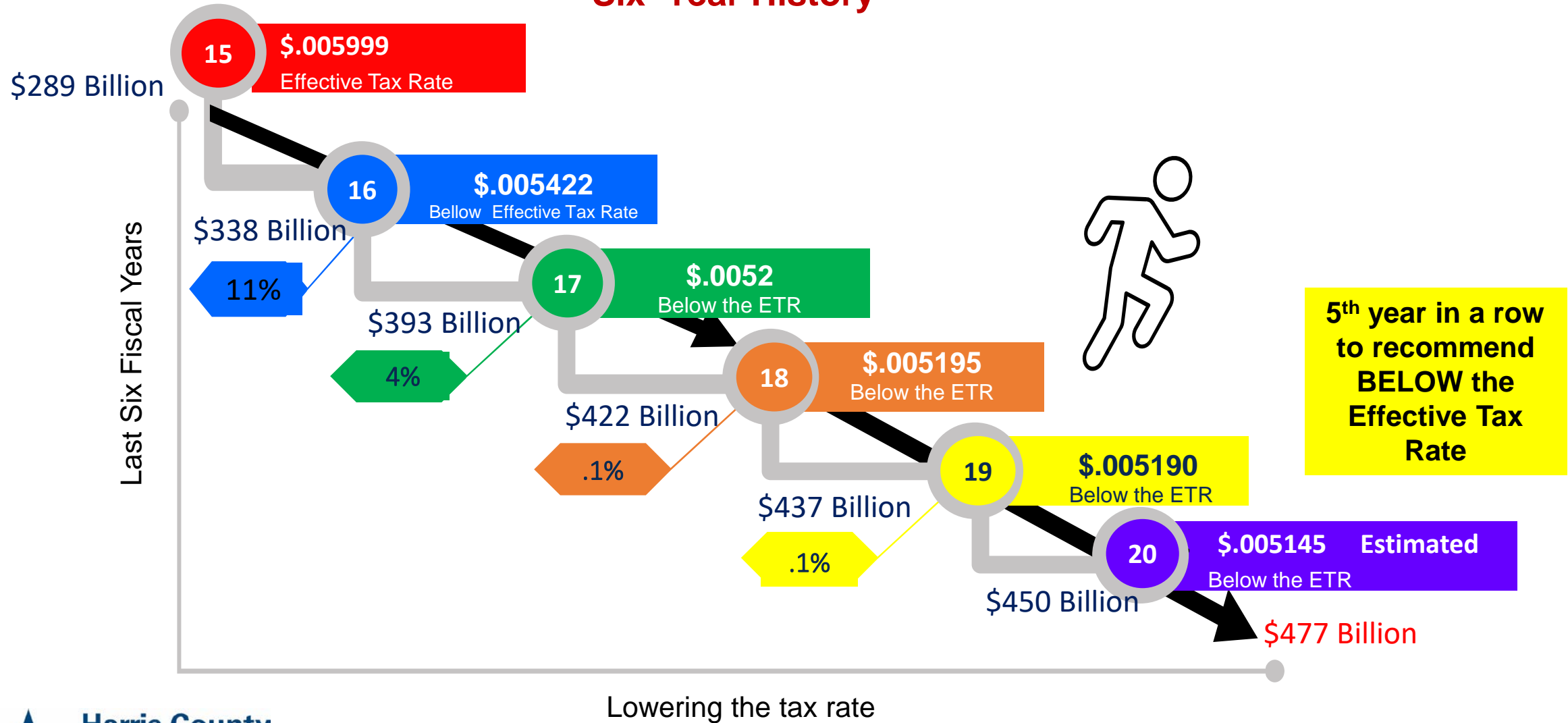
Property Values Growth

Last Six Fiscal Years



Property Tax Rate \$.01 Maximum

Six Year History



Estimated Tax Rate

Harris County Department of Education Comparative Analysis of Property Values	A		ESTIMATED	
	Adopted	B	C	D
		CURRENT	If Proj at \$461 Bil	If Proj at \$477 Bil
		March	BUDGET PRELIM	ESTIMATED
ADOPTED TAX RATE	ADOPTED TAX RATE	Including NEW Improvements Estimated TAX RATE	Including NEW Improvements Estimated TAX RATE	
Proposed Collections Tax Year 2018	0.005190	0.005190	0.005190	0.005145
Certified Taxable Value per HCAD *	\$ 412,526,038,722	\$ 448,050,463,110	\$ 426,609,240,021	\$ 451,521,836,635
Values under protest or not certified	37,168,447,726	1,011,894,807	34,802,332,739	23,764,307,191
	449,694,486,448	449,062,357,917	461,411,572,760	475,286,143,826
/ Rate per Taxable \$100	4,496,944,864	4,490,623,579	4,614,115,728	4,752,861,438
X Tax Rate	23,339,144	23,306,336	23,947,261	24,453,472
	99.88%			99.25%
X Estimated collection rate	23,311,137	23,278,369	23,707,788	24,270,071
	\$ 23,311,137	\$ 23,278,369	\$ 23,707,788	\$ 24,270,071
+Delinquent Tax Collections	-	-	-	-
+Special Assessments	15,000	15,000	15,000	15,000
+ Penalty & Interest	150,000	150,000	150,000	150,000
Estimated Current Tax Available for Operations:	\$ 23,476,137	\$ 23,443,369	\$ 23,872,788	\$ 24,435,071

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

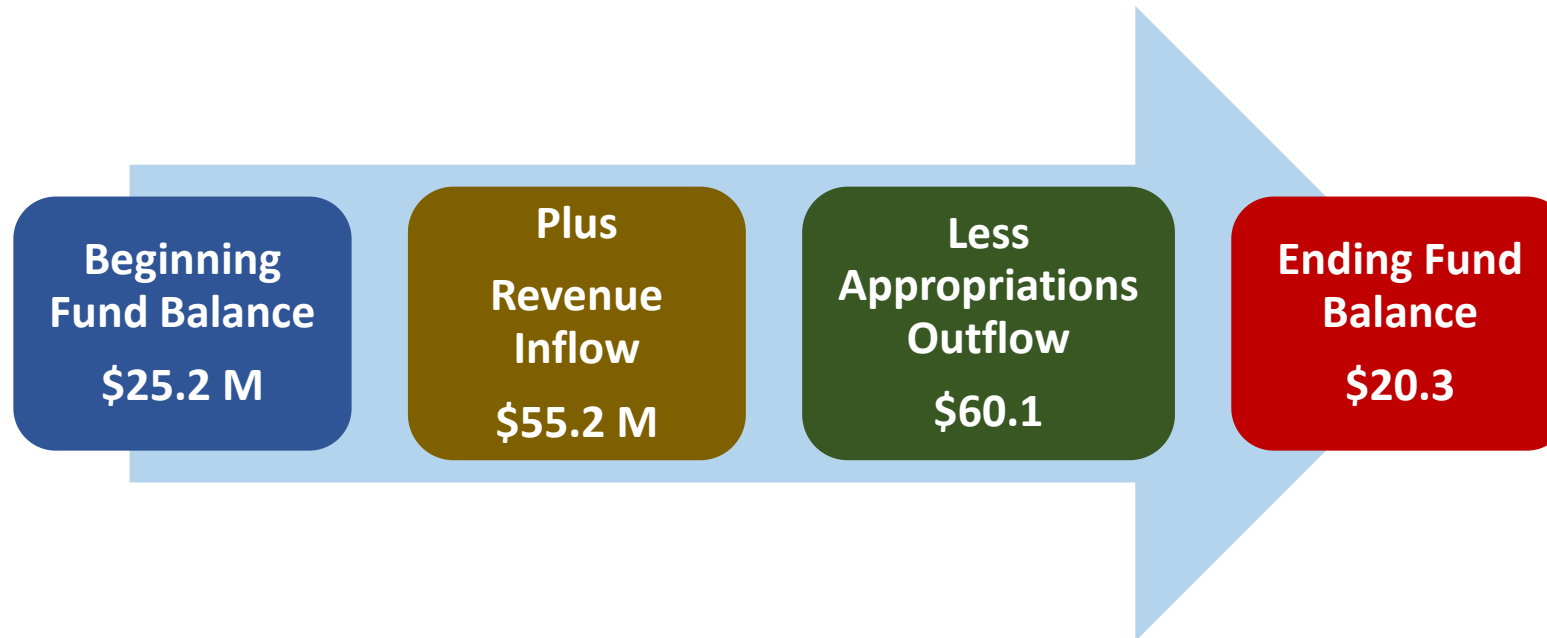
Federal Grant – Health & Human Services
Federal Grant – Incl. Matching
\$22,118,713

Adult Ed.

HGAC
Federal-State Grant
\$7,869,492

Fund Balance Activity

FY 2019 - 2020



\$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.

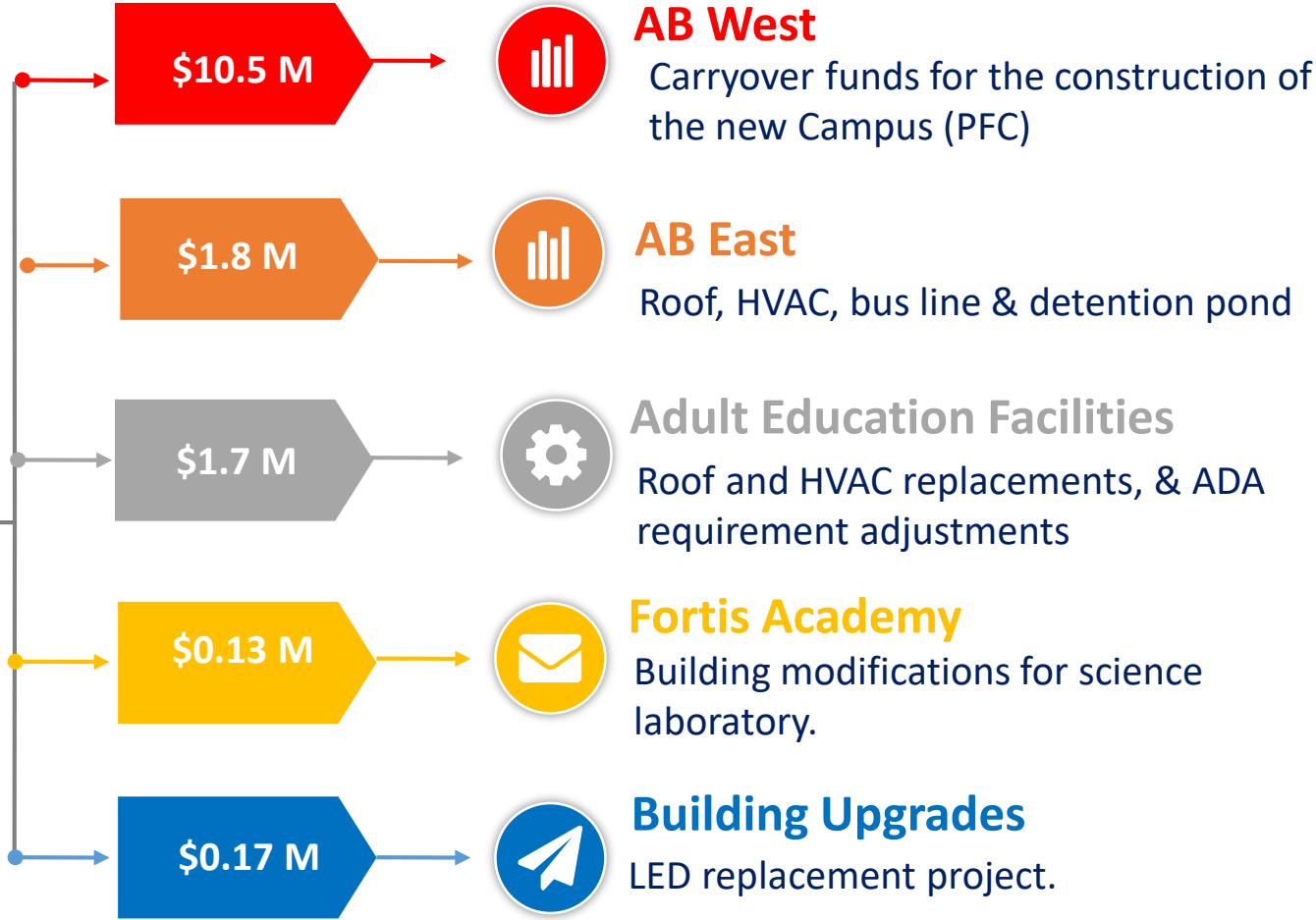
* (Included in \$60.1 M total)

Capital Project Funds

FY 2019-2020



Capital Improvements
\$14.6M



Estimated Fund Balance

\$20,384,139

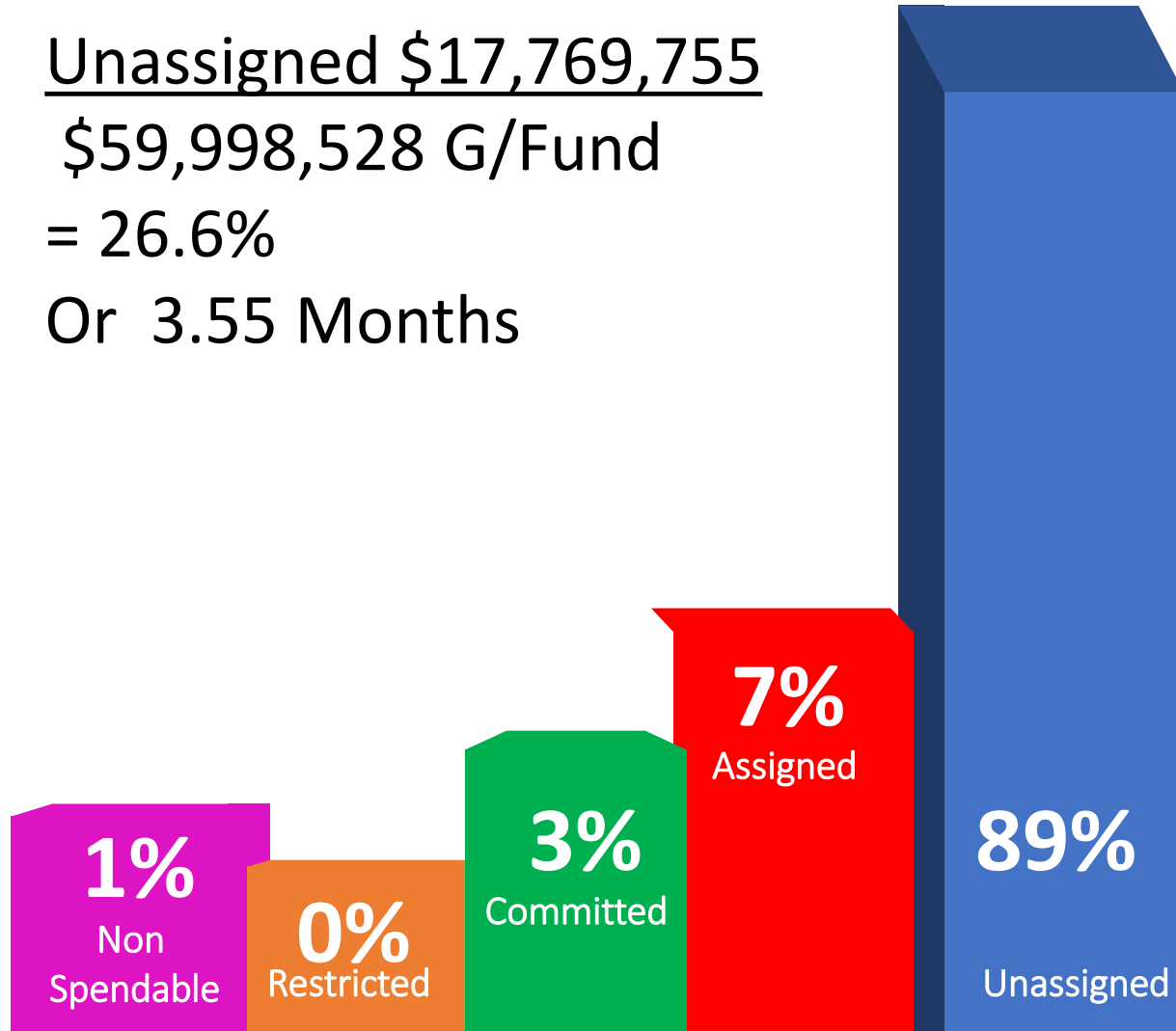
FY 2019-2020

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.

Next Steps



Harris County

Department of

Education

- 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