



ADULT EDUCATION



CASE FOR KIDS



HEAD START



SPECIAL SCHOOLS



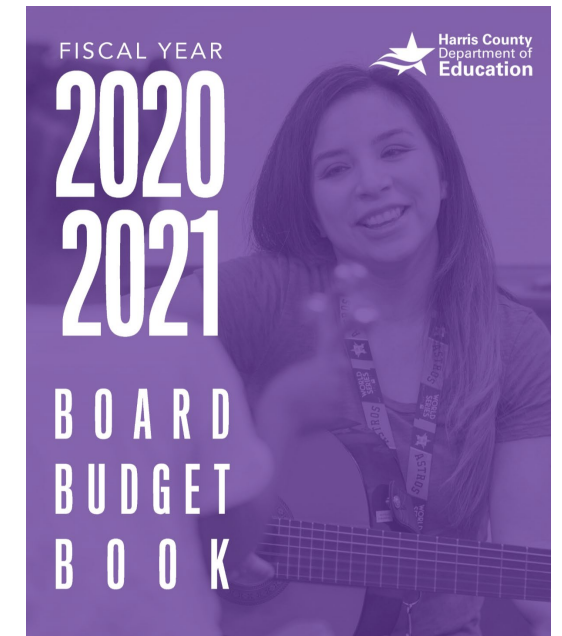
THERAPY SERVICES



One Source for All Learners



FY 2020-2021 Annual Budget Summary June 26, 2020 Budget Workshop



Submitted to Board of Trustees
by

James Colbert Jr. Superintendent

Dr. Jesus J. Amezcua, Assistant Supt. For Business



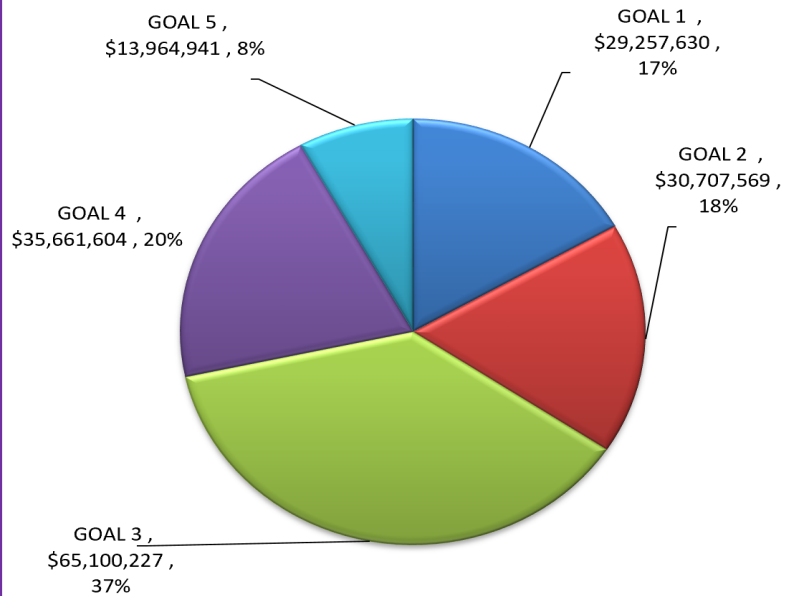
Agenda

- Introduction
- Superintendent's Overview
- Texas Economy
- COVID19 Impact and Current Projections FY 19-20
- TEA and COVID 19
- TASB Compensation Plan
- Annual Budget Overview FY 2020-2021
- Development Plans Overview
 - \$15/hr Living Wage
 - Capital Improvements Plan
- Legislative Update
- Tax Update
- Next Steps
- Adjourn



The HCDE Goals

**HCDE FY21
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**

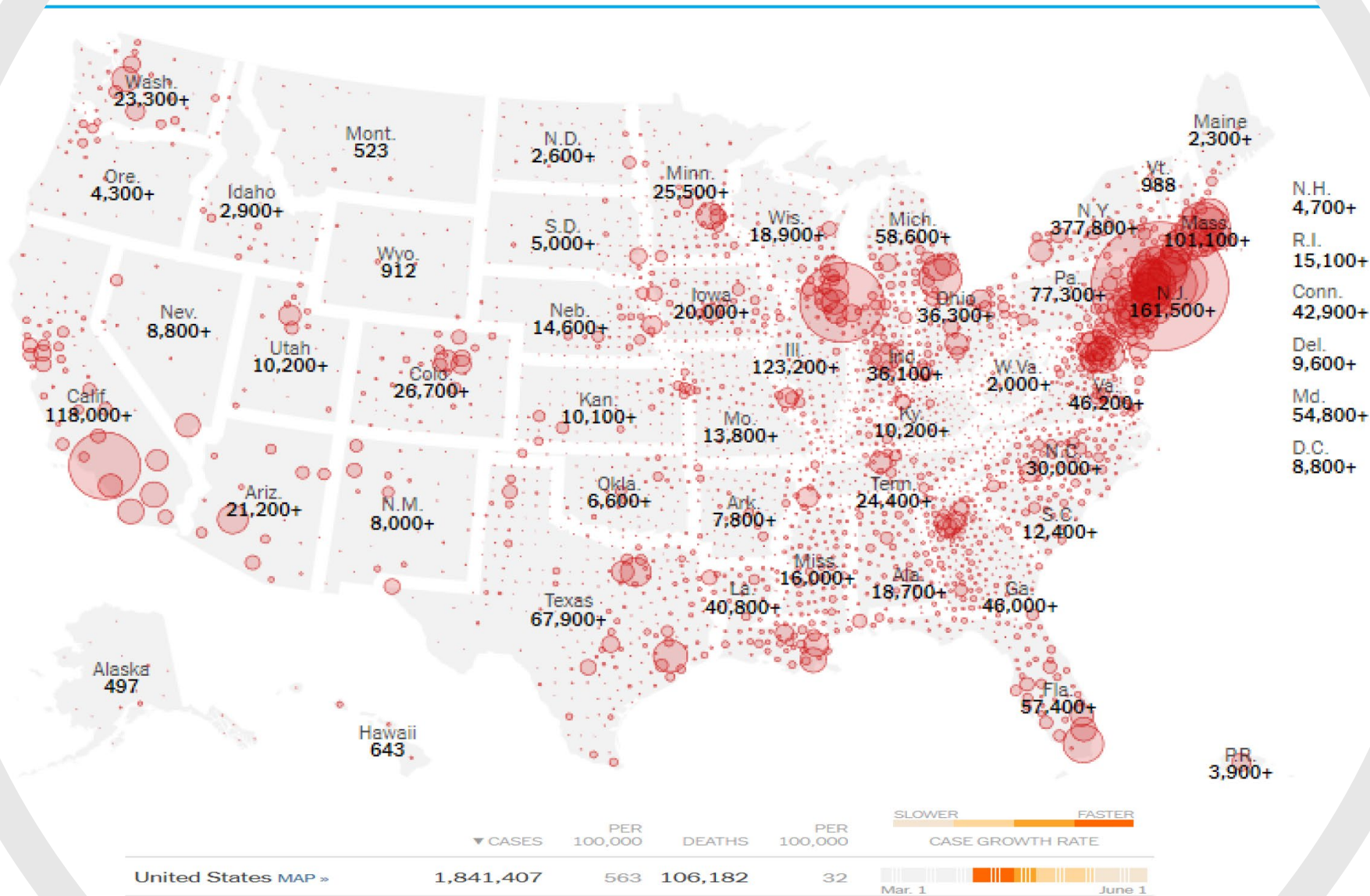
Goal 5:

- **Recruit and maintain a high-quality professional staff**

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are arranged in a circular pattern, creating a strong sense of height and perspective. The sky is bright blue with scattered white clouds. A bright sun is visible near the top center, creating a lens flare effect. The overall color palette is dominated by blues and greys.

Texas Economy,
Houston Economy
and Covid 19

COVID-19 – REPORTED CASES IN U.S.



COVID19 Stats

As of June 24, 2020

According to Johns Hopkins as of 1.33 pm today, here are the TX counties reporting the most growth among the Top 25 counties as a percent in one week:

- Hays (San Marcos) 154.2%,
- McLennan (Waco) 117.2%
- Nueces (Corpus Christi) 75.8%
- Hidalgo (McAllen) 69.2%
- Bexar (San Antonio) 56.7%

The top **5** TX counties reporting the most number of cases in one week are as follows:

- Harris (Houston) 5,765
- Dallas (Dallas) 2,901
- Bexar (San Antonio) 2,489
- Tarrant (Fort Worth) 1,744
- Travis (Austin) 1,665

COVID19 Stats

The world now records over 9.17 million cases with the USA reporting 2.33 million (40k more than yesterday) cases or 25% worldwide. TX reported 113,216 cases (11.9k more cases than last Thursday).

TX is now **5th** among all 50 States with COVID cases and is now behind Illinois by 18,000 vs 23,000 yesterday. On recovered cases we now claim 600 less cases than NY who reports 4 times more cases than TX. While New York claims to have 69.7k cases, TX claims 69.1k

Our country has now seen 121,029 deaths, 908 more than yesterday, versus 474,242 deaths worldwide representing 25.5% of the total. TX reports 2,211 fatalities 19 more than yesterday and still 15th among all States in the country.

Over 27.5 million of the US Population has been tested while TX has tested over 1.55 million.

Household Economics

HOUSEHOLD ECONOMICS

According to the **Bureau of Economic Analysis** and as reported by Bloomberg.com, US Households were able to put aside up to 33% of their disposable income during the crisis due to stimulus funds and not being able find places to spend it. This level of 'rainy day' savings is the highest in over 50 years according to the Bureau. Despite the high level of savings around 37% of middle-class individuals have told the FED that they couldn't afford a \$400 surprise expense, such as a car repair.

Many question if middle class, not just the poor, can't handle a \$400 surprise bill, how will they react to a drawn out economic drought of more than a couple of months. People with wealth or savings are not necessarily in 'cash' and most are invested in assets that are difficult and costly to access in an emergency. Wealth accumulation is normally in assets hard to monetize in the short run playing a factor in a fast recovery.

So if people's wealth is in illiquid assets, they have to borrow liquidity and use their credit due to more stringent lending criteria by banks. Too many borrowing may be the most easily accessible liquidity in order to stay afloat over a long drawn out recovery.

Impact to COVID19 on economy

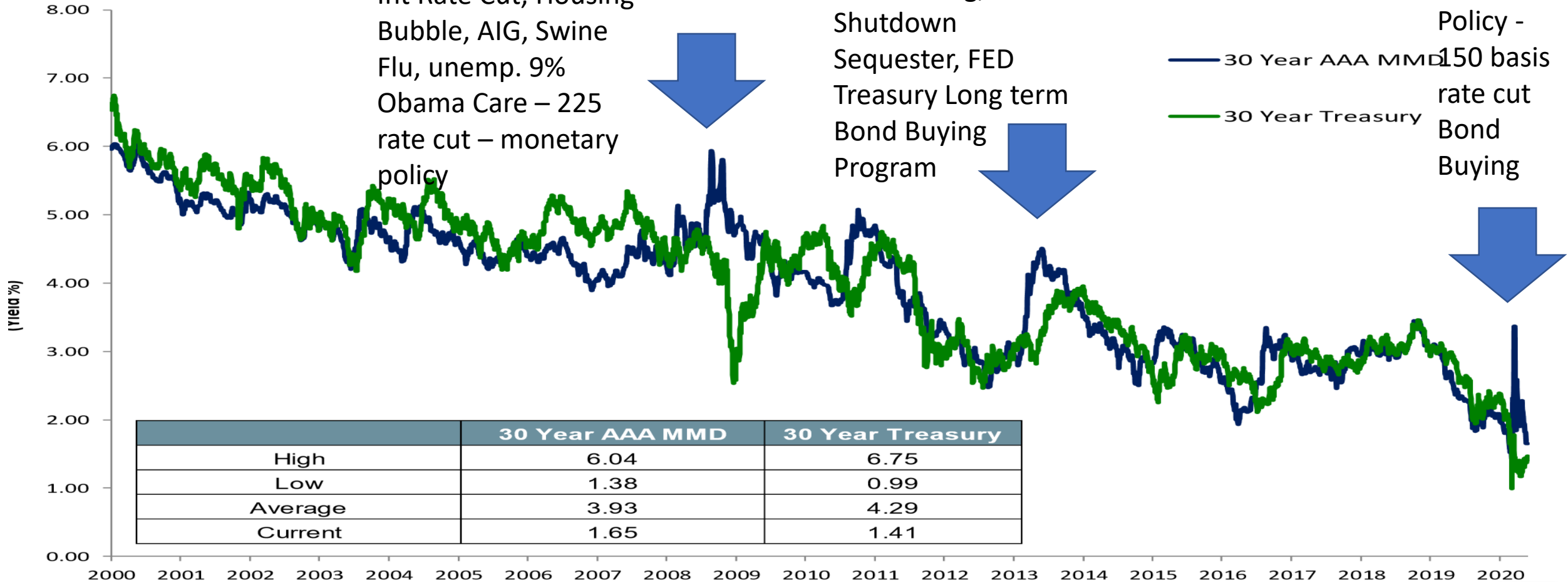
Treasuries versus municipal bonds

30 Year AAA MMD vs. 30 Year Treasury: Since 2000

Int Rate Cut, Housing Bubble, AIG, Swine Flu, unemp. 9%
Obama Care – 225 rate cut – monetary policy

Debt ceiling, Shutdown
Sequester, FED Treasury Long term Bond Buying Program

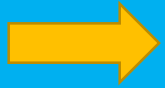

Covid19, Fed Monetary Policy - 150 basis rate cut
Bond Buying





	30 Year AAA MMD	30 Year Treasury
High	6.04	6.75
Low	1.38	0.99
Average	3.93	4.29
Current	1.65	1.41

Source: Thomson Reuters & Bloomberg

CHANGE IN SPREADS TO UST SINCE JUNE 1, 2020

As of 6/1/19	Yield					Spread to UST				
	2 Year	3 Year	5 Year	10 Year	30 Year	2 Year	3 Year	5 Year	10 Year	30 Year
US Treasury	1.924%	1.876%	1.912%	2.125%	2.569%	N/A	N/A	N/A	N/A	N/A
US Agency	2.006%	1.944%	1.960%	2.378%	2.743%	0.082%	0.068%	0.048%	0.253%	0.174%
Corporate (AA+, AA, AA-)	2.327%	2.335%	2.499%	2.959%	3.667%	0.403%	0.459%	0.587%	0.834%	1.098%
Municipal	1.413%	1.419%	1.444%	1.656%	2.395%	-0.511%	-0.457%	-0.468%	-0.469%	-0.174%

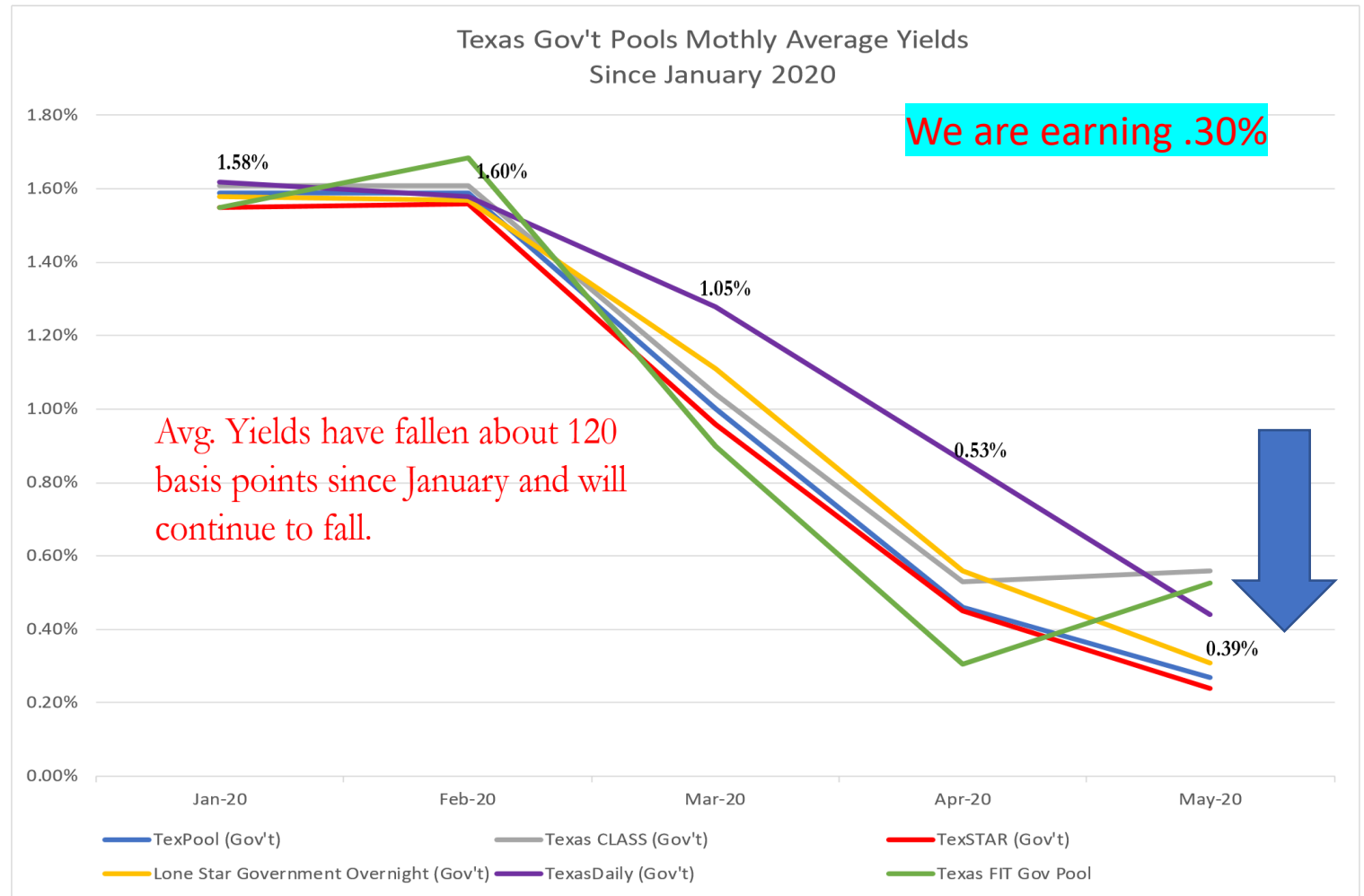



As of 6/1/20	Yield					Spread to UST				
	2 Year	3 Year	5 Year	10 Year	30 Year	2 Year	3 Year	5 Year	10 Year	30 Year
US Treasury	0.158%	0.195%	0.306%	0.660%	1.452%	N/A	N/A	N/A	N/A	N/A
US Agency	0.193%	0.319%	0.499%	1.026%	1.614%	0.035%	0.124%	0.193%	0.366%	0.162%
Corporate (AA+, AA, AA-)	0.348%	0.448%	0.767%	1.658%	2.775%	0.190%	0.253%	0.461%	0.998%	1.323%
Municipal (AAA)	0.163%	0.223%	0.424%	0.820%	1.739%	0.005%	0.028%	0.118%	0.160%	0.287%

IMPACT ON GOV'T POOLS (LGIPs)

Covid 19 Impact

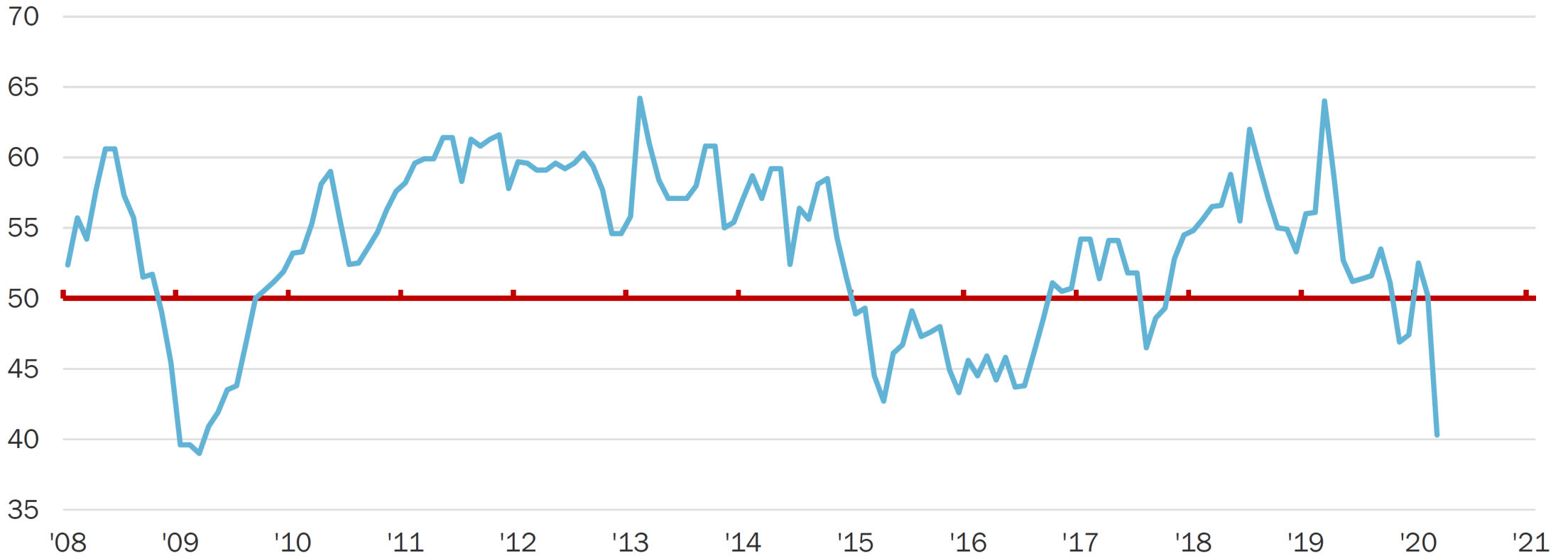
Impact on investments





Houston Purchasing Managers Index

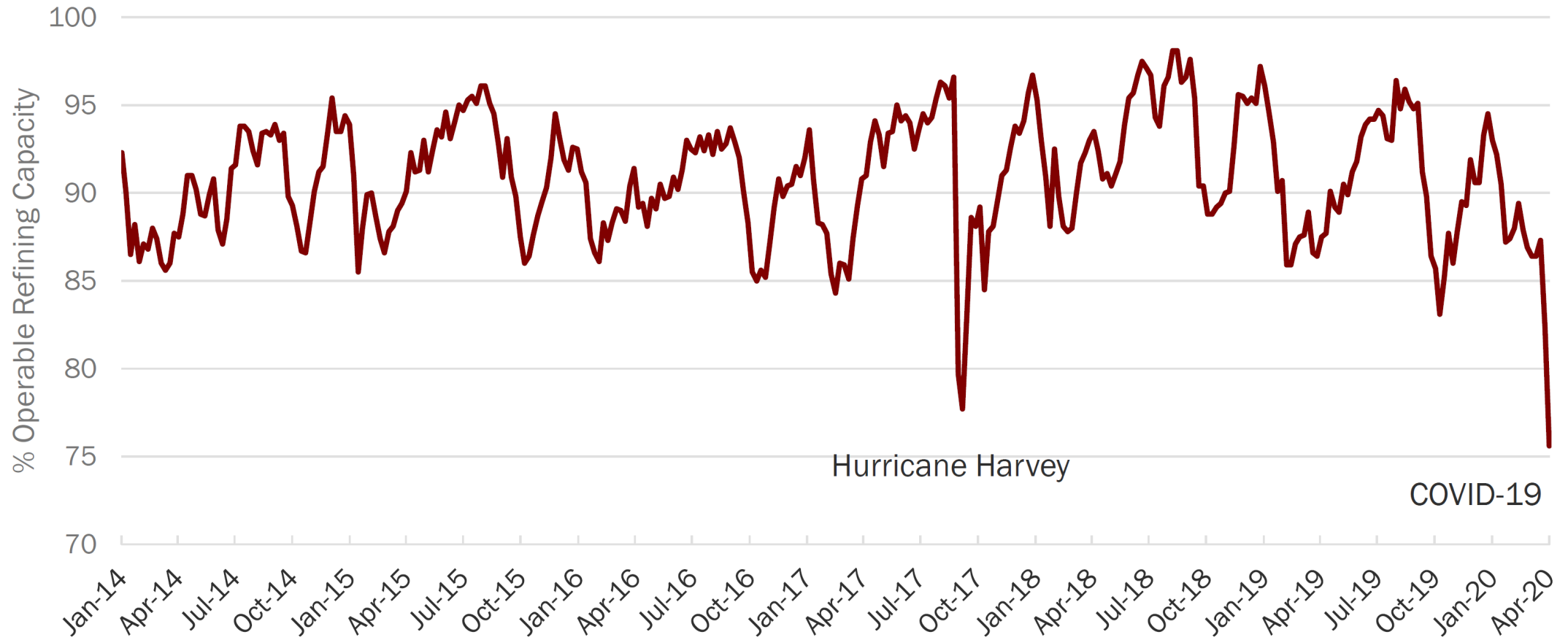
Above 50 = Expansion, Below 50 = Contraction



Source: Institute for Supply Management-Houston



U.S. Refinery Capacity Utilization



Source: U.S. Energy Information Administration

March '20 vs. March '19

New Listings

↓ 4.8%

12,000

Active Listings

↓ 3.2%

25,304

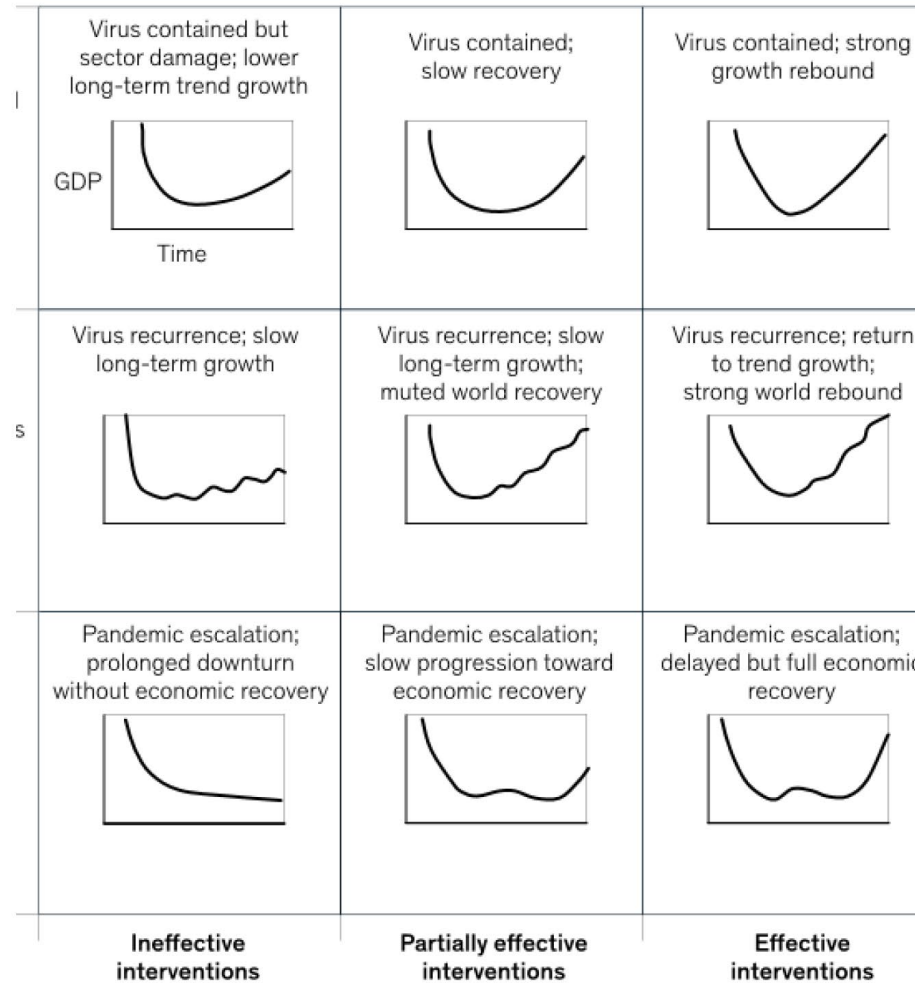
Avg. List Price

↑ 3.6%

\$320,396



Recovery Scenarios



Texas Education Agency Guidance (TEA) and COVID19

TEA Information on 2020-2021 Openings: ADA

TEA has released some of the information you will need to continue planning for the 2020-2021 school year. There is a lot of information included, so you will want to review the full documents.

[TEA has also posted a power point detailing some of the rationale for this plan here.](#)

According to the FAQ, students can receive funding for in person instruction and remote instruction, or a combination of the two. Students who were in a private school, or who were homeschooled last year cannot receive funding for remote instruction next year.

There will be three ways a district can earn ADA for 2020-2021: through in school instruction as schools normally do; through remote synchronous instruction where students are logging in and "attending" school virtually through two-way real-time live virtual instruction (for students in grades 3 and up); and remote asynchronous instruction where students learn from instruction that is not necessarily live and in real time (for students in all grades).

To **receive full funding for synchronous** instruction, school districts must provide students in grades 3 - 5 at least 3 hours per day of direct instruction. This increases to 4 hours per day for students above grade 5. Recess and meals do not count.

Students engaged in remote asynchronous instruction can be marked as engaged for attendance purposes as long as a their participation can be documented through a learning management system, an interaction with a teacher, or the completion of assignments. School districts will need to submit plans to TEA for approval if they wish to use at remote asynchronous instruction. TEA will post a template for plans on July 2. **They will accept district plan submissions** on a rolling basis beginning July 15. Districts can open schools and begin serving students through asynchronous learning without approval through a grace period that will last through the third six weeks reporting period. Districts will have the opportunity to resubmit plans if their initial plans are not approved.

The FAQ notes that the aggregate attendance rate for the 2019-2020 school year will be capped at the aggregate attendance rate for the 2018-2019 school year. This appears to mean that if 93 percent of eligible enrolled students came to school each day during the 2018-2019 school year, you will not be able to generate ADA funding for more than 93 percent of enrolled and FSP eligible students in the 2020-2021 school year through remote instruction.

TEA **also announced a hold harmless for the first two six weeks periods** for next year for some districts that may experience declines. Specifically, if a district's ADA in the first two six weeks periods drops by more than 1 percent compared to the first two six weeks periods for the 2019-2020 school year, those first two six weeks periods can be excluded from final ADA calculations.

TEA FAQs

https://tea.texas.gov/sites/default/files/covid/general_state_funding_faqs_5.7.pdf



General State Funding FAQs

Updated May 28, 2020

(512) 463-9000

disasterinfo@tea.texas.gov

tea.texas.gov/coronavirus

School systems will continue to receive funding if they are closed because of COVID-19 related concerns as long as the school system commits to supporting students instructionally while at home.

For information on ADA, attendance, instructional minutes and enrollment, please see the ***Enrollment and Attendance FAQ*** located on the [TEA Coronavirus webpage under Waivers, Finance, and Grants](#).

See also the ***Federal Funding and Grants FAQ*** located on the [TEA Coronavirus webpage under Waivers, Finance, and Grants](#).

For information on CARES ACT and reimbursement questions, please see the **CARES ACT Funding and Documentation FAQ** located on the [TEA Coronavirus webpage under Waivers, Finance, and Grants](#).

General State Funding FAQ: Section Topics



– Internal update –
Where are we now?

what is the HCDE's
financial condition
as of May 31, 2020?

HARRIS COUNTY DEPARTMENT OF EDUCATION
INTERIM FINANCIAL REPORTS (Unaudited)
GENERAL FUNDS 100-199 BALANCE SHEET
 Fiscal year to date: May 31, 2020

➤ **Excellent Cash Flow**

➤ **Excellent Equity**

➤ **Low Liabilities**

➤ **Positive Business Model**

	<u>ACTUAL</u>
ASSETS	
Cash and Temporary Investments	\$ 40,648,242
Property Taxes-Delinquent at September 1, 2019	817,041
Less: Allowances for Uncollectible Taxes	(16,341)
Due from Federal Agencies	8,295
Other Receivables	3,144,450
Inventories	148,004
Deferred Expenditures	-
Other Prepaid Items	37,831
TOTAL ASSETS:	\$ 44,787,523
LIABILITIES	
Accounts Payable	165,906
Bond Interest Payable	-
Due to Other Funds	-
Accrued Wages	-
Payroll Deductions	1,151,257
Due to Other Governments	1,371
Deferred Revenue	809,941
TOTAL LIABILITIES:	\$ 2,128,475
FUND EQUITY	
Unassigned Fund Balance	20,407,937
Non-Spendable Fund Balance	169,805
Restricted Fund Balance	-
Committed Fund Balance	2,014,976
Assigned Fund Balance	9,499,397
Excess(Deficiency) of Revenues & Other Resources Over(Under) Expenditures & Other Uses	10,044,643
TOTAL FUND EQUITY:	\$ 42,136,758
Fund Balance Appropriated Year-To-Date	522,290
TOTAL LIABILITIES, FUND EQUITY, AND FUND BALANCE APPROPRIATED TO DATE:	\$ 44,787,523

➤

Financial Strength Indicator: Working Capital			
Total Current Assets	=	44,787,523	=
- Total Current Liabilities		- 2,128,475	=
			42,659,048

Efficient Leverage Indicator			
Unassigned Fund Balance	=	20,407,937	=
Total Fund Balance		42,659,048	=
			48 %

Fee for services revenue
in general fund
as of May 31, 2020

DEPARTMENT OF EDUCATION
FINANCIAL REPORTS (Unaudited)
UPDATE - FY 2020 CUSTOMER FEES/CHARGES
to date: May 31, 2020

	(a) BUDGET	(b) YTD ACTUAL
REVENUES-CUSTOMER FEES & CHARGES		
Cert & Prof Advance	409,210	74,975
Business Support Services	100,000	135,373
Center for Safe & Secure Schools	572,750	269,928
Center for A/S Summ & Exp Learn	86,700	71,869
Department-Wide	69,000	-
Facilities		
Records Management Services	1,826,425	1,119,221
The Teaching and Learning Center		
Bilingual Education	85,000	31,155
Digital Education and Innovation	483,919	396,341
Early Childhood Winter Conference	100,000	89,850
English Language Arts	155,000	80,017
Math	186,150	53,755
Professional Development	-	11,382
Science	91,000	11,140
Social Studies	47,900	2,300
Speaker Series	143,970	31,565
Special Education	69,000	16,988
Research & Evaluation Institute	106,688	39,750
Texas Center for Grants Development	1,000	930
Scholastic Arts	10,000	19,287
Special Schools & Services		
Academic and Behavior School East	3,469,001	3,503,000
Academic and Behavior School West	3,193,600	2,647,775
Arts Academy	196,250	275,000
Point East School	2,094,473	2,049,853
Technology		
Technology Support Services	18,203	-
Therapy Services	10,033,388	8,856,978
Revenues-Customer Fees & Charges:	\$ 23,548,627	\$ 19,788,430



Pause for questions
and transition

Harris County
Department of
Education

2020
2021

BOARD
BUDGET
BOOK

23



Harris County Department of Education

Pay System Review

Erin Kolecki

June 24, 2020



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



Pause for questions
and transition

Harris County
Department of
Education

2020
2021

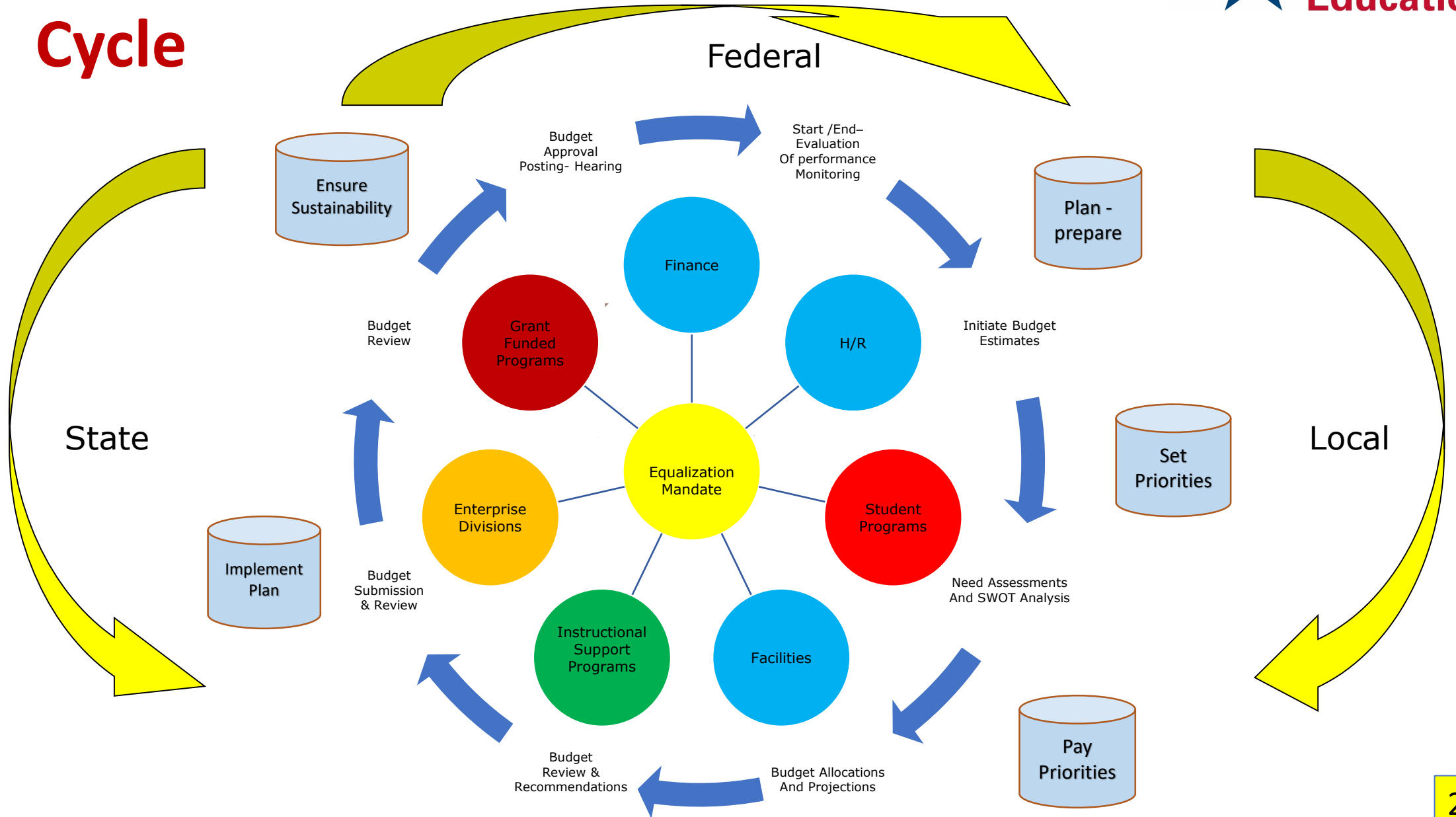
BOARD
BUDGET
BOOK

25

Our Budget Process and Fund Structure

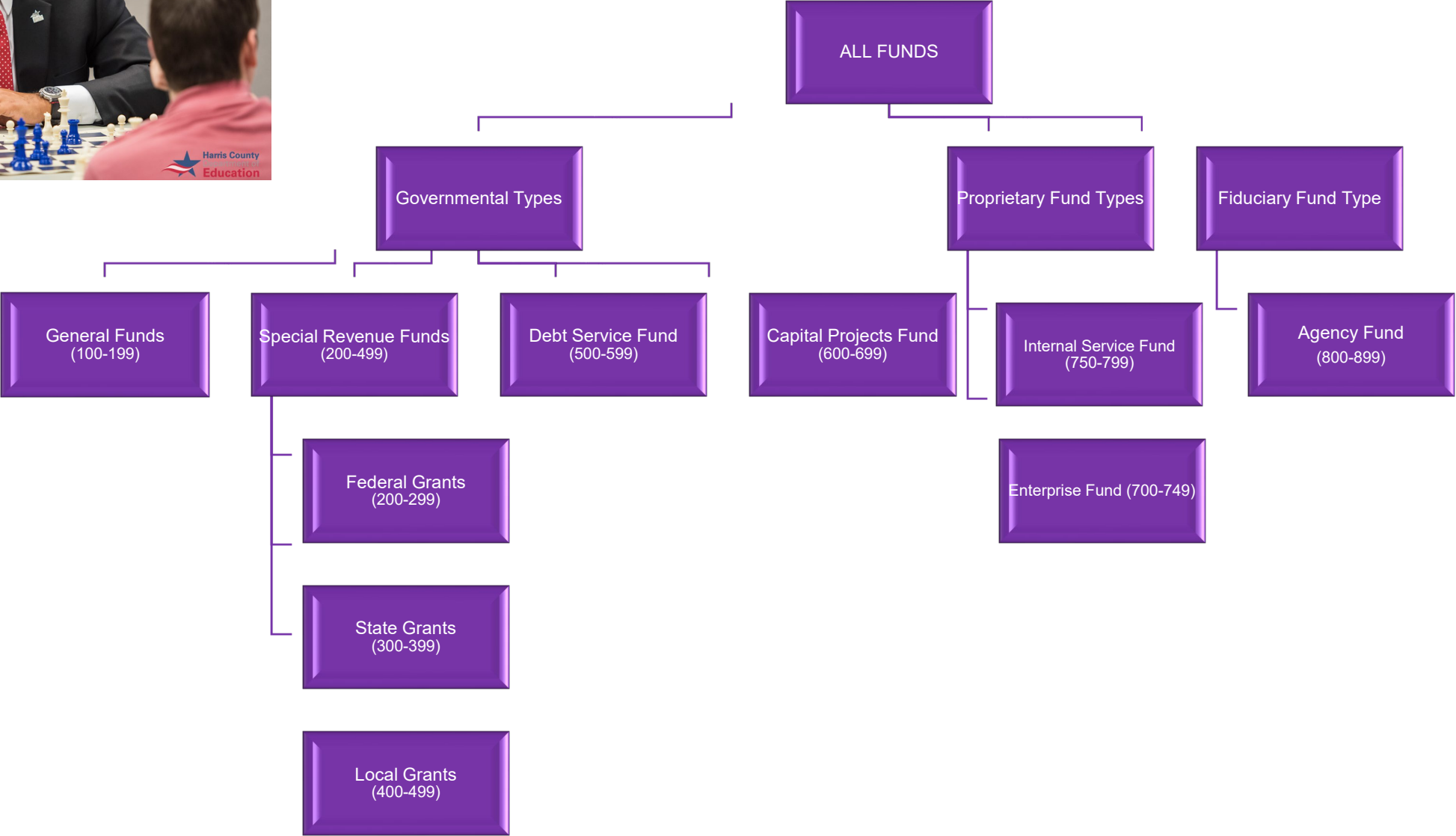


Goals Planning Cycle



Proposed Annual Budget - Highlights

FY 20-21



FY21 SWOT ANALYSIS - ECA

- Provide turnkey solution package of online preparation program pathway with comprehensive onsite support component (Star Reimagined Project)
- Partner with Center for Montessori Studies to offer Montessori professional development in the Houston area
- Partner with Innovation Center 4 Teacher Preparation, a Gates Foundation funded initiative to develop and support high-quality teacher preparation programs
- Partner with Phi Delta Kappa (PDK) International - Houston Chapter to elevate the teaching profession and offer scholarship opportunities to educators
- Become AEL training site/vendor to provide in-house services to our principal candidates
- Leaders Pay It Forward* campaign targeting alumni help to recruit into principal and superintendent programs
- Bring a Friend - Grow a Leader* campaign targeting current principal and superintendent candidates to help recruit into principal and superintendent programs
- Pursue new grant opportunities such as USDOE-TSL Incentive Program Grant
- Provide opportunities for sitting principals to recruit at our onsite trainings
- Strengthen collaboration with districts through expert panels and mock interviews to showcase principal candidates' talents
- Fortify existing partnerships with The Ohio State University and School Reform Initiative for collaborations on grant offerings to districts
- Reconnect with former members with complete #

SWOT Analysis Review

SWOT Analysis for every division

Strengths	Weaknesses
<p>Characteristics of the division that give it an advantage over others in the industry.</p> <ol style="list-style-type: none"> Division is fully staffed with individuals who are well educated and have expertise from diverse educational and social science disciplines Growing reputation for quality accountability, evaluation, and research (i.e. Moak, Casey & Associates; AERA; Head Start grantees) Coordination of a registered IRB for protection of human subjects for HCDE and affiliated districts and partners Increasing collaboration with divisions and external entities Accessibility to HCDE's district client base Monitored by an Accountability system 	<p>Characteristics of the division that give it a disadvantage over others in the industry.</p> <ol style="list-style-type: none"> Reliance on un... impact work pr... Currently there... (SOP) and due... at a disadvanta... The current tea... systems.
Opportunities	Threats
<p>Write external elements of the industry that give it an opportunity.</p> <ol style="list-style-type: none"> Districts, Colleges/Universities and Community organizations can benefit from collaboration with practitioners in the field for research studies, fellowships and interns. Campus/district leaders and teachers need collaborators with research and evaluation knowledge and skills to assist with program evaluation that help close achievement gaps and improve student outcomes. Increasing community, organizational, and funder demands for generating evidence and documentation of best practices. 	<p>Write external elements of the industry that give it a threat.</p> <ol style="list-style-type: none"> Competition fr... evaluation uni... promise much... network partn...



General Fund
\$69.7M 468.32 Total FTE



47%

Special Revenue Fund Grants
\$36.4 M 400.32 Total FTE



32%

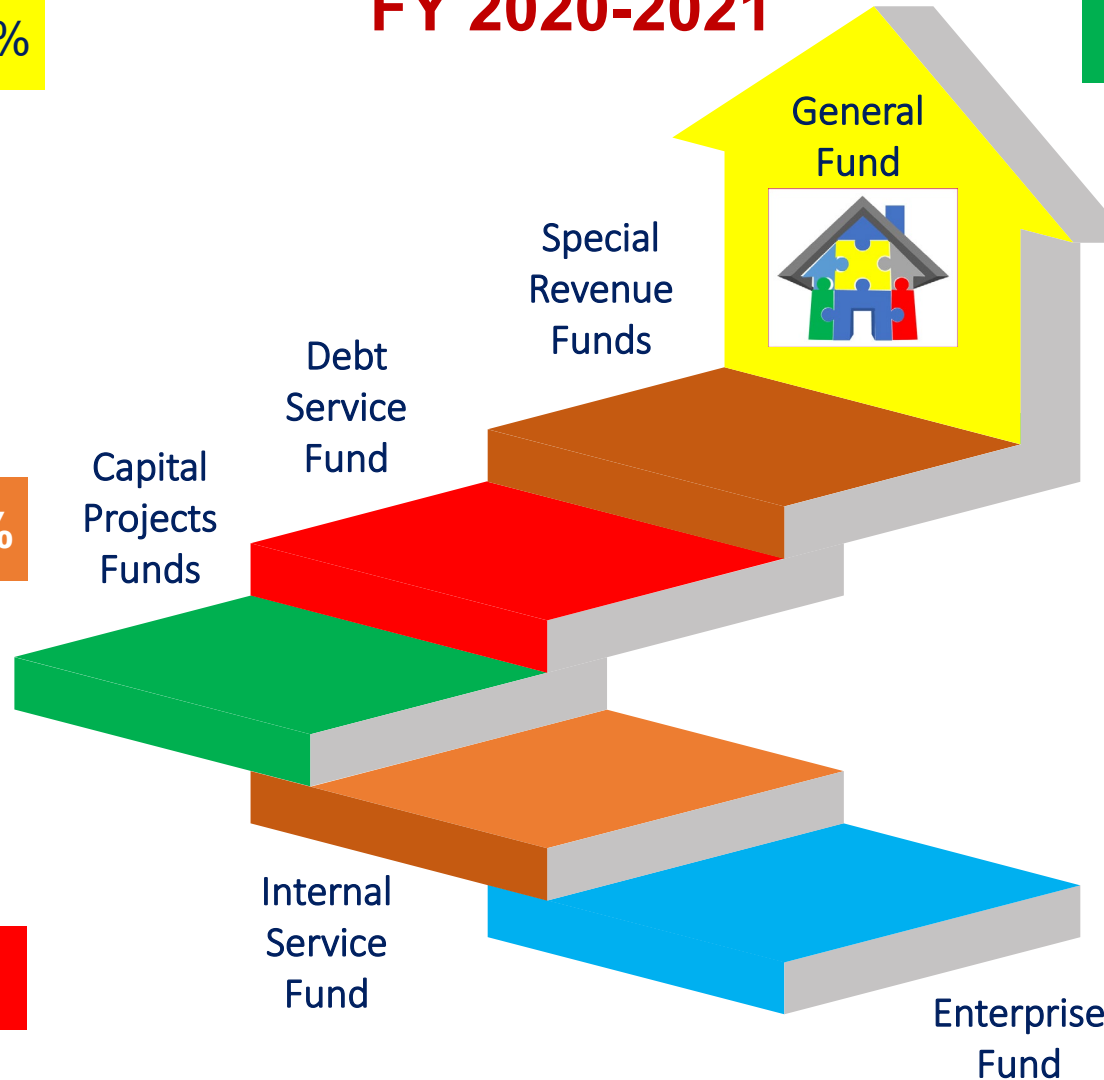
Debt Service Fund - Bonds
\$6.1 Total FTE - None



2%

\$175,091,972 TOTAL BUDGET

FY 2020-2021



11%

Capital Projects Fund
\$50.9 M Total FTE - None
AB West - Fortis Academy and various maintenance projects.



Internal Service Fund - Facilities
\$6.1 M 51 Total FTE

4%



Enterprise Fund
\$5.7 M
19.5 Total FTE
Choice Partners Cooperative.



4%

30

Budget Assumptions

01

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.



02

Business Model

The sum of fees, taxes, indirect cost must be balanced with growth, market fees, expenditure needs, compliance, salaries, sustainability and performance ratios



03

One Time Expenditures

Capital improvements that utilize funds to invest in program upgrades and facilities



04

Balance Approach

Revenues equal Expenditures for Operating
Revenues & Appropriations



Budget Assumptions

01

New Positions



All new positions are designed to meet the service delivery for School districts and clients

02

Growth Tax Values Rate

Property Values increased from \$483B to \$505 Billion or 6% increase from a year ago, thus recommending a tax rate of \$.005181 **which is estimated to be below the voter approved rate to address COVID19**



03

Compensation Plan One

Special Revenue Funds _Grants Initiative & Recruitment Plan
By offering competitive salaries starting at \$15 per hour
Phase One of Two

04

Compensation Plan Two

By offering \$62,000 for a starting teacher and 4% CPI to teacher's pay scale and 2% for all other staff

What is included in the budget?

FY 2020-2021



REVENUES:

- Increase in contract revenues
- Increase in tax revenues – values and rate adjustment
- Additional grants
- COVID 19 Grant

EXPENDITURES

- Increase in \$15 minimum salary
- 4% for teachers
- 2% for administration
- Equity for teachers
- Health Benefits match due to TRS increase

EXPENDITURES

- Awareness campaign
- 6.7 new positions
- Star Reimagined
- Capital Improvement Plan
- Debt Service Debt Repayment

Our Major Initiatives

HCDE – Re-imagined

24 in Houston



Exemplary Employer

Implementation of a comprehensive pay plan to lead the teacher salary market and provide additional stipends for key special ed duties.

Bonds



Capital Improvement Plan

Implementation of a capital improvement Plan to modernize and reimagine the HCDE Experience.

Talent



Leader in Talent Recruitment

Implementation of a \$15 minimum salary rate and provide additional health benefits and wellness programs.

Valued Services



Leader in Services

Implementation of brand awareness and additional staff to meet services demand.

Major Initiatives

FY 2020-2021

94%



Top 3 New Programs

\$15 Minimum
Implementing a \$15
minimum
salary rate

Brand Awareness
Implementing brand
Advertising campaign

Capital Improvements
Development Plans projected for
FY 21 Financial Plan
\$51 M total for various projects

- Ab East Campus
- HP East Campus
- Adult Ed Center
- Irvington Rehab



Top 5 Fee revenue 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 3 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

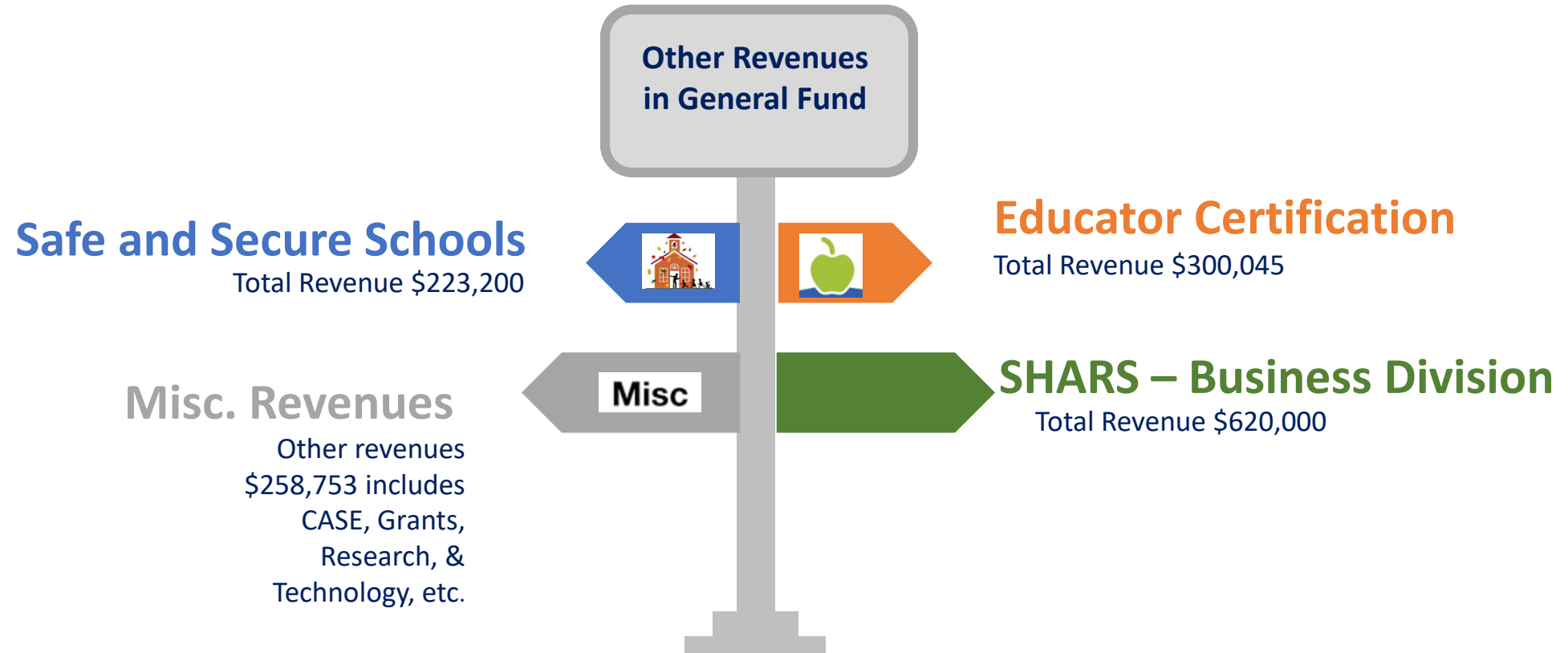
Records Management (#4 Fee INFLOW Source)
Total Revenue **\$1.9 M**
Projected Performance Ratio 95%

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

General Fund

Other Revenue Sources of Fees

FY 2020-2021



General Fund Revenues

\$58,385,758

FY 2020-2021

Fees for Services

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

\$23,601,005



State Funding

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

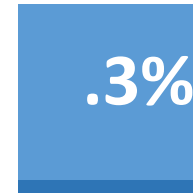
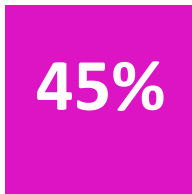
\$3,000,000

\$3,161,693 Increase from \$55,224,065
Or **5.7%** Increase

Property Tax Revenues

Taxes based on \$505 Billion in value at \$.005181 est. rate. & delinquent taxes

\$26,089,000



Other

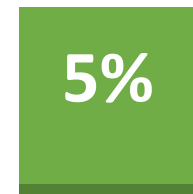
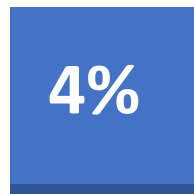
Miscellaneous and Interest Costs

\$170,000

Indirect Costs

Indirect cost from grants

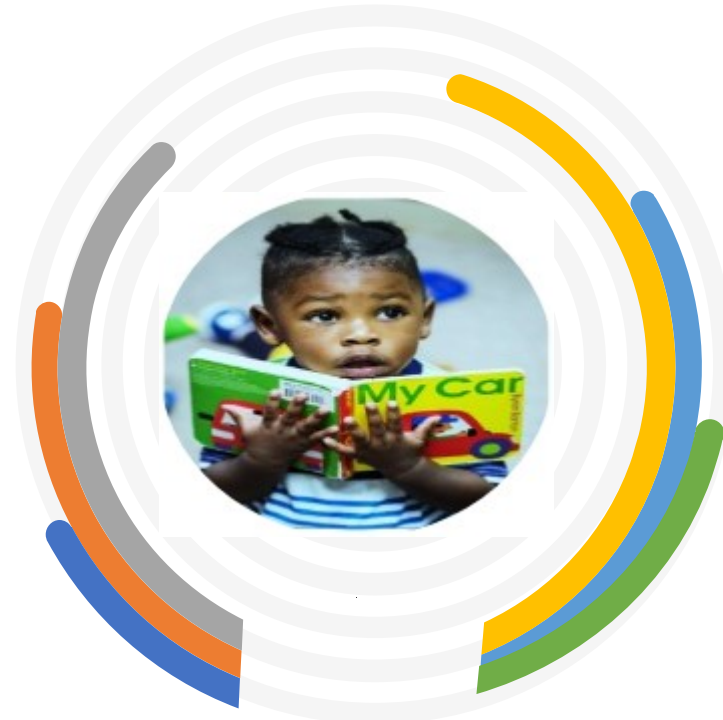
\$2,597,786



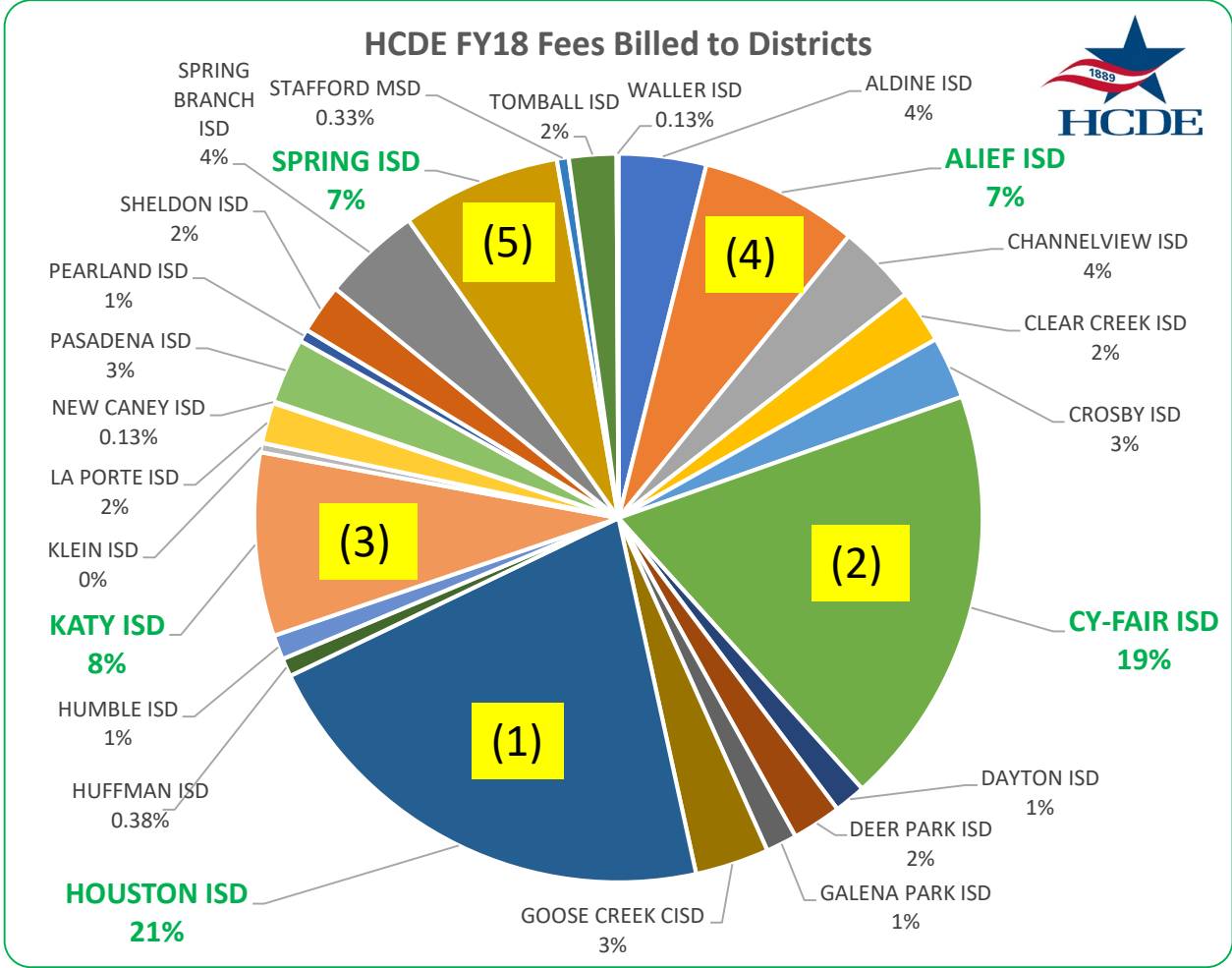
Transfers IN –Choice

Transfer in from Choice Partners Coop

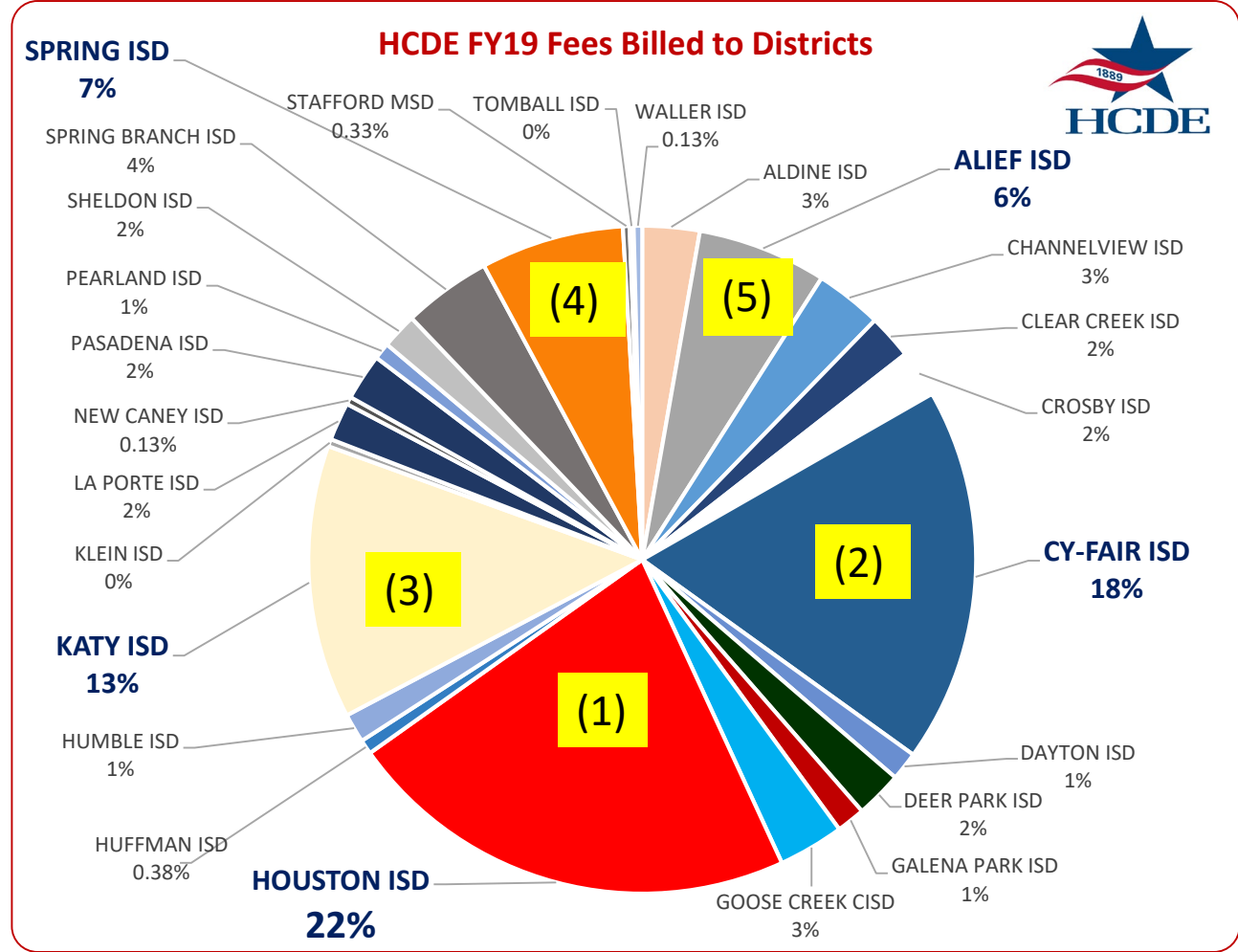
\$2,927,240



Client Fees (INFLOWS)



Client Fees (INFLOWS)



Includes fees from:
General Fund & Choice

Projects School Based Therapy Services

22% of general fund revenue

Cyfair ISD
\$3,052,764

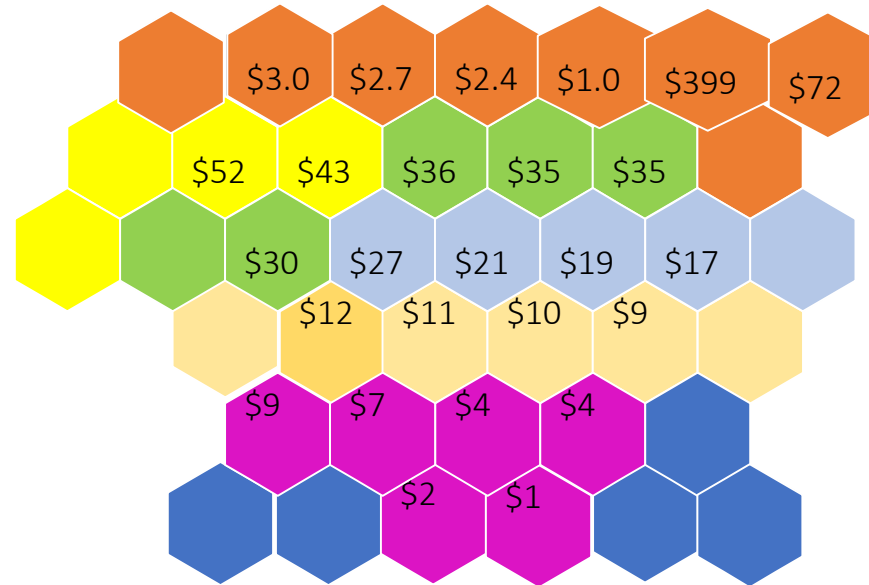
Houston ISD
\$2,716,375

Katy ISD
\$2,472,755

Spring ISD
\$1,016,138

Spring Branch
\$399,096

Dayton ISD
\$72,782



Other ISD Contracts under \$50,000 = \$400,000

In County	Therapy In County \$482/Day	Out of County +\$50
	OT –PT Assistant \$380	

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

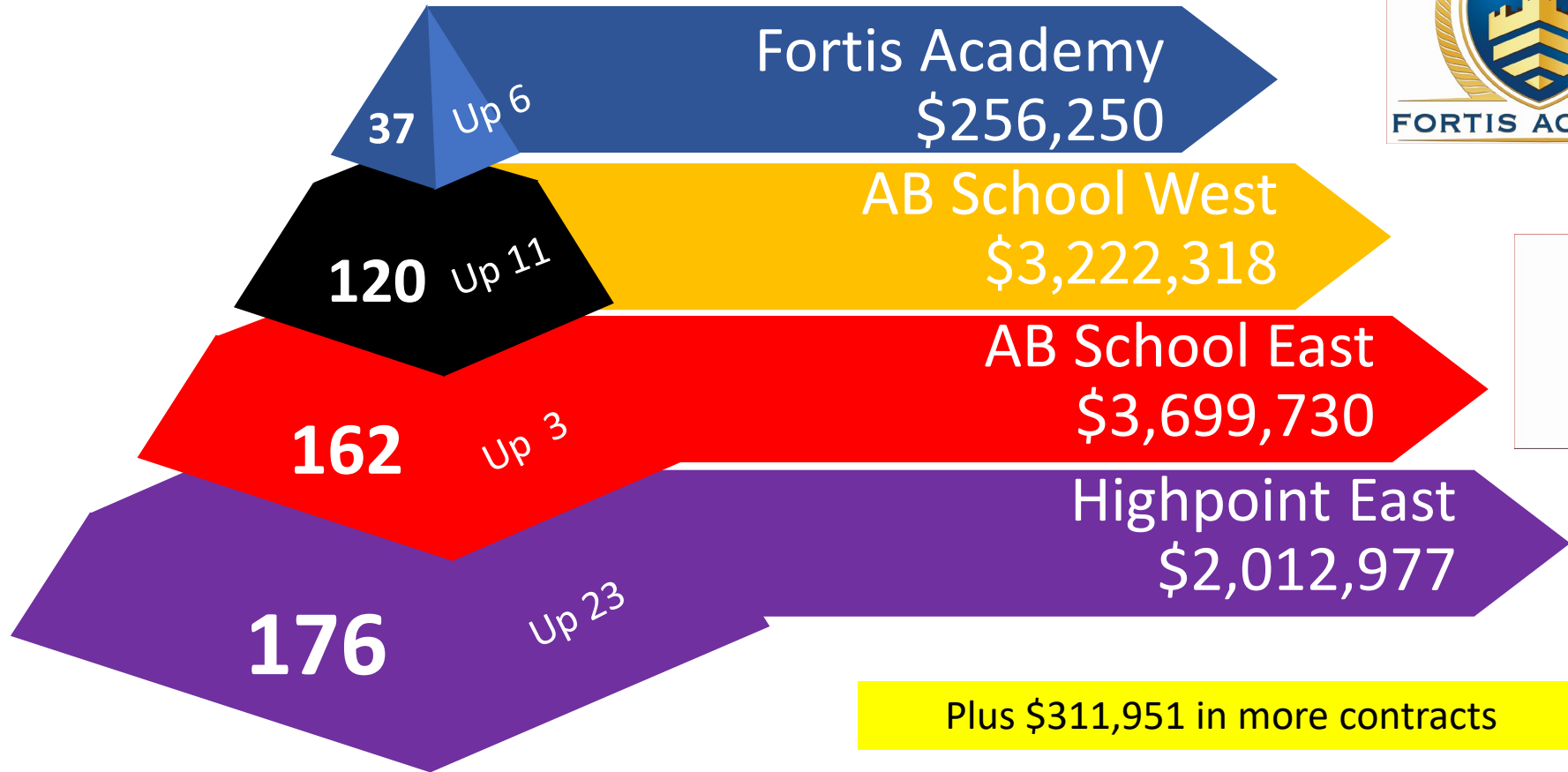
Rates have been fixed the last four years. 85% Performance Target.

Special Schools Contracted Seats

\$9,191,275

16% of general fund revenue

FY 2020-2021



Special Schools Rates

Rates have been fixed the last five years. 75% to 85% Performance Target.

Value * Integrity * Commitment

HP East
In County



\$10,049 /year

Competitor \$12,000

JJAEP
District AEP

HP East
Out of County



\$11,064/year

Competitor \$12,000

Fortis Academy
In County



\$6,250/year

Competitors - \$20,000
Archway
Three Oaks

AB Schools
Out of County



\$23,853/year

Competitors - \$30,000
Avondale -

AB Schools
In County



\$20,605/year

Competitors - \$30,000
Avondale -





Pause for questions
and transition

Harris County
Department of
Education

2020
2021

BOARD
BUDGET
BOOK

Expenditures



General Fund Expenditures

\$,8,534,729 Increase from
\$61,139,793

\$69,674,522

Or 14% Increase

FY 2020-2021

Due to one time transfers out
to capital projects and debt
service



Payroll

\$39,637,777

6100 Accounts –
Payments for
employee
salaries and
benefits.



Contracted Services

\$5,085,572

6200 Accounts
– Payments to
vendors and
contractors



Supplies & Materials

\$2,779,374

Payments for
Supplies.



Misc. Operating Cost incl. travel

\$8,101,274

6400 Accounts
– Payments for
other costs and
travel



Capital Outlay

\$211,932

6600 Accounts –
Payments for
capitalized assets



Transfers Out

\$13,858,593

6600 Transfers to
other funds debt
service and
grants

57%

7%

4%

12%

.3%

19.7
%

Transfers out to other Funds

Outstanding Debt is \$10,605,252 as of 8-31-2020

Debt Service Fund
(Bonds)
\$2,917,611

CASE (Local Match)
\$550,787

Head Start and Early Head Start
\$750,000
And Star Re-imagined
\$648,764

Capital Projects
\$5,740,000 & Debt Service
Reserve \$3,251,432

HCDE receives
\$257,830 from
Workforce Grant

Transfers out

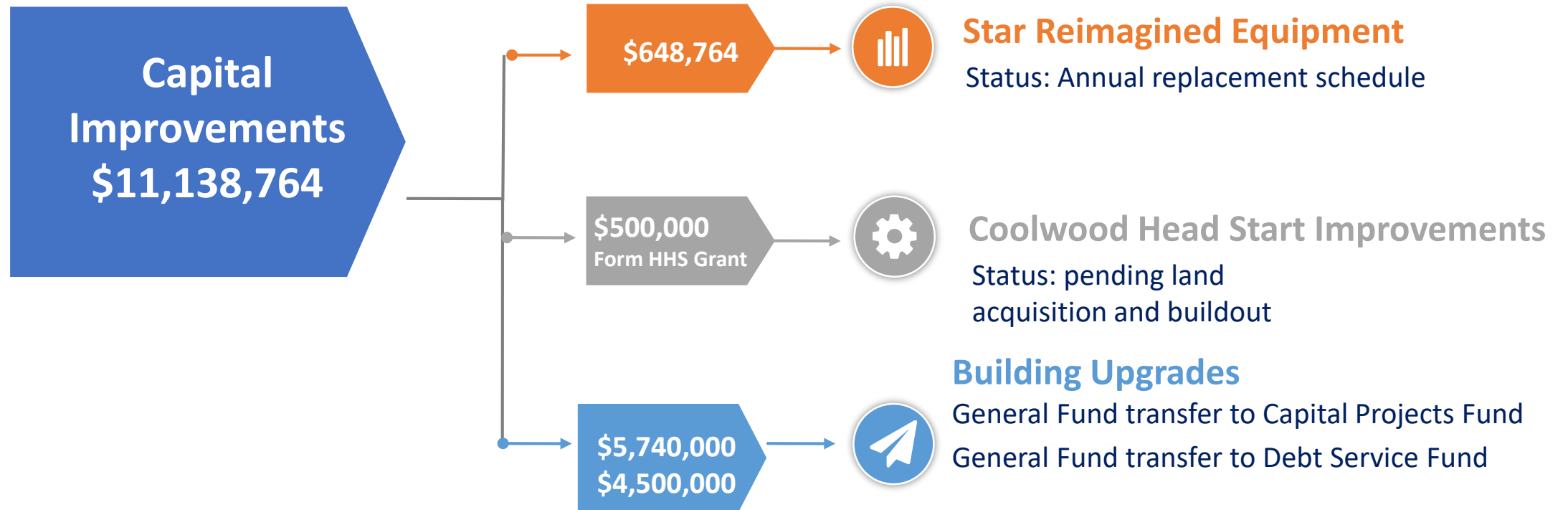
\$13,858,593

Other uses from General Fund

F/Bal

F/Bal

Planned Use of Fund Balance for one-time expenditures for Capital Projects and Debt Repayment FY 2020-2021





Star Re-imagined

New Program designed to continuously improve and reinventing our various processes and manner which we deliver services to our clients.

\$648,764



Star Re- Imagined

Division Code	Description	Additional Funds Requested	Contracted Services	Supplies & Materials	Other Costs	Capital	Total Requested
954	Records Management	Upgrade to Envision Warehouse	-	-	-	14,400	14,400
111	Therapy - Star Re-Imagined	Professional Development to therapist on attention deficit hyperactivity disorder (ADHD) in children - Russell Barkley	10,700	-	-	-	10,700
111	Therapy - Star Re-Imagined	Instructional videos for use of instructional staff, media with livestream capabilities	-	5,632	-	-	5,632
111	Therapy - Star Re-	Team building retreat - food and Coach	4,821	-	-	-	4,821
501	Special Schools	Professional Development for Staff	-	11,000	-	-	11,000
501	Schools Division - Star	Assistive Technology -	-	22,125	-	-	22,125
132	AB West - Star Re-	Shelf with reading materials	-	-	-	10,000	10,000
131	AB East - Star Re-	Leveled Literacy Center - for reading updating	-	-	-	10,000	10,000
970	HP East	Fundamental Five - Training for Teachers	30,000	-	-	-	30,000
201	Adult Education - Star Re-Imagined	Laptops and Scantron - to help with testing and Registration	25,000	25,000	-	-	50,000
922	CASE - Star Re-Imagined	Youth Badging - Platform	50,000	-	-	-	50,000
090	Technology - Star Re-	Workflow consultant	60,000	-	-	-	60,000
925	Communications - Star Re-Imagined	Update and addition of 7 graphics/video/photo workstations	-	-	-	49,000	49,000
925	Communications -	Color Printer	-	-	-	10,000	10,000
092	Client Engagement	Promotion Materials	-	20,000	-	-	20,000
005	CSSS - Star Re-Imagined	PIER Systems - Safe School Alert Program - In partnership with office of emergency management and Harris County Trans Star	20,000	-	30,000	-	50,000
011	Assistant Sup. Academic	Professional Development	9,000	6,000	-	-	15,000
011	Assistant Sup. Academic	\$10,k per school promote ideas	-	20,000	-	-	20,000
901	Head Start	A New Coolwood Head Start Center	-	-	-	122,000	122,000
924	Research and Evaluation - Star Re-Imagiined	Software - Digital Dashboard - Annual License	-	49,086	-	-	49,086
030	Human Resources - Star Re-Imagined	Document Management Software - to automate HR	-	-	-	25,000	25,000
301	TLC - Division Wide - Star Re-Imagined	Sponsor a Youth Symposium - College and Career Readiness	3,500	1,000	5,500	-	10,000
	TOTAL						648,764



6.17 New Positions

Therapy – 1.17 FTEs

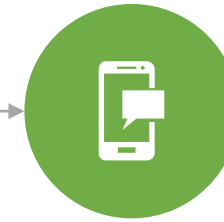
One occupational therapist to cover additional demand from ISDs.
.17 of a manager to complete an FTE

Special Schools 1 FTEs

One Instructional Coach

Adult Ed Grant 1 FTE

Senior Director Reclass and one Director of Adult Ed.



Technology 1 FTE

Training Coordinator

Communications 2 FTE

Client Engagement – One support Staff and one Graphic Design Manager .

3.17 FTEs are tied to revenue enhancement
2 for Grant/program enhancement
1 for communications enhancement



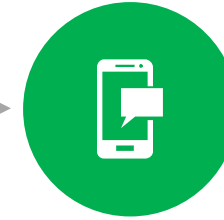
Harris County
Department of
Education

Investing in our teacher, classroom and support staff workforce



General Fund Support staff

\$15 minimum starting salary rate



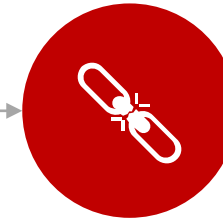
Head Start Support staff

\$15 minimum starting salary rate



Special Schools

Stipend to improve quality supervision .



Special Schools Aides

Stipend equity to improve special school



Special Schools Teacher Salary

Stipends - Additional equity to maintain competitiveness
Increase 4% for teachers



Other Staff Salaries

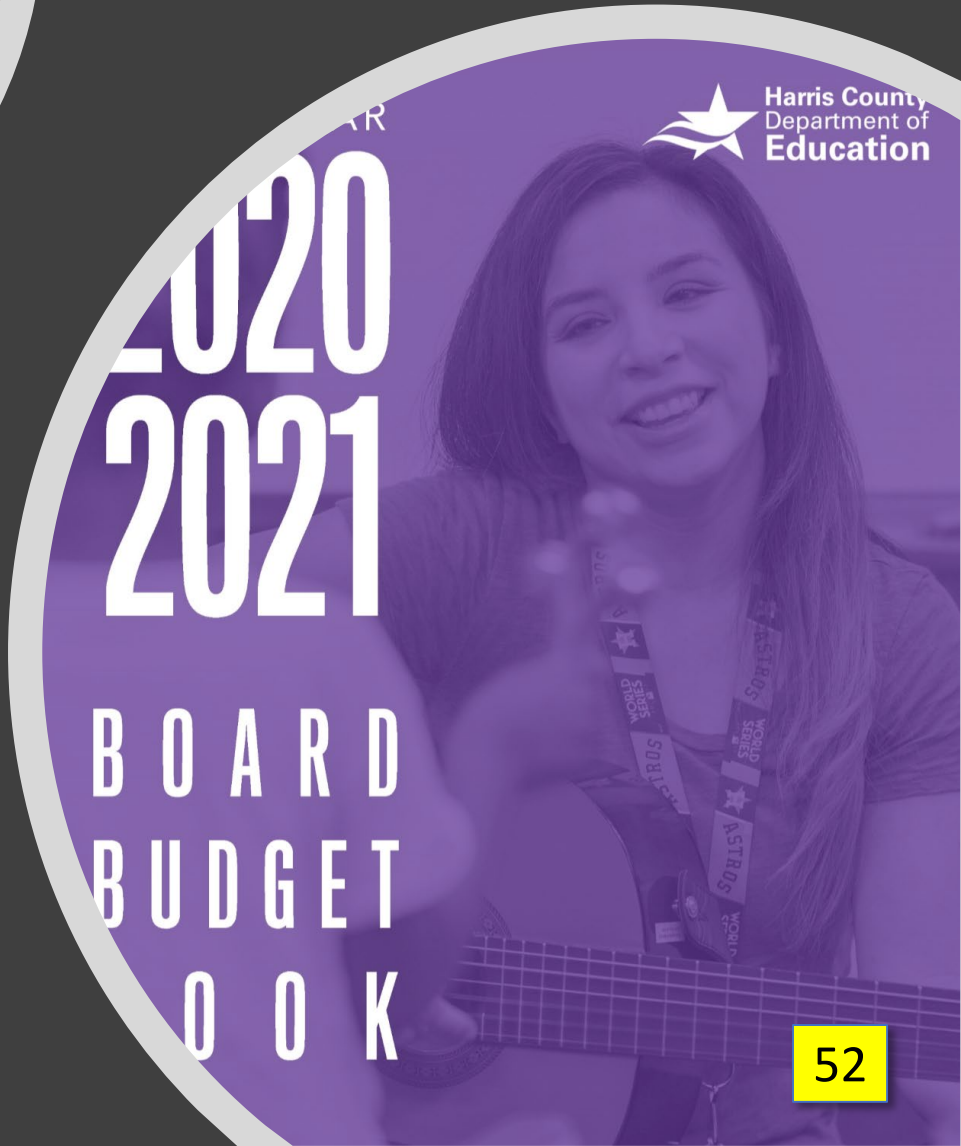
2% salary increase to maintain compensation plan competitiveness.



Harris County
Department of
Education



Pause for questions
and transition



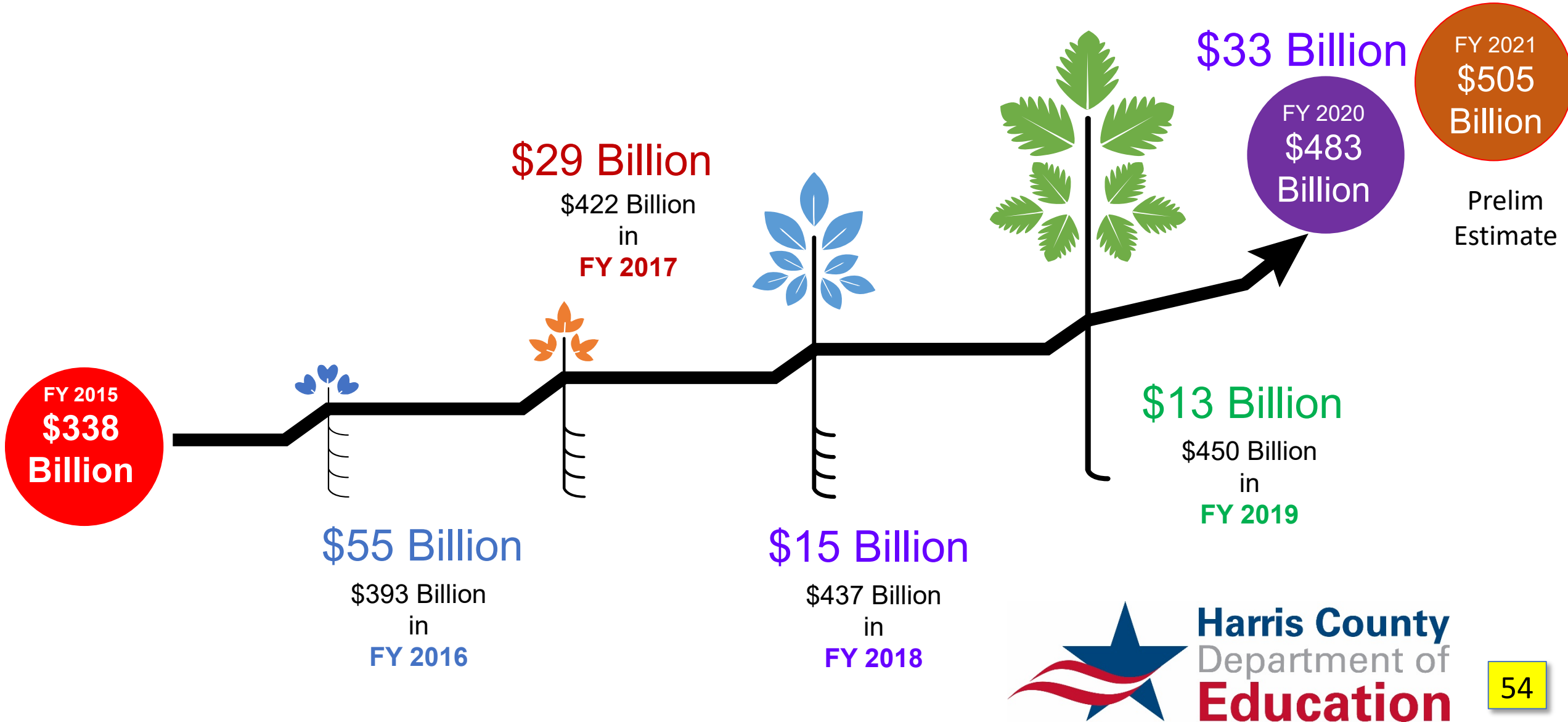


Tax Information

Property Values Growth

Last Seven Fiscal Years

\$22 Billion



Prelim Taxable Values



Harris County 2020 Certified Estimate of Taxable Value



Major Property Category	2019 Taxable Value	Percent Change	Projected 2020 Taxable Value
Residential & Rural Improved	200,359,584,243	5.21%	210,798,819,481
Apartments	44,940,503,386	16.07%	52,164,262,371
Commercial	121,047,897,963	5.34%	127,511,068,903
Vacant Land	13,168,606,740	-2.28%	12,868,115,595
Industrial	33,198,606,627	1.68%	33,757,040,389
Utility	5,692,760,715	0.28%	5,708,865,535
Commercial Personal	30,409,207,552	1.69%	30,923,883,390
Industrial Personal	32,358,257,147	-3.29%	31,292,602,664
All Other Property	514,667,117	-17.16%	426,329,653

Projected 2020 Taxable Value	481,690,091,490	4.93%	505,450,987,981
-------------------------------------	------------------------	--------------	------------------------

Projected 2020 Taxable Value Range

Accuracy +/- 5%	480,178,438,582	To	530,723,537,380
-----------------	-----------------	----	-----------------

Legislative Session –
January 2021

Upcoming laws and
changes that affect
operations, compliance,
and service delivery

Several changes since
last session were to tax
calculations, postings,
and terminology

86th Legislature Regular Session
Texas Legislature Online

LO | House | Senate | Legislation | **Search** | Committees

Search Legislation
Legislature:
 Word/Phrase Bill Number

Additional Searches

Text Search	Statutes
Bill Lookup	Constitutions
Bill Search	Reports
Amendments	View Votes
Sections Affected	Administrative
Legislative Archive System	

Search Organization

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COVID-19 Disaster

- March 13, 2020-Governor Abbott Declared State of Disaster In Texas Due To COVID-19 for all of Texas
 - Many entities that would have been subject to a 3.5% election trigger may now be able to use the 8% election trigger 26.04(c-1)
 - Open Meetings ACT requirement to provide a physical gathering space for people to watch the meeting and ask questions is currently suspended (as of March 17, 2020). Governing bodies are expected to conduct meetings by phone or video conference
 - Some deadlines *may* be extended
 - School Districts- 26.08 (a-1)

New Language

- ✓ **effective tax rate → no-new-revenue tax rate (NNRR)**
- ✓ **rollback tax rate → voter-approval tax rate (VAR)**

Special Taxing Unit

- What is a Special Taxing Unit:
 - Junior College Districts
 - Hospital Districts
 - Any taxing unit (except schools) that have a proposed M&O rate for the current year below 2.5¢
- Special Taxing Units can still use the 8% trigger for voter-approval elections.
- Adopting a tax rate above the voter-approval rate automatically triggers an election (the de minimis rate does not apply to Special Taxing Units)

2020

- Taxing Units will hold 1 hearing to discuss the tax rate
- New notice must be published in the newspaper at least 5 days before the hearing/ meeting
- The tax rate can be adopted after the public hearing, but must be adopted within 7 days
- Notice language will change depending on the proposed tax rate

Required Notices (9 options)

Form 50-873- Notice of Public Hearing on Tax Increase, used if the *proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate*

Form 50-875 – Notice of Public Hearing on Tax Increase, used if the *proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate but does not exceed the de minimis rate*

Form 50-876 – Notice of Public Hearing on Tax Increase, used if the *proposed tax rate exceeds the no-new-revenue tax rate but does not exceed the voter-approval tax rate*

Form 50-877 – Notice of Public Hearing on Tax Rate, used if the *proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate*

Form 50-878 – Notice of Public Hearing on Tax Increase, used if the *proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate and the de minimis rate exceeds the voter-approval rate*

Form 50-879 – Notice of Public Hearing on Tax Rate, used if the *proposed tax rate does not exceed the no-new-revenue tax rate or the de minimis rate but exceeds the voter-approval tax rate*

Form 50-880 – Notice of Public Hearing on Tax Increase, used if the *proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate and the de minimis rate exceeds the voter-approval rate*

Form 50-881 – Notice of Meeting to Vote on Proposed Tax Rate, used if the *proposed tax rate does not exceed the lower of the no-new-revenue tax rate or the voter-approval tax rate*

Required Notices

Counties post on their website for each taxing unit wholly or partially located within the county:

- 5 Year Summary of Tax Rates
- Tax Rate Calculation Worksheets for the past 5 Years (by August 7, or as soon thereafter as practicable)
- The name and official contact information for each member of the governing body of the taxing unit

Each entity must also post on their own website their:

- Tax Rate Calculation Worksheets
- Notice of Public Hearing/ Meeting
- Notice of No-New-Revenue Tax Rate
- Notice of Adopted Tax Rate (if exceeding NNRR or VAR)
- Section 26.18 Tax Rate and Budget Information, including:
 - Budget for current year and for preceding 2 years
 - Change in the taxing unit's budget from preceding to current year, by dollar and percentage
 - Proposed Tax Rates and tax rates for preceding 2 years
 - Most recent financial audit

Schedule

July 25
Receive CAD Data

July 26
Begin Calculations

August 1
Certify Anticipated
Collection Rate

August 7
Provide TNT calculations to governing
body and post on website

August 7
Chief Appraiser mails new
database notice

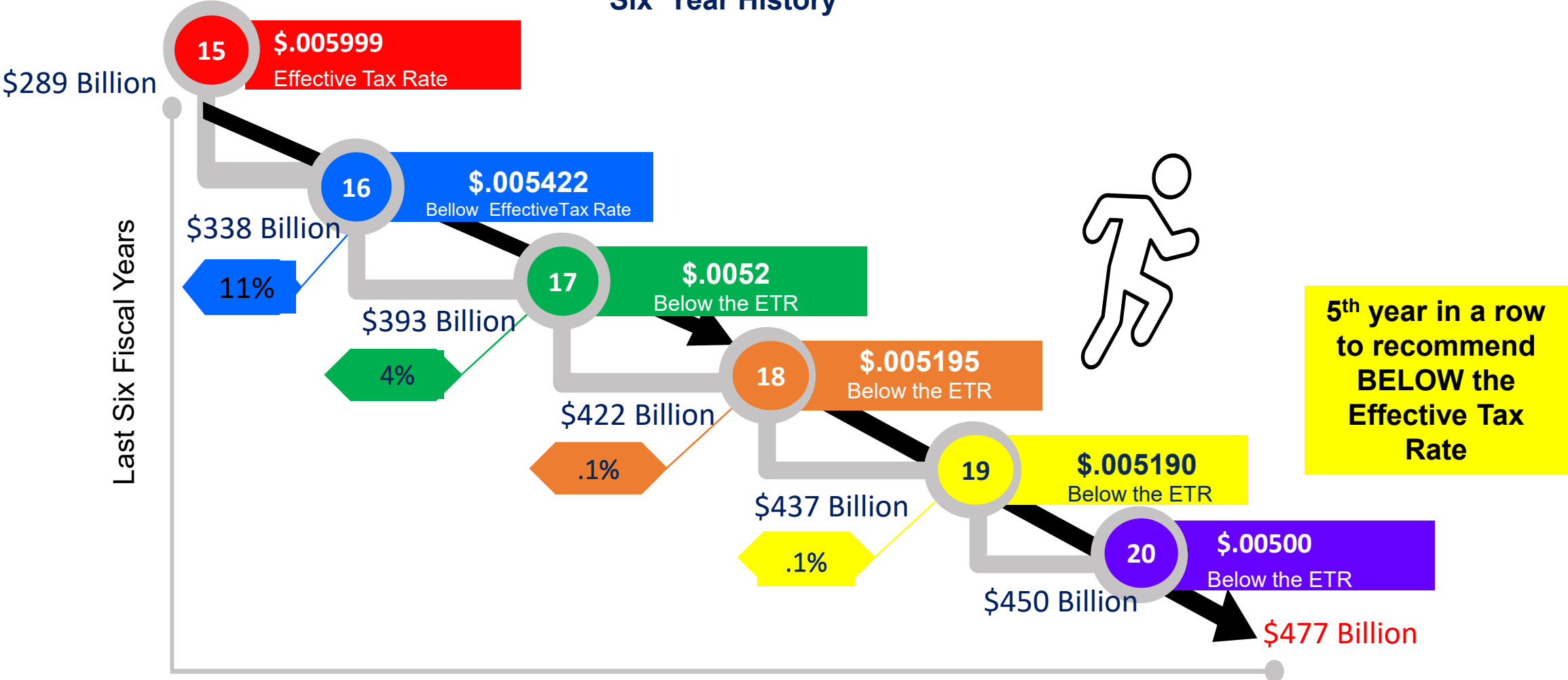
August 18
Deadline to Call for Tax
Rate Election

August 24
Deadline to adopt a tax rate that
exceeds VAR

September 29
Deadline to Adopt Tax Rate
below VAR

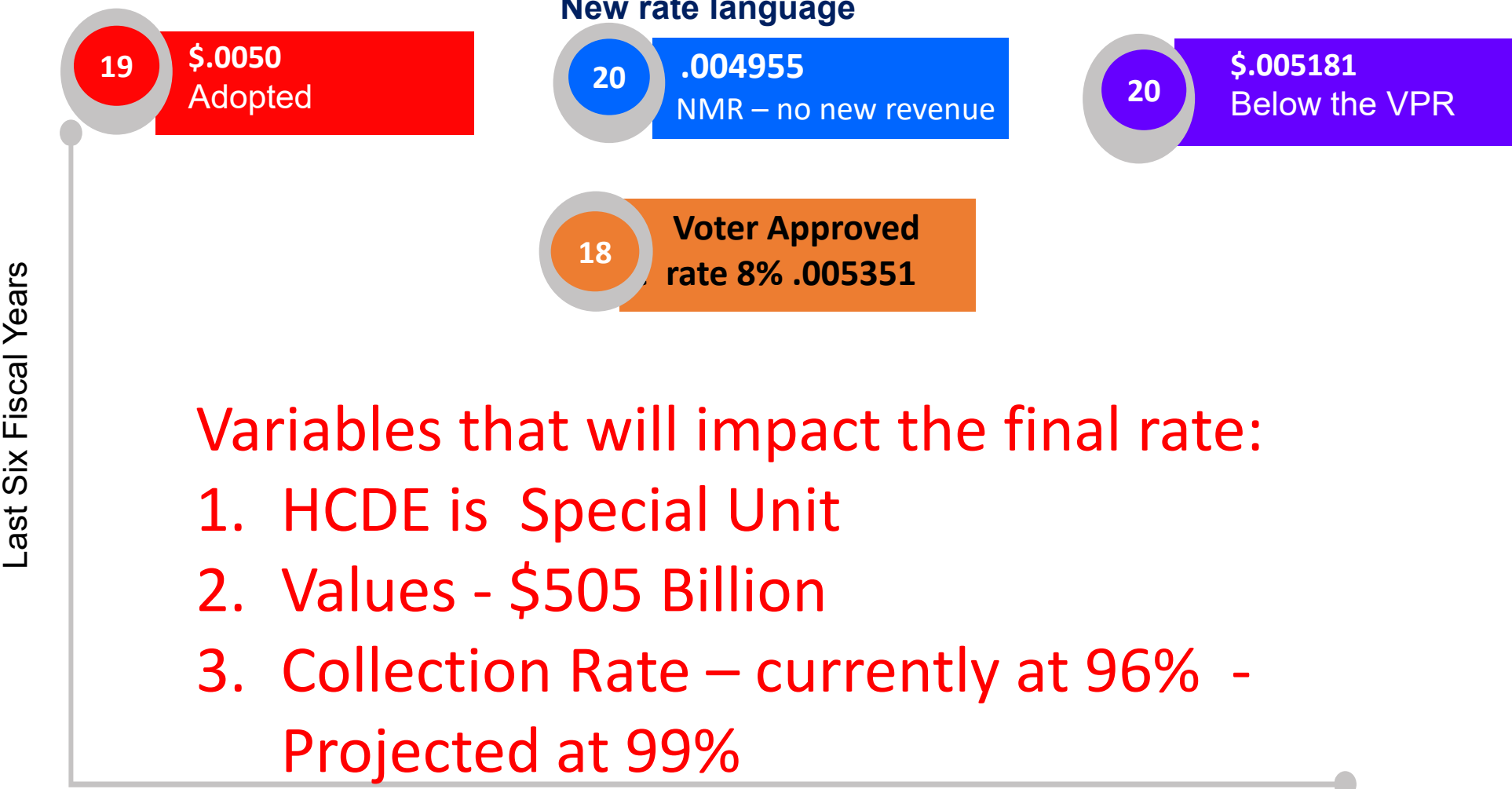
Property Tax Rate \$.01 Maximum

Six Year History



Lowering the tax rate

Property Tax Rate \$.01 Maximum



Lowering the tax rate

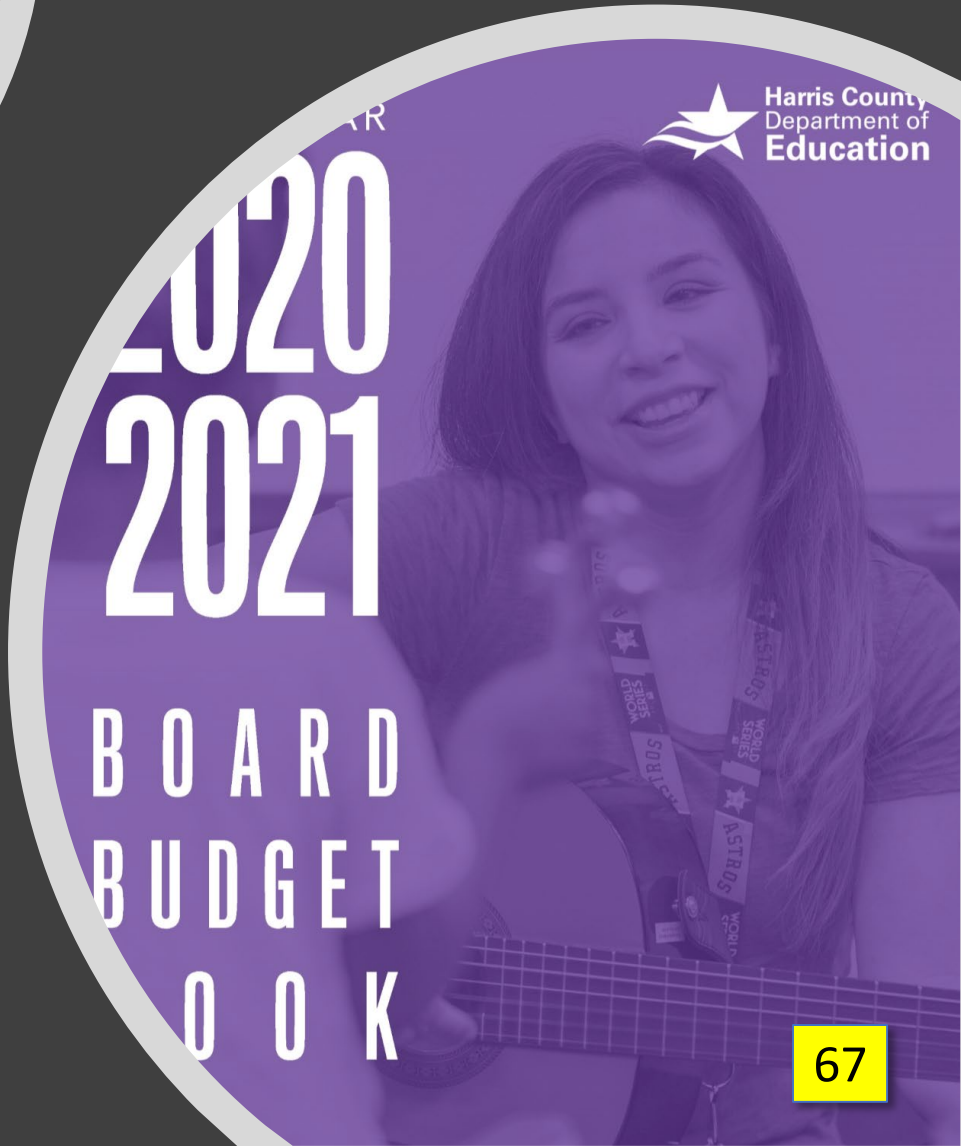


Estimated Tax Rate

Harris County Department of Education Comparative Analysis of Property Values		A	B	C	D
		Adopted	CURRENT May	If Proj at \$505 Bil BUDGET PRELIM	If Proj at \$505 Bil BUDGET PRELIM
		ADOPTED TAX RATE	ADOPTED TAX RATE	Including NEW Improvements Estimated TAX RATE	Including NEW Improvements Estimated TAX RATE
				Disaster Allowed @ Max 8%	
Proposed Collections Tax Year 2020		0.005000	0.005000	0.005350	0.005181
Certified Taxable Value per HCAD *		\$ 427,549,758,437	\$ 479,954,156,943	\$ 505,450,987,981	\$ 505,450,987,981
Values under protest or not certified		55,586,576,260	1,077,508,710	-	-
		483,136,334,697	481,031,665,653	505,450,987,981	505,450,987,981
/ Rate per Taxable \$100		4,831,363,347	4,810,316,657	5,054,509,880	5,054,509,880
X Tax Rate		24,156,817	24,051,583	27,041,628	26,187,416
		100%	96%	96%	99%
X Estimated collection rate		24,156,817	23,089,520	25,959,963	25,925,542
Difference from Previous year			(1,067,297)	261,647	1,925,542
		24,156,817	\$ 23,089,520	\$ 25,959,963	\$ 25,925,542
+Delinquent Tax Collections		150,000	150,000	150,000	150,000
+Special Assessments		15,000	15,000	15,000	15,000
+ Penalty & Interest		-	-	-	-
Estimated Current Tax Available for Operations:		\$ 24,321,817	\$ 23,254,520	\$ 26,124,963	\$ 26,090,542
Net Gain or Loss on values				\$ 481,031,665,653	
			Growth	2.75%	
			Est. Without NEW Values	13,228,370,805	
			New Prelim Estimate	494,260,036,458	
				505,000,000,000	
				Impact	\$ 1,768,725



Pause for questions
and transition





Other Funds Facilities, Choice and Grants

Facilities distribution for Internal Service Funds

Irvington 69,534

NPO 372,600

Other 234,829

Total 676,963 sq. ft.

\$5,653,990

Cost allocated per Sq. Ft. \$8.35

	Common (Lobby, Breakroom, RR, Garage Lobby, Corridors)	098	8,955	\$	8.35	\$	74,792
2nd Floor	2nd Floor Total Square Footage		17,046				
	Chief Communication Officer	093	368	\$	8.35	\$	3,074
	Communications	925	2,344	\$	8.35	\$	19,577
	Purchasing **added storage space being used in cubicles**	950	2,940	\$	8.35	\$	24,555
	Technology 2nd Floor only	090	5,435	\$	8.35	\$	45,393
	Therapy	111	128	\$	8.35	\$	1,069
	Storage (Facilities)	098	264	\$	8.35	\$	2,205
	Common (Lobby, Breakroom, RR, Corridors)	098	5,567	\$	8.35	\$	46,496
3rd Floor	3rd Floor Total Square Footage		16,569				
	TLC Division (including storage in lobby)	301	4,116	\$	8.35	\$	34,377
	Digital Education & Innovation (TLC??)	190	372	\$	8.35	\$	3,107
	Head Start (including storage in lobby)	901	4,260	\$	8.35	\$	35,579
	ELPA	014	1,400	\$	8.35	\$	11,693
	Meeting Rooms	098	600	\$	8.35	\$	5,011
	Facilities Office (Charlotte)	098	221	\$	8.35	\$	1,846
	Therapy Conference Room	111	300	\$	8.35	\$	2,506
	Bussiness Service (Room 318)	050	352	\$	8.35	\$	2,940
	Storage (Facilities)	098	48	\$	8.35	\$	401
	Privacy Area (Human Resource) **deducted from common space**	030	256	\$	8.35	\$	2,138
	Business Conference Room	050	300	\$	8.35	\$	2,506
	Common (Lobby, Breakroom, RR, Corridors)	098	4,344	\$	8.35	\$	36,281
4th Floor	4th Floor Total Square Footage		16,569				
	Asst Supt Academic Support	011	583	\$	8.35	\$	4,869
	Asst Supt Education & Enrichment	012	747	\$	8.35	\$	6,239
	Schools Division	501	990	\$	8.35	\$	8,268
	Head Start 4th Floor	901	2,200	\$	8.35	\$	18,374
	Superintendent's Office	001	902	\$	8.35	\$	7,533
	Center for Grants Development	923	1,369	\$	8.35	\$	11,434
	Board of Trustees	010	2,456	\$	8.35	\$	20,512
	Melissa Smith (Board Of Trustees)	010	117	\$	8.35	\$	977
	Chief Of Staff	094	584	\$	8.35	\$	4,878
	Board Conference Room (Next to Sup. Office)	010	413	\$	8.35	\$	3,449
	Storage (Facilities)	098	68	\$	8.35	\$	568
	Common (Lobby, Breakroom, RR, Corridors)	098	6,140	\$	8.35	\$	51,281
	Total Common Space (all floors)		25,006				
TOTAL 6300 Irvington		69,534				\$ 580,747	
1st Floor	Records Management (Warehouse)	954	123,200	\$	6.00	\$	739,200
	Records Management (Office)	954	3,200	\$	8.35	\$	26,726
	CASE	922	7,840	\$	8.35	\$	65,480
	Conference Rooms	098	7,200	\$	8.35	\$	60,134
	Facilities Support (Warehouse)	098	22,500	\$	8.35	\$	187,920
	Facilities Support (Office)	098	400	\$	8.35	\$	3,341
	Adult Ed	201	6,920	\$	8.35	\$	57,796
2nd Floor	Superintendent's Office/Human Resource Satalite	001	576	\$	8.35	\$	4,811
	Facilities Support (JP: Office, Conference, Storage)	083	5,248	\$	8.35	\$	43,831
	Facilities Support (Rich, Laura, Javier)	098	2,351	\$	8.35	\$	19,636
	Facilities- Construction	086	608	\$	8.35	\$	5,078
	Choice Partners	711	8,153	\$	8.35	\$	68,094
	Center for Safe Schools	005	1,752	\$	8.35	\$	14,633
	Client Engagement	092	881	\$	8.35	\$	7,358
	Therapy Services	111	8,160	\$	8.35	\$	68,152
	CASE	922	7,936	\$	8.35	\$	66,281
	Research & Evaluation	924	924	\$	8.35	\$	7,717
	Records Management (Warehouse) **removed 37,026sf, see Memo**		-	\$	8.35	\$	-
	Technology (Help Desk)	098	192	\$	8.35	\$	1,604

Choice Partners Trend

- Projected Revenue transfer to General Fund
- \$2,427,240 for FY 20-21
- \$500,000 from FY 19-20



CP CHOICESM
PARTNERS
The Right Resources. Right Now.

Total Special Revenue Funds - Grants

\$36,444,267



\$7,212,496



↑
Head Start
 Federal Grant –
 Health & Human
 Services
 Federal Grant –
 Incl. Matching



\$22,245,019

↑
Adult Ed.
\$3,972,850
 US Dept. of ED- HGAC
 Federal-State Grant

**Early Head
 Start**
 Federal Grant –
 Health & Human
 Services
 Federal Grant –Incl.
 Matching
\$2,151,245

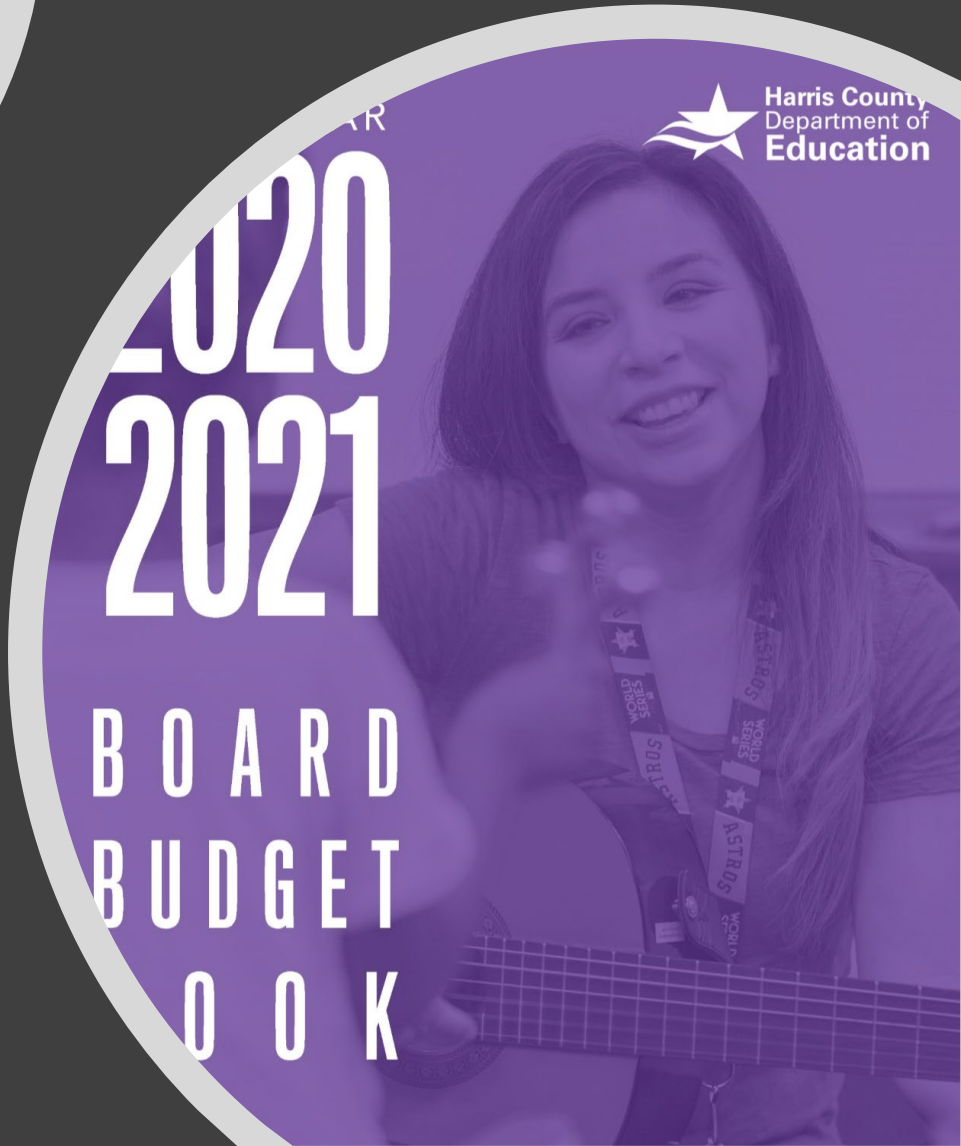

**Local &
 Federal Grants**
\$862,657

↑
CASE
 21 Century Grant-
 US Dept. of ED.
 Workforce
 Development –
 HGAC, COH, H-
 Endowment
 Federal Grant





Pause for questions
and transition





Fund Balance and Capital Improvement Plan

Analysis of General Fund Projections				Original	As of 5 31 2020
	Audited	Audited	Budget		Budget
	Actual	Actual	Projected		Proposed
General Fund	FY 17-18	FY 18-19	FY 19-20		FY 20-21
Total Fund Balance	\$ 29,412,165	\$ 32,614,360	\$ 32,614,360		\$ 32,614,360
Required & Compliance					
<i>Inventory</i>	(93,431)	(131,949)	(131,949)		(131,949)
<i>Prepaid Items</i>	(34,606)	(37,856)	(37,856)		(37,856)
<i>Committed - Retirement Employee Leave</i>	(500,000)	(500,000)	(100,000)		(1,000,000)
<i>Committed - Unemployment Liability</i>	(200,000)	(200,000)	(200,000)		(200,000)
STAR REMAGINED - NEW PROGRAM	-	-	-		(963,629)
PFC Lease BOND RESERVE					(1,791,529)
Unassigned \$ Fund Balance	(17,769,755)	(20,930,182)	(18,089,446)		(18,100,000)
Committed for Maintenance- Capital Projects	(1,314,976)	(1,314,976)	(2,014,976)		
COVID 19 Potential Revenue Loss	-	-	(4,000,000)		-
AMT for DEBT SERVICE- BOND PROG.	(3,149,397)	(3,149,397)	(3,149,397)		(4,649,397)
AMT for BOND PROGRAM/REPLACEMENT ASSETS	(5,650,000)	(6,350,000)	(4,890,736)		(5,740,000)
	(28,712,165)	(32,614,360)	(32,614,360)		(32,614,360)
Fund Balance Minimum					
Avg Expenditures Needed for Fbal x Sept,Oct, Nov, Dec -4 months	\$ 4,164,377	\$ 4,419,877	\$ 5,094,983		\$ 5,785,377
	\$ 16,657,506	\$ 17,679,507	\$ 20,379,931		\$ 23,141,507

Fund Balance Activity

FY 2020-2021

\$11.3 M Net Use of Projected Fund Balance

This is the net effect on fund balance based on planned capital expenditures that are one time use of fund balance.
* (Included in total)

Beginning Fund Balance

This is the projected FY 19-20 beginning fund balance.
The audited fund balance will be available until January 2020.

Plus Revenues

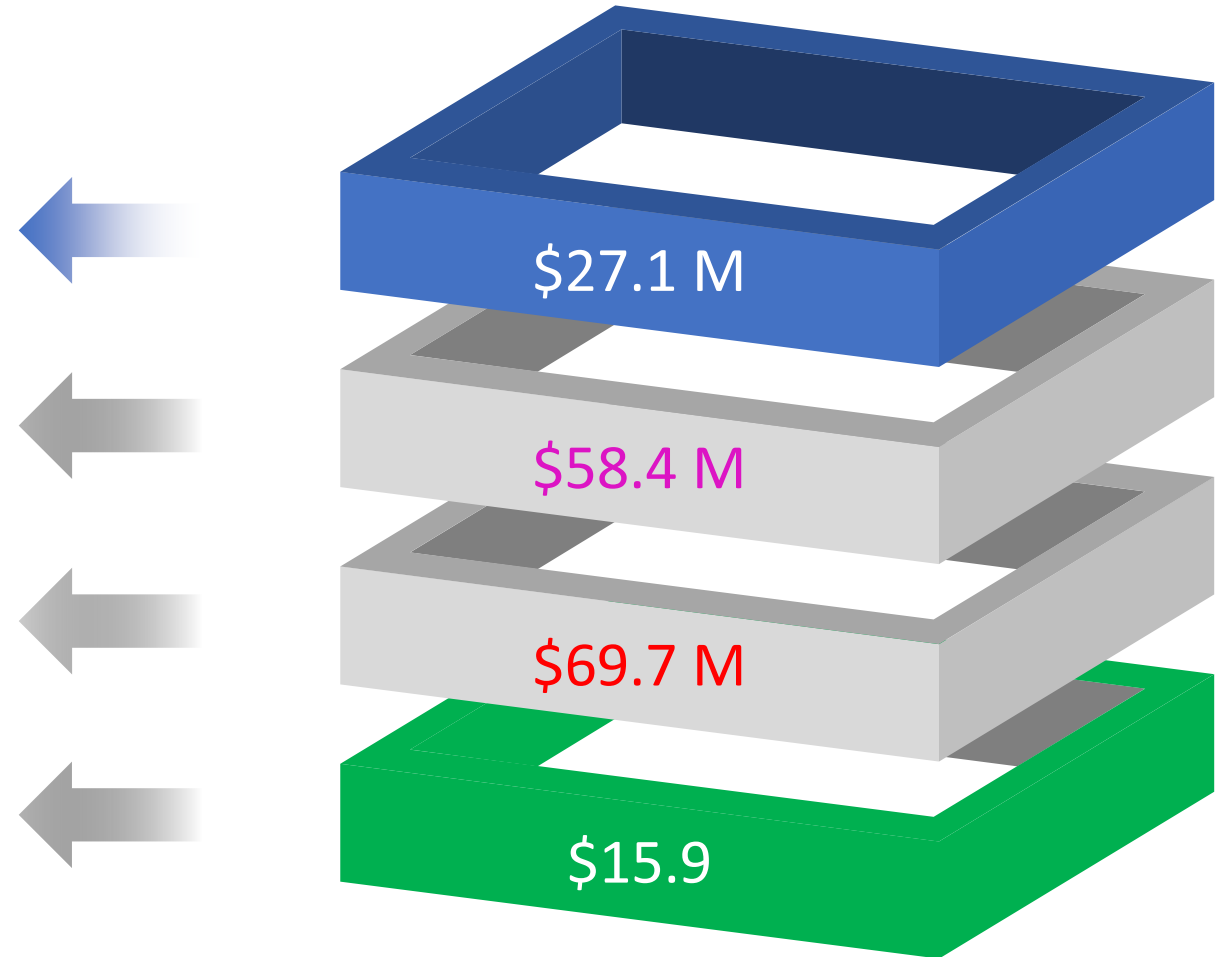
These are the projected revenues-
INFLOWS

* Less Appropriations

These are the projected expenditures.
OUTFLOWS

Ending Fund Balance

This is the projected Ending Fund Balance.



Estimated Fund Balance


\$15,874,663


FY 2020-2021


Projected


\$55,815,929 G/Fund
/\$15,874,663
= 28%


Or 3.52Months

- 

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.
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Unassigned \$13,260,279
includes amounts available for any legal purpose.



Capital Improvements

FY 2019-2020



Capital Improvements



NEW Capital Improvement Plan

01

Adult ED Center

Construction of a 40,500 sq. ft facility to provide adult ed classes and programs



02

Irvington Remodel

Rehabilitation and remodeling of a 60,000 sq. ft. building.



03

HP East Middle School

Construction of a 13,750 sq. ft facility to provide services to middle school students in Harris County.



04

AB East School

Construction of a 43,605 sq. ft facility to provide instructional services to special ed students in Harris County.



Capital Improvement Plan – Phase one **\$50,946,770**



	Sq Footage	Amount	Contingency	Adjust Contingency Reduction	Revised	For Calc.	Revised PFC	\$ 5,000,000 Cost from HCDE	2 yrs Interest Earnings	Maint Tax Notes
Highpoint East	13,750	7,916,645	15%		7,916,645	7,916,645	4,909,645	1,870,000	47,500	1,089,500
AB East Addition	43,605	17,705,875	34%	500,000	17,205,875	17,205,875	12,943,640	2,000,000	103,235	2,159,000
Adult Ed NEW Building	40,500	17,558,750	34%	700,000	16,858,750	16,858,750	12,728,598	1,870,000	101,153	2,159,000
Admin Bdlg - Renovation	60,000	8,365,500	16%		8,365,500	8,365,500				8,365,500
AB East Addition						600,000				600,000
PHASE One		51,546,770		1,200,000	50,346,770	50,946,770	30,581,882	5,740,000	251,888	14,373,000
		Per LAN Report			600,000					
					50,946,770		50,946,770			
Workforce Development	TB Funded	3,000,000			2,000,000	1,000,000				
Equine Therapy	TB Funded	1,500,000			1,500,000	1,000,000				
PHASE Two		4,500,000		-	3,500,000	2,000,000	-	5,740,000	251,888	14,373,000
TOTAL		56,046,770						HCDE Projections		



Next Steps

- Board Review – June 26, 2020
- Board Workshop – June 26 and/or July 18, 2020
- Required Posting –Houston Chronicle – 10 days prior to board meeting
- **Target Budget Approval Date July 18, 2020**
- Target Date - Certified Value – July 25, 2020
- Target Potential Public Hearing – Sept. 2020
- Target Date - Tax Date Approval Date – Sept. 2020