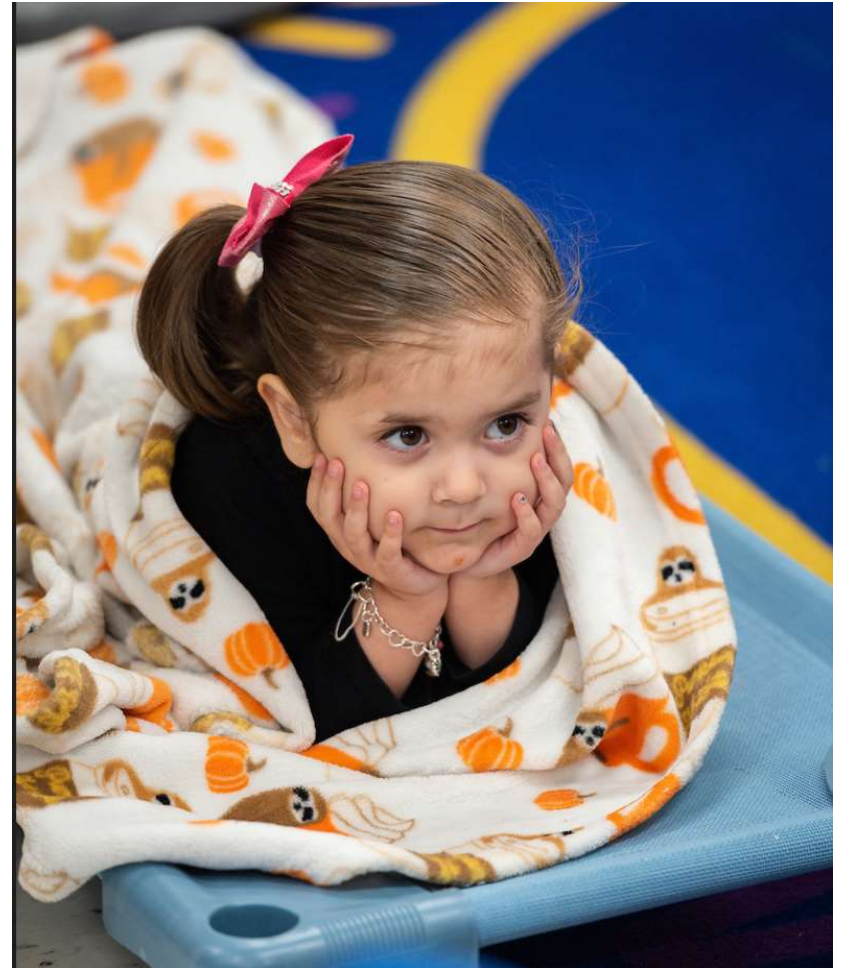


FY 2023-2024 Annual Budget Summary

July 5, 2023
Budget Workshop

Submitted to Board of Trustees
by
James Colbert, Jr. Superintendent

Dr. Jesus J. Amezcua, CPA, RTSBA, CPFIM
Assistant Supt. For Business Services



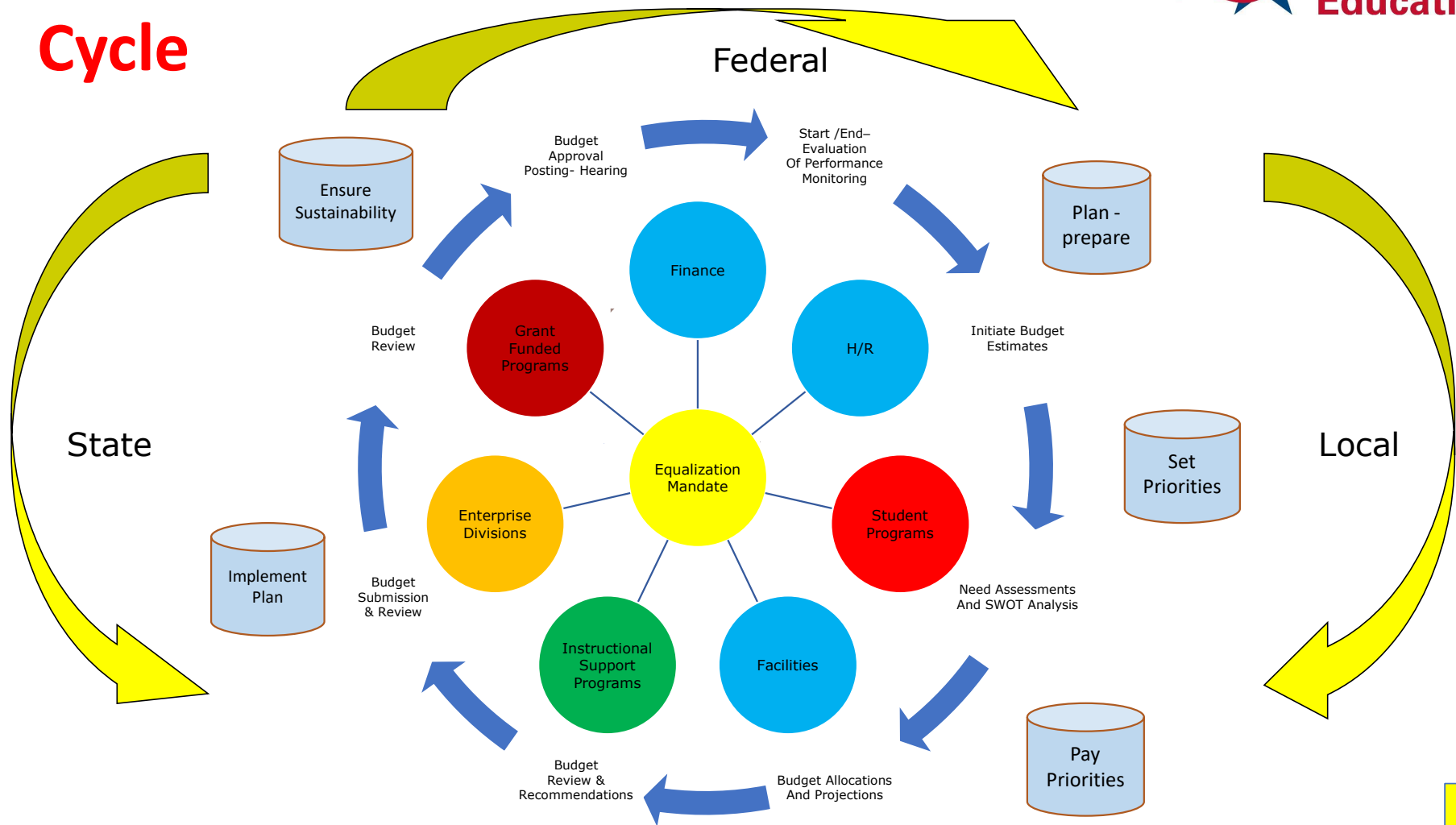
Harris County
Department of
Education

Agenda

1. Introduction/ Goals
2. Superintendent's Overview
3. Budget Activities
4. Annual Budget Overview FY 23-24
5. Development Plans Overview
 1. Completion of Capital Improvements Plan Phase I
 2. Capital Improvement Plan Phase II
6. TASB Compensation Plan
7. Summary
8. Next Steps
9. Adjourn

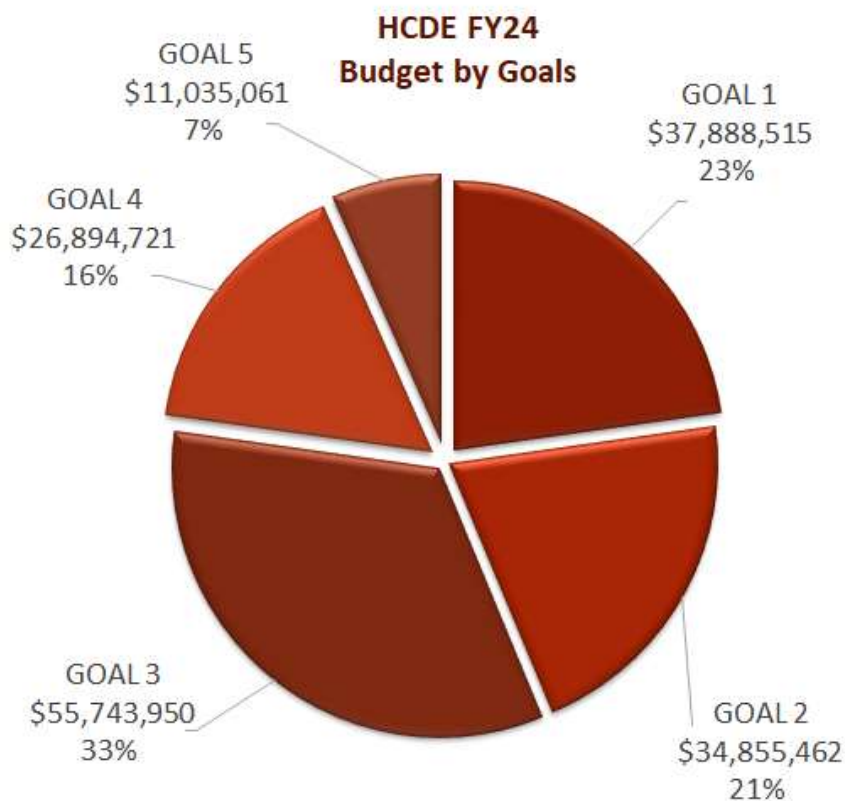


Goals Planning Cycle





HCDE 5 Major 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

Continuing Current Programs

CASE
Afterschool

CASE Robotics

CASE Debates

Head Start
Grants

Adult Ed
Grants

CHOICE
Proprietary

School Based
Therapy

Special
Schools

Safe/Security
Center

Center for
Educator
Success





FY 24 Initiatives

Irvington Renovation

Completing
CIP Phase I

Start CIP Phase II
– Equine Center



Initiatives Under Construction

- **FY 24**
 - **Complete Phase I**
- **Equine Center**
- **Maintenance Needs Projects**



TOTAL \$165,420,916
OPERATING \$127M

FY 23-24

General Fund

\$65.4 M 487.88 Total FTE



42%

Special Revenue Fund Grants

\$38.4M 395.32 Total FTE



23%

Debt Service Fund - Bonds

\$3.8 Total FTE - None



2%

Capital Projects Fund

\$37.6 M Total FTE - None

AB East, Adult-Ed and HP East-Irvington



23%

Internal Service Fund - Facilities

\$7.1 M 49 Total FTE



4%

Enterprise Fund

\$8.3 M

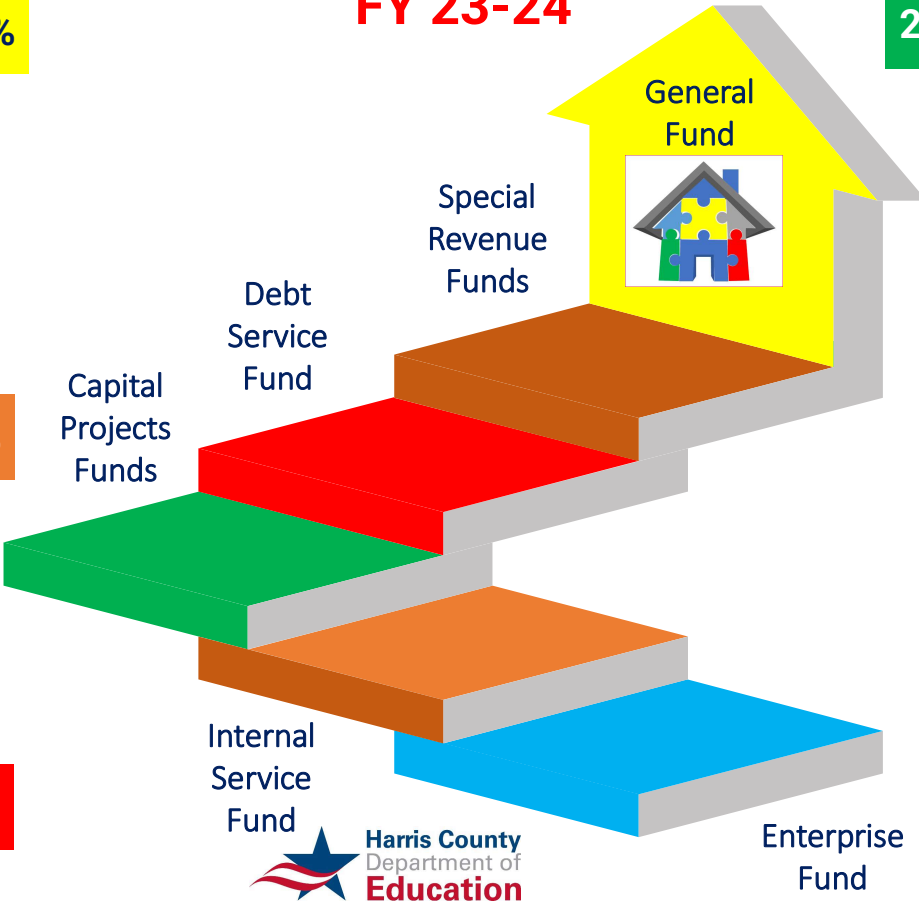
18.37 Total FTE

Choice Partners
Cooperative



5%

9



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

05

New Positions

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



06

Growth Tax Values Rate

Property Values increased from \$584 Billion to \$639 Billion or 11% increase from a year ago, thus recommending a tax rate of \$.004800 **depending on TNT Calculations**



07

Compensation Plan One

Special Revenue Funds - Grants Initiative & Recruitment Plan
By offering competitive salaries starting at \$15 per hour
Continuation

08

Compensation Plan Two

By offering \$67,750 annual salary for a beginning teacher and 7% CPI to teacher's pay scale and 3% for all other staff based on avail. funding.(grants)

What is in the **OUTFLOWS** Budget?

NEW

1. **NEW Compensation Plan Update \$2,695,111**
2. **NEW Teacher Salary at \$67,750**
3. **NEW 40.90 Personnel**

CONTINUING

4. **Maintained 2023 Level of other expenditures and adjusted based on trend**
5. **\$482,241 for recruitment incentives**
6. **ONE TIME on Leave Retirement Payments \$150,000**
7. **\$500,000 for Head Start Support for \$15 Min. Wage Plan**
8. **\$3.3 M in Transfer out payment for Debt Service**
9. **\$701,000 for debt service for new bond issues (PFC and MNote)**

ONE TIME

10. **\$701,000 for IT infrastructure**
11. **\$200,000 for Ed Foundation**
12. **Proposed Maintenance Note for \$7.5M**
13. **Proposed \$6M Lease Revenue Bond for Equine plus \$4M from Fund Balance**



Our Major Initiatives

HCDE

27 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 and provide additional health benefits equity adjustments for competitive plans and wellness programs.

Valued Services



Leader in Services

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

What is in the INFLOWS Budget?

Assumptions:

- \$633 Billion in property Values
- Current tax rate at .004900/\$100
Depending on TNT Calculations
- Collection Rate of 99.9%
- Choice Increases Revenues
- Grants continuing (Head Start, CASE, Adult Ed)
- Adjustment in Worker's Comp. Rates for trend.
- Increase in Internal Services Rates due to insurance costs and new buildings (tentative estimates)
- Increase in Special Schools Contracts



Major Inflows

FY 23-24

44% Tax Revenues

Tax Revenues

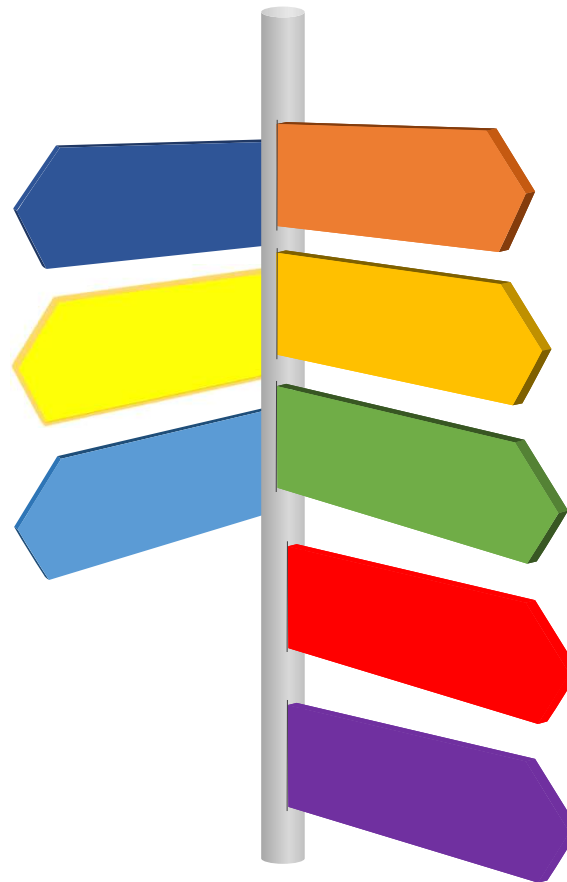
**Tax values
\$633 Billion**

99.9% collection rate

**Assumed current
\$.004800 tax rate**

Depending on NNR and VAR

**\$30,400,840
General Fund
Revenues**



Major Inflows & Outflows

FY 23-24

**44% of total fee based
general fund revenues**

Top 3 Programs

**Implementing Update to
Compensation Plans**

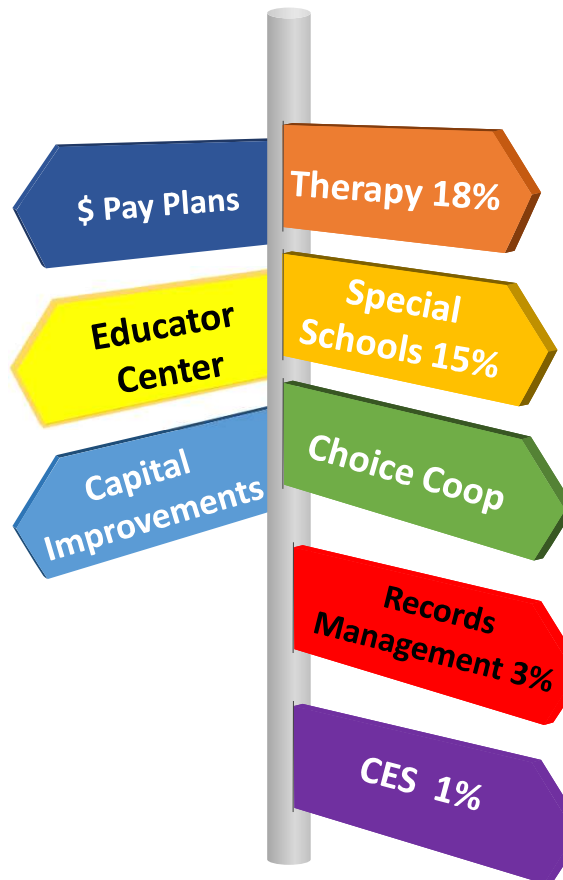
**Implementing a
Center for
Educator Success**

Capital Improvements

Development Plans projected
for FY 24 Financial Plan

**\$13.5 M total for various
projects**

- Equine Center
- Irvington Rehab



Top 5 Fee Sources

School Based Therapy (#1 Fee INFLOW Source)

Total Revenue **\$12.016 M**

Projected Performance Ratio 83%

Special Schools (#2 Fee INFLOW Source)

Total Revenue for 3 schools **\$12.2M**

Projected Performance Ratio 68%,67%,57%,13%

Choice Cooperative (#3 Fee INFLOW Source)

Total Revenue **\$6.8 M** 74%

Total Transfer to G/Fund \$4.4 M

Projected Performance Ratio 59% of expenses

Records Management (#4 Fee INFLOW Source)

Total Revenue **\$1.9 M**

Projected Performance Ratio 92%

Center for Educator Success (#5 Fee INFLOW Source)

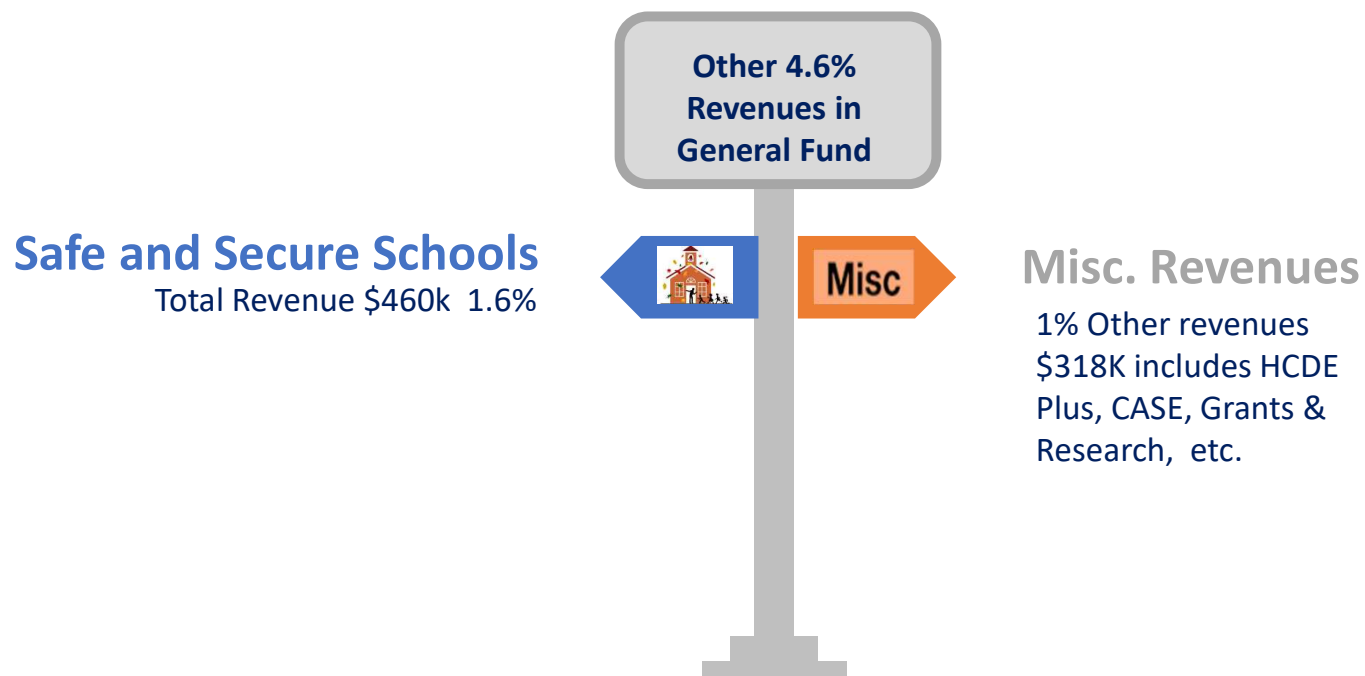
Total Revenue **\$685K**

Projected Performance Ratio 26%

General Fund

Other Revenues Sources of Fees

FY 23-24



General Fund Revenues Inflows

FY 23-24

\$69,172,489

Fees for Services

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

\$27,672,055

40%

**\$6,400,785 increase from \$62,771,704
Or 9% Increase**

5%

State Funding

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

\$3,748,000

Property Tax Revenues

Taxes based on \$629 Billion in value at \$.004900 est. rate. & delinquent taxes

\$30,500,840

44%

Indirect Costs

Indirect cost from grants

\$1,615,925

2%

1%

Other

Miscellaneous and Interest Costs

\$1,141,000

6%

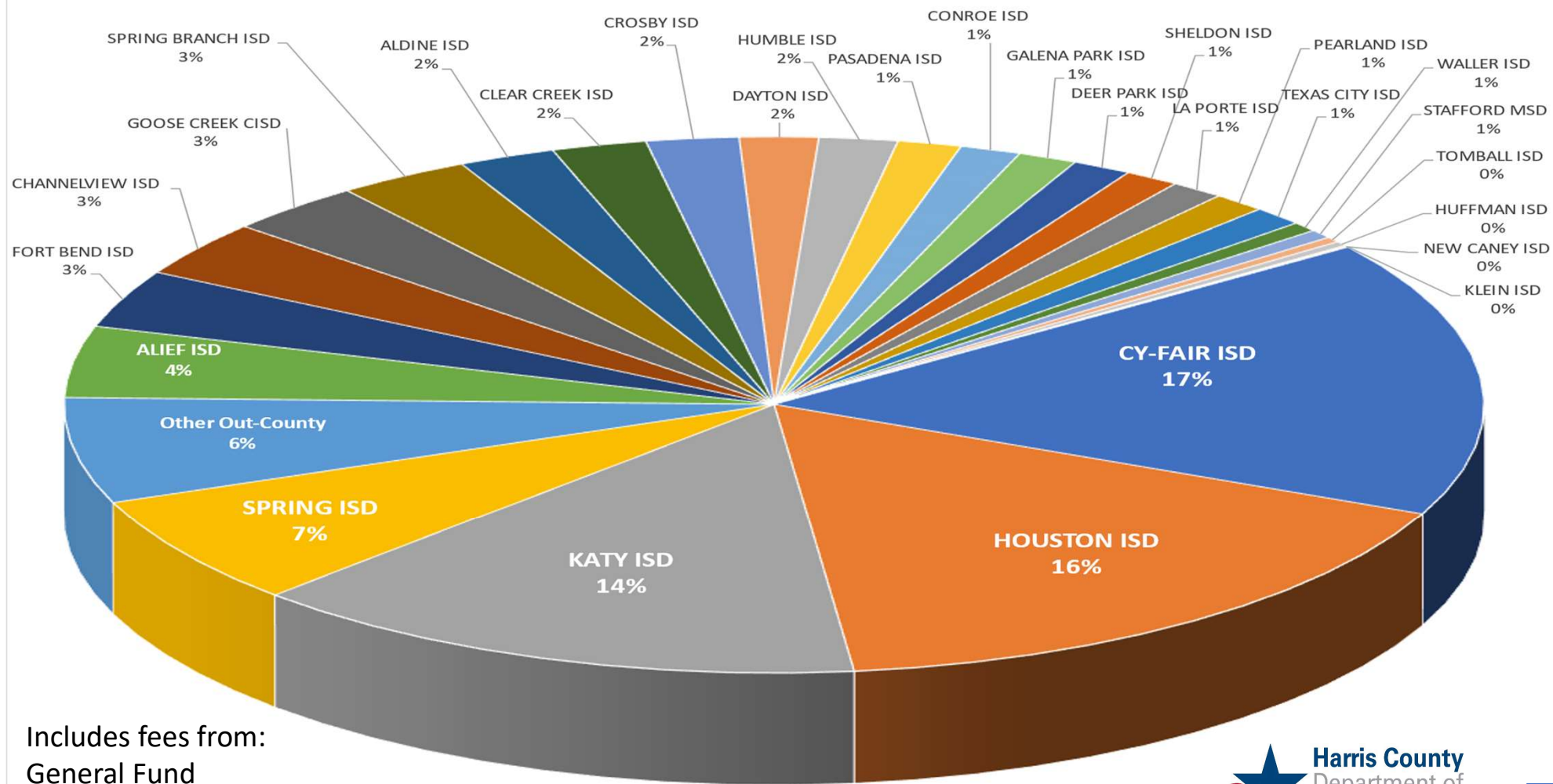
Transfers IN –Choice

Transfer in from Choice Partners Coop

\$4,494,669



Client Fees (Inflow)



School Based Therapy Services

\$12,016,808

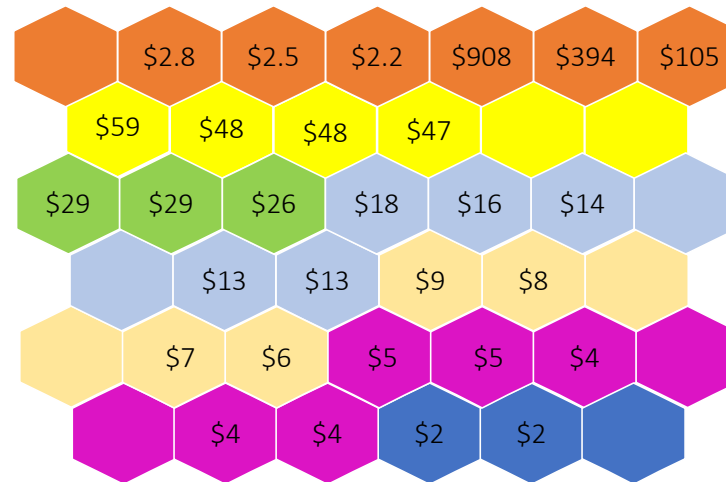
Top 3 clients make-up 80% of business
Top 5 clients make-up 94% of business

17.4% of General Fund Revenue

Cyfair ISD
\$2,789,463 / \$2,836,191

Katy ISD
\$2,413,029 / \$2,486,765

Houston ISD
\$2,315,806 / \$2,211,863



Spring ISD
\$962,084 / \$908,203

Spring Branch
\$386,323 / \$394,568

Gulf Coast Coop
\$19,684 / \$105,845

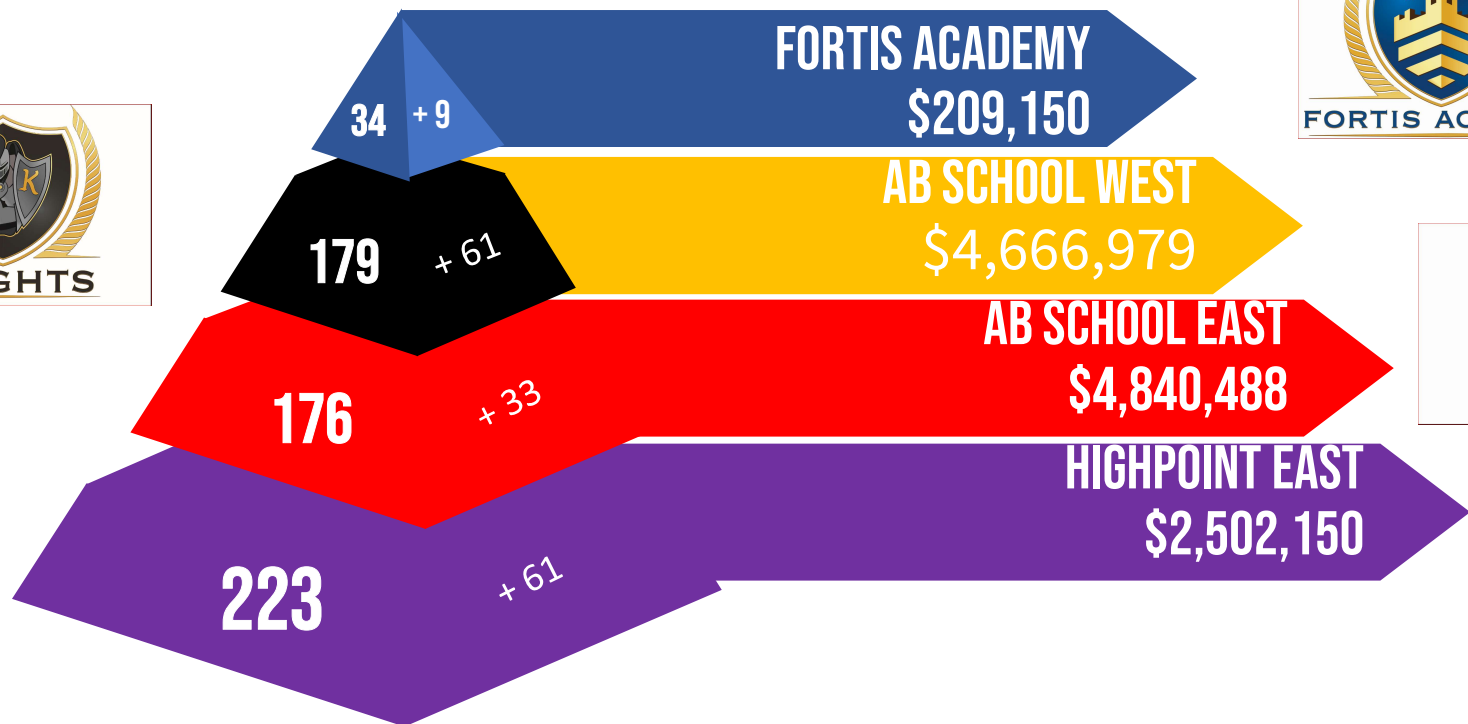
Other ISD Contracts under \$60,000 = \$491,270 / \$421,423

Rates were increased FY23
and will be held for FY24.

Therapy	
In County \$490/Day OT-PT Assistant \$390	Out of County 540/Day OT-PT Assistant \$440

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

SPECIAL SCHOOLS CONTRACTED SEATS
\$12,218,767
15% OF GENERAL FUND REVENUE
FY 23-24



Special Schools Rates - Annual

Rates have been adjusted.
Increase of 7% and 10%

Value * Integrity * Commitment

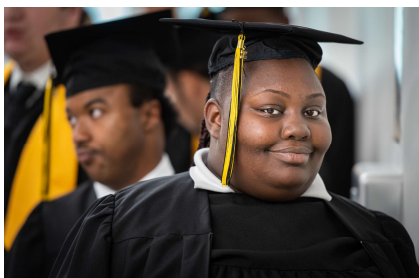
HP East
In County



FY23 \$10,350

FY24 \$11,400

\$85 Special Ed Surcharge
\$140 overage per diem



HP East
Out of County



\$11,400

\$12,650

Fortis Academy
In County



\$6,250

\$6,875

10% Special Ed Surcharge
Per diem set by contract

Fortis Academy
Out of County



\$6,875

\$7,600

AB Schools
In County



\$21,635

\$23,800

\$3,700 Monthly

AB Schools
Out of County



\$25,090

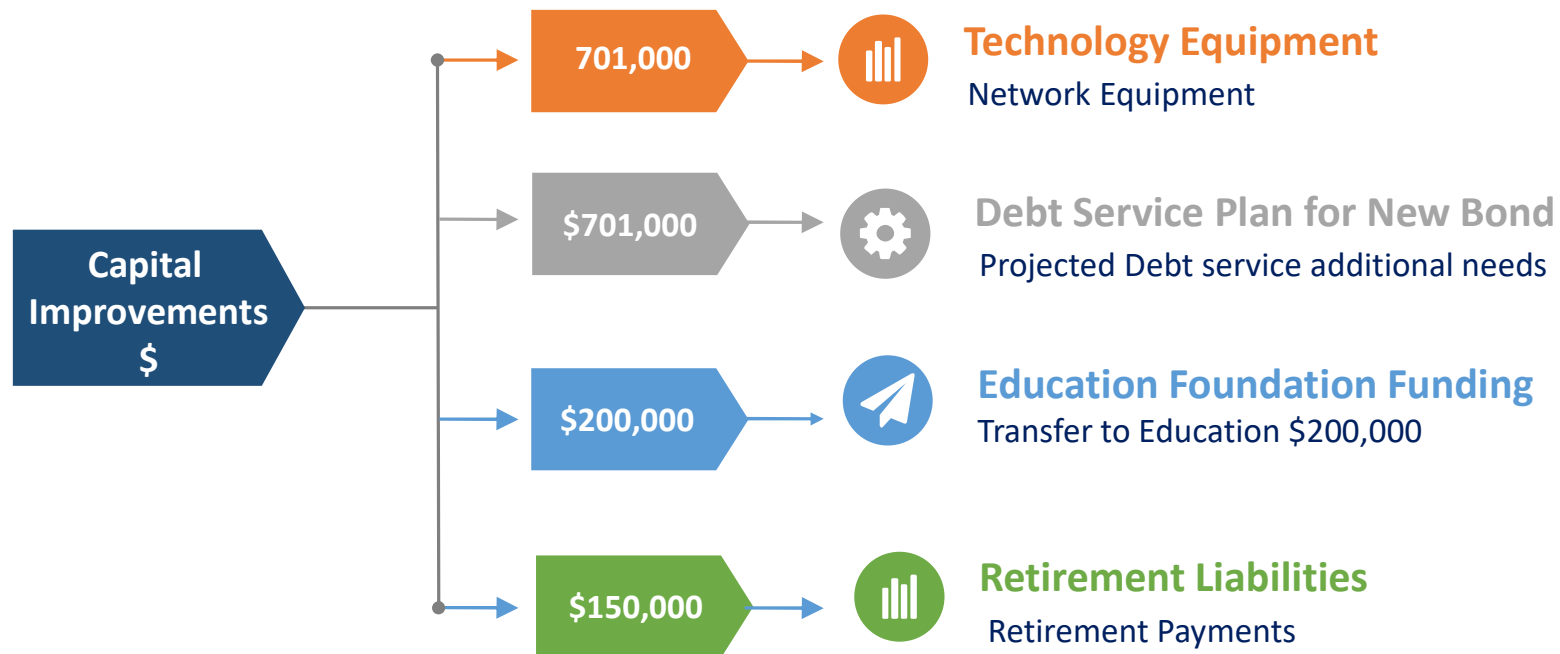
\$27,500

\$4,300 Monthly



Planned Use of Fund Balance for one-time expenditures

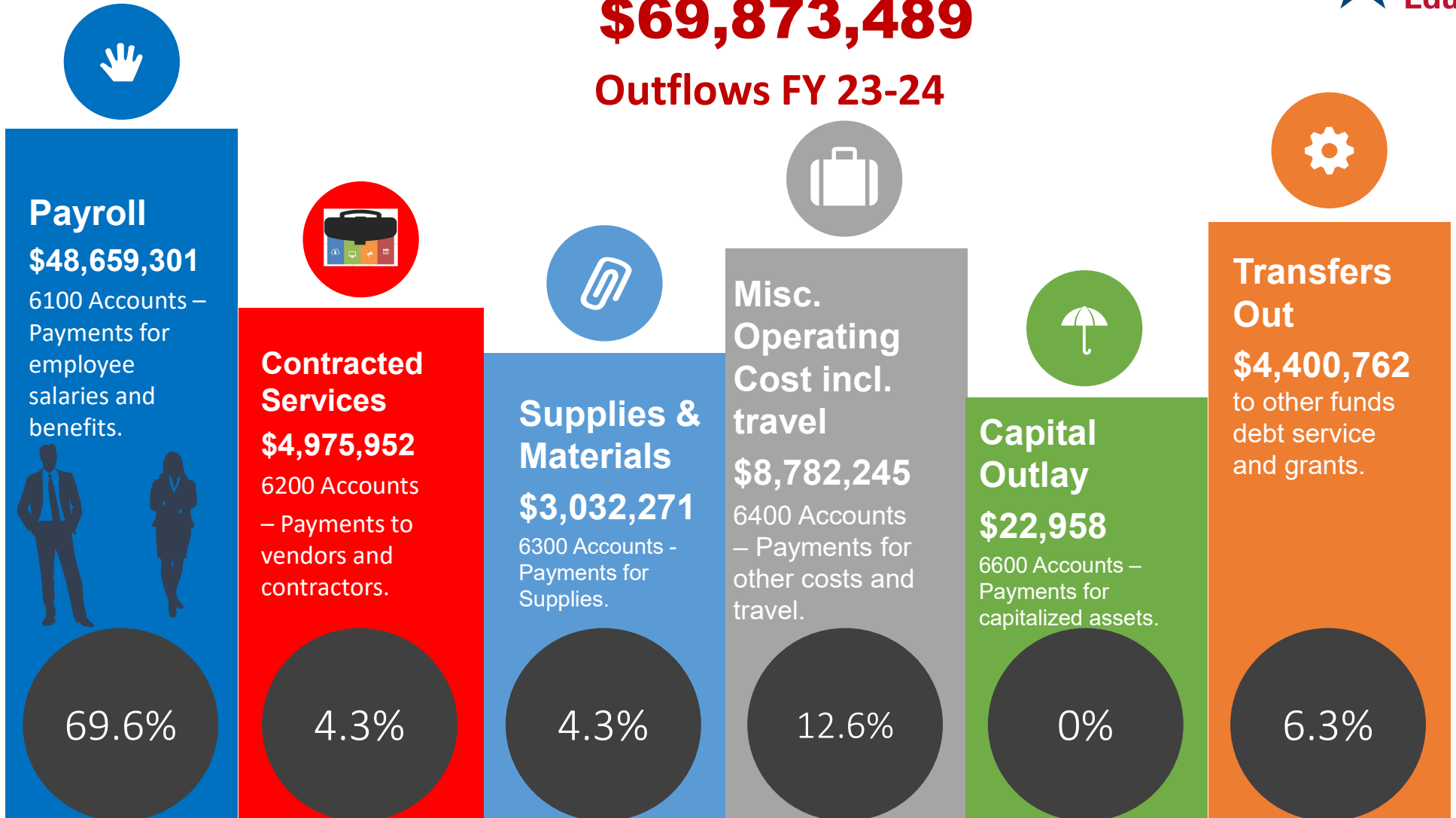
FY 23-24



General Fund Expenditures

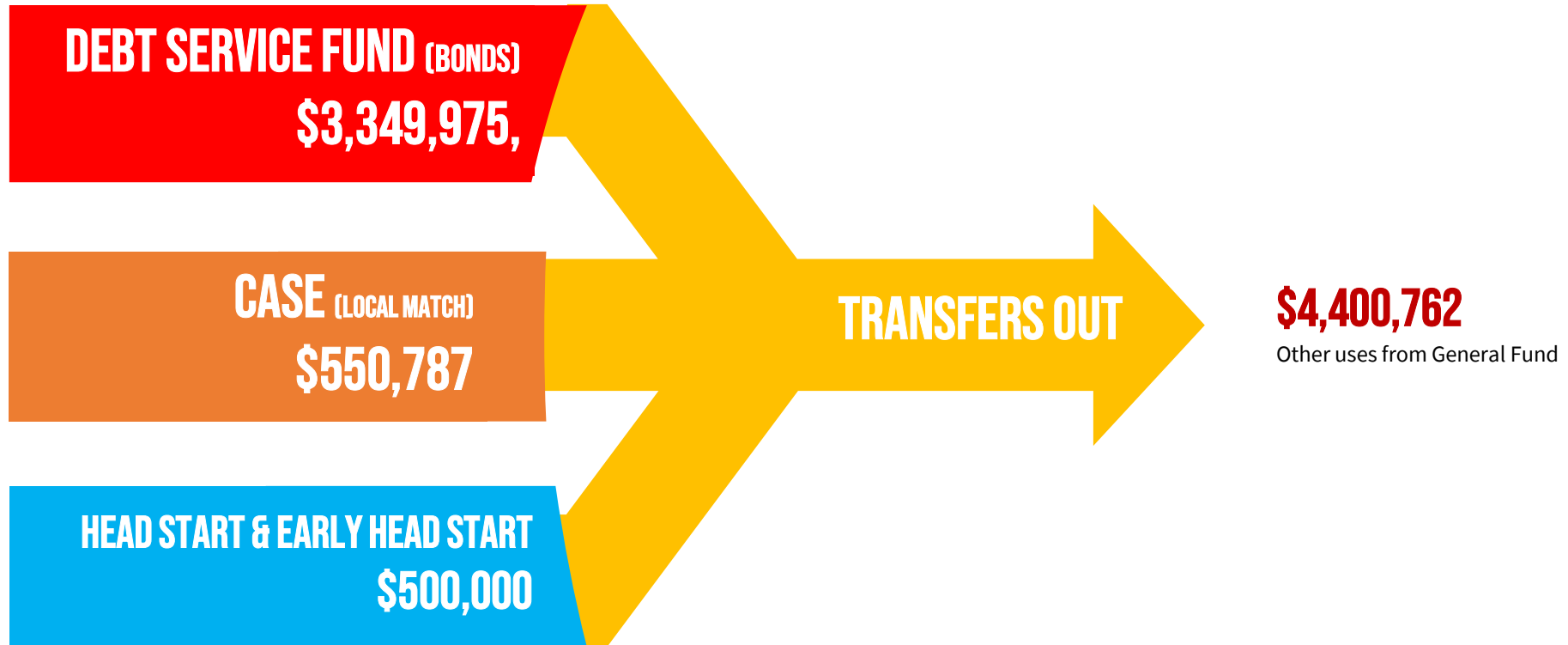
\$69,873,489

Outflows FY 23-24



Transfers out to other Funds

Outstanding Debt is \$52,054,285 to include 2015, 2016 & 2020 PFC and 2009A and 2020 Maintenance Notes



Transfers IN to General Fund

CHOICE REGULAR OPERATIONS
\$4,494,669

TRANSFERS IN

\$4,494,669

Other uses from General Fund

40.9 New Positions

Therapy – 7.3 FTEs

6.8 - OT/PT
0.5 - Music therapist
1.1 – COTA/PTA

Facilities 2.5 FTEs

Custodians (Adult Ed Bldg)

Communications

Content Coordinator
1 FTE



Technology

Process Improvement Coordinator
1 FTE



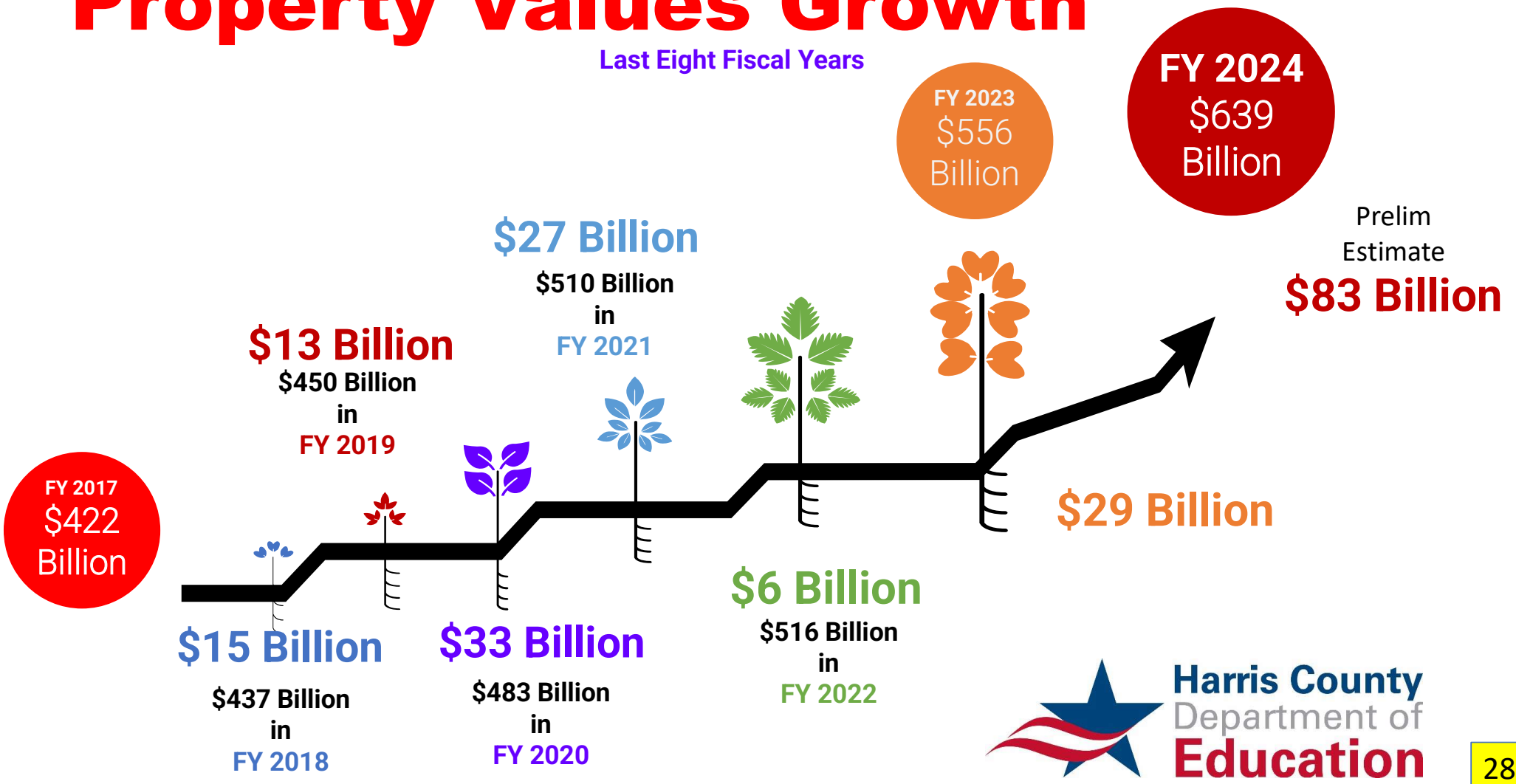
Special Schools
13 AB East
13 AB West
2 HP East

14 Aides, 12 Teachers,
1 Behavior Specialist, 1 Food
Service Clerk

**Most positions are
tied to revenue
enhancement.**

Property Values Growth

Last Eight Fiscal Years



Property Values Projections



\$639
Billion



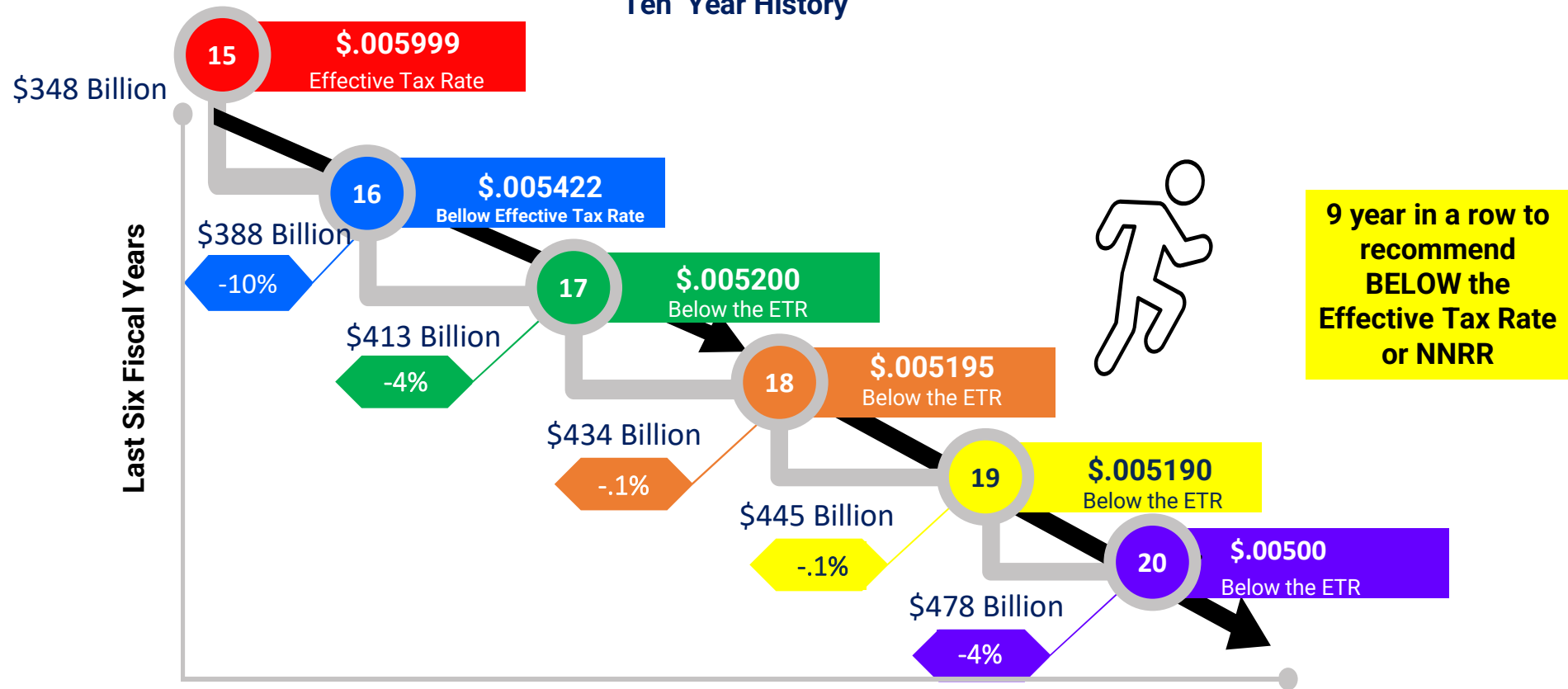
Harris County

2023 Certified Estimate of Taxable Value

Major Property Category	2022 Taxable Value	Percent Change	Projected 2023 Taxable Value
Residential & Rural Improved	248,030,612,345	10.92%	275,106,006,034
Apartment	62,474,768,045	20.55%	75,315,865,605
Commercial	142,076,488,084	9.97%	156,239,737,990
Vacant Land	14,724,346,221	6.44%	15,672,800,847
Industrial	37,824,135,333	6.91%	40,437,480,491
Utility	7,182,496,077	5.72%	7,593,525,189
Commercial Personal	32,835,515,027	6.17%	34,862,123,014
Industrial Personal	33,342,388,630	-1.56%	32,820,913,672
All Other Property	1,506,438,180	-9.84%	1,358,144,406
Total Taxable Value	579,997,187,942	10.24%	639,406,597,249
Projected 2023 Taxable Value Range			
Accuracy +/- 5%	607,436,267,387	to	671,376,927,112

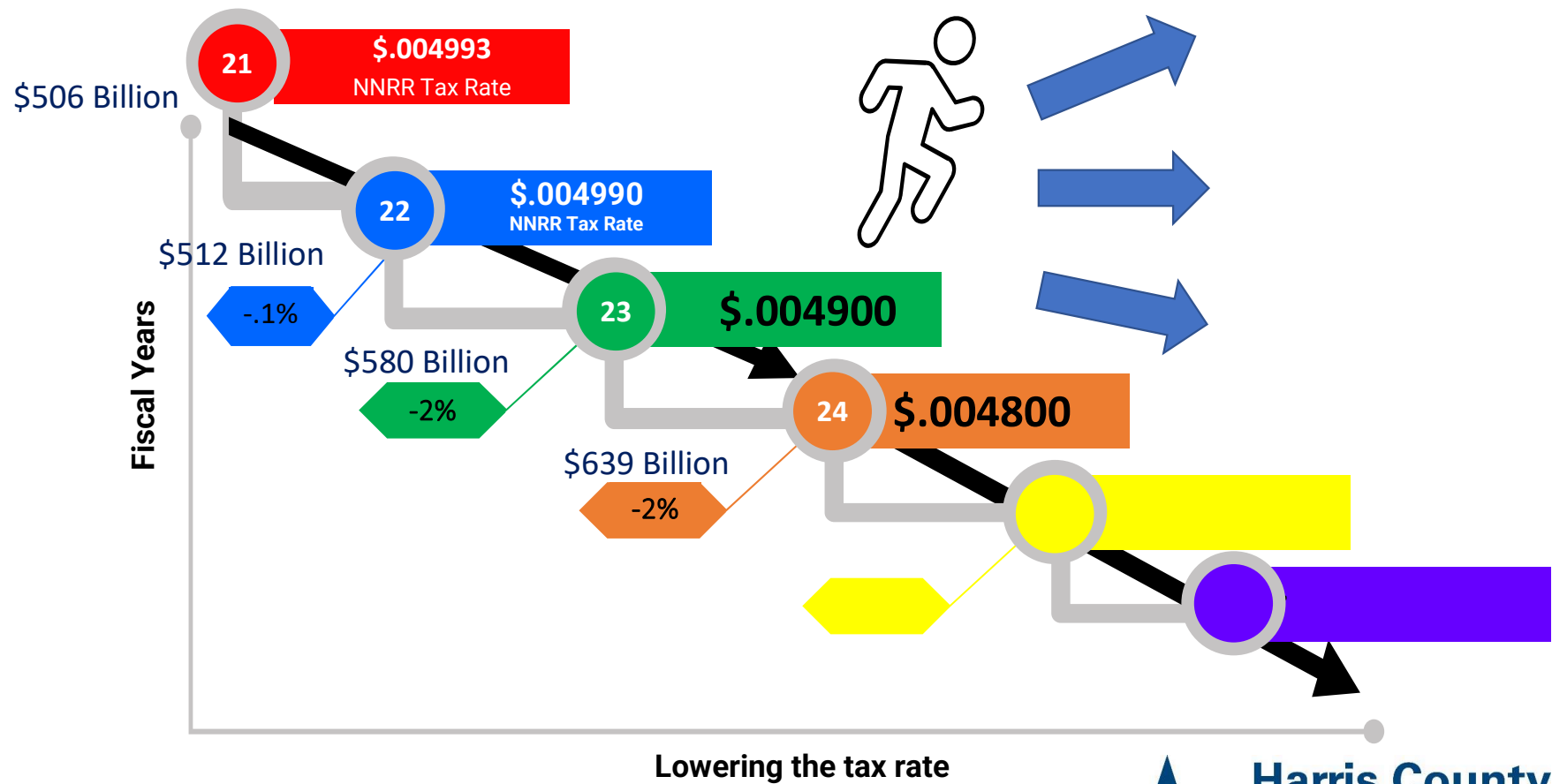
Property Tax Rate \$.01 Maximum

Ten Year History



Lowering the tax rate

Property Tax Rate \$.01 Maximum



Total Grants \$38,472,636



Head Start/ Early Head Start

**Federal Grant –
Health & Human
Services
Federal Grant –Incl.
Matching**

\$25,396,371



Adult Ed.

**US Dept. of ED- HGAC
Federal-State Grant**

\$4,586,108



CASE

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

\$7,622,357



Other Local & Federal Grants

\$770,000



Estimated Tax Rate

Harris County Department of Education
Comparative Analysis of Property Values

	A	B	C	11%	10%
	ADOPTED	CURRENT	If Proj at \$587 Bil 2%	July 25th	Aug 31st
	TAX RATE	As of March 2023	Per HCAD	D	D
				At \$639 Bil	At \$633B Certified
				Based on all certified	
				Including NEW Improvements	Including NEW Improvements
				Estimated TAX RATE	Estimated TAX RATE
				\$ 63,413,299,177	\$ 57,019,233,205
				0.004800	0.004800
Proposed Collections Tax Year 2023	0.004900	0.004900	0.004900		
Certified Taxable Value per HCAD *	\$ 539,123,071,999	\$ 517,707,104,584	\$ 587,513,164,033	\$ 639,406,597,249	\$ 633,012,531,277
Values under protest or not certified	36,870,226,073	750,784,973			
	575,993,298,072	518,457,889,557	587,513,164,033	639,406,597,249	633,012,531,277
/ Rate per Taxable \$100	5,759,932,981	5,184,578,896	5,875,131,640	6,394,065,972	6,330,125,313
X Tax Rate	28,223,672	25,404,437	28,788,145	30,691,517	30,384,602
X Estimated collection rate	98%	98%	98%	99.00%	100.00%
Projected Amount	27,659,198	24,896,348	28,212,382	30,384,602	30,384,602
			553,184	2,725,403	2,725,403
	27,659,198	24,896,348	\$ 28,212,382	\$ 30,384,602	\$ 30,384,602
+Delinquent Tax Collections	150,000	150,000	100,000	100,000	100,000
- Refunds					
+Special Assessments	15,000	15,000	15,000	15,000	16,238
+ Penalty & Interest	-	-	-	-	-
Estimated Current Tax Available for Operations:	\$ 27,824,198	\$ 25,061,348	\$ 28,327,382	\$ 30,499,602	\$ 30,500,840
			\$ 503,184		
Net Gain or Loss on values					
		The No NNRR =			
		Voter Approved Rate			

FUND BALANCE ACTIVITY FY 23-24

\$701k 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 22-23 beginning fund balance.
The audited fund balance will be available until
January 2023.

Plus Revenues

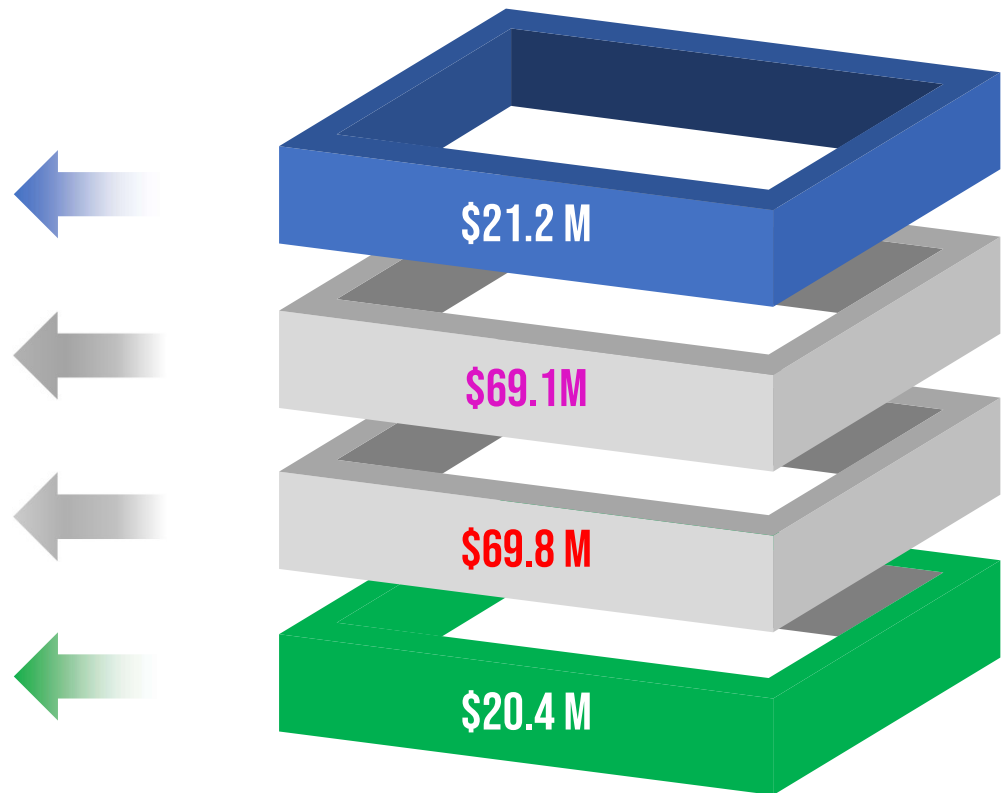
These are the projected revenues-
INFLOWS

Less Appropriations

These are the projected expenditures.
OUTFLOWS

Ending Fund Balance

This is the projected Ending Fund Balance.



Capital Improvement Plan Phase 2

\$13.5 Million

01

Equine Center

\$4,000,000 F Bal
+ \$6,000,000 PFC
Construction of a 10,000 sq. ft
facility to provide equine
programs

02

Maintenance Projects

\$7,500,000 M-Note
Roof Repairs and maintenance
projects.



01

Includes estimated \$5M
support from the Harris
County



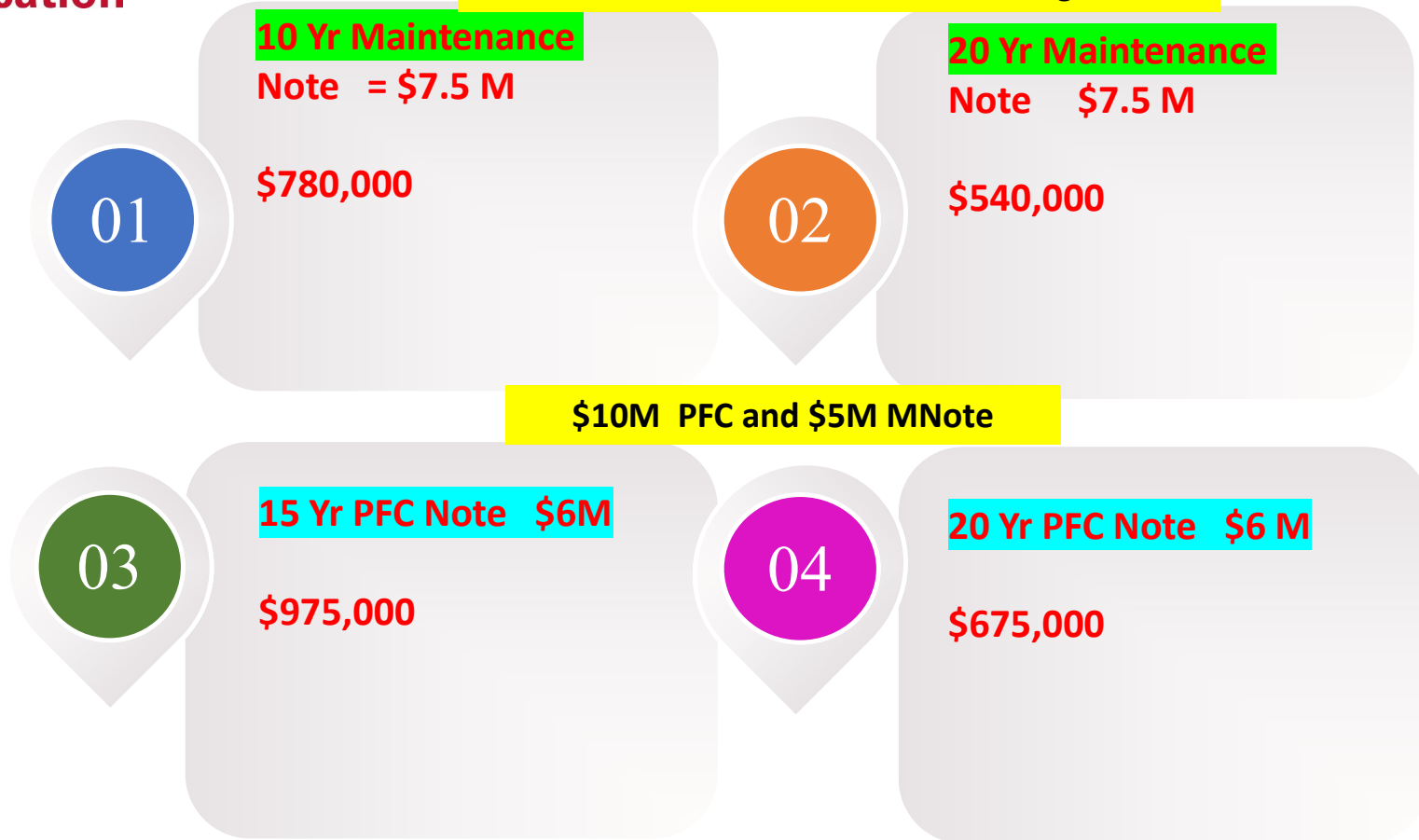
02

\$500,00 for Fortis Roof
\$2,000,000 Equipment and
Furniture
\$3,000,000 Roof and HVAC NPO
\$300,000 Barrett Station
\$1,700,000 Renovation and
remediation and Other Costs

Note: It will require a tax increase to finance new facilities and fund operating costs.

Capital Improvement Plan Phase 2

Estimated methods of financings



Note: It will require a tax increase to (1) finance new facilities and (2) to fund operating costs depending on values and new revenues .

Future Projected NEW Operating Costs for Phase 2

EQUINE costs	Increase in insurance costs due to increased value of \$6M	\$50,000
	Operating Costs: Increase in Utilities	\$200,000
	Increase in Maintenance Costs	\$100,000
	Animal Upkeep & Personnel	\$541,900

FY 24 \$891,900

Note: These are estimated costs subject to the completion of development plans.



Pay As You Go Plan Plans

- Maintenance Needs
- Infrastructure Needs
- Capital Outlay Needs

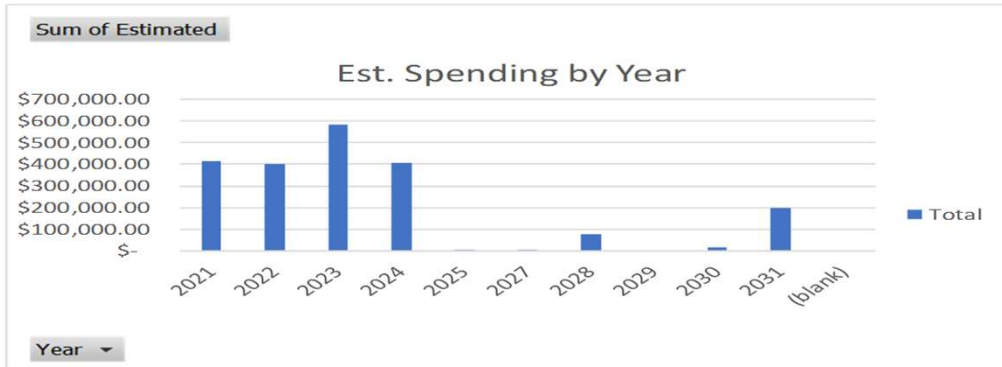
Pay As You Go Plan for IT Infrastructure

\$701,000 Funded from Maintenance Note

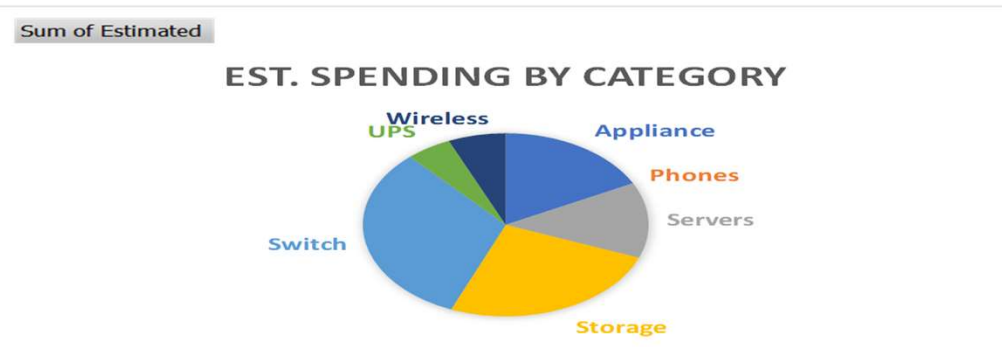


Harris County
Department of
Education

Row Labels	Sum of Estimated
2021	\$ 413,510.00
2022	\$ 404,010.00
2023	\$ 582,740.00
2024	\$ 404,410.00
2025	\$ 248.00
2027	\$ 160.00
2028	\$ 76,248.00
2029	\$ -
2030	\$ 15,150.00
2031	\$ 200,000.00
(blank)	\$ -
Grand Total	\$ 2,096,476



Row Labels	Sum of Estimated
Appliance	\$ 367,000
Phones	\$ -
Servers	\$ 280,000
Storage	\$ 532,200
Switch	\$ 672,610
UPS	\$ 108,046
Wireless	\$ 136,620
Grand Total	\$ 2,096,476








Estimated Fund Balance

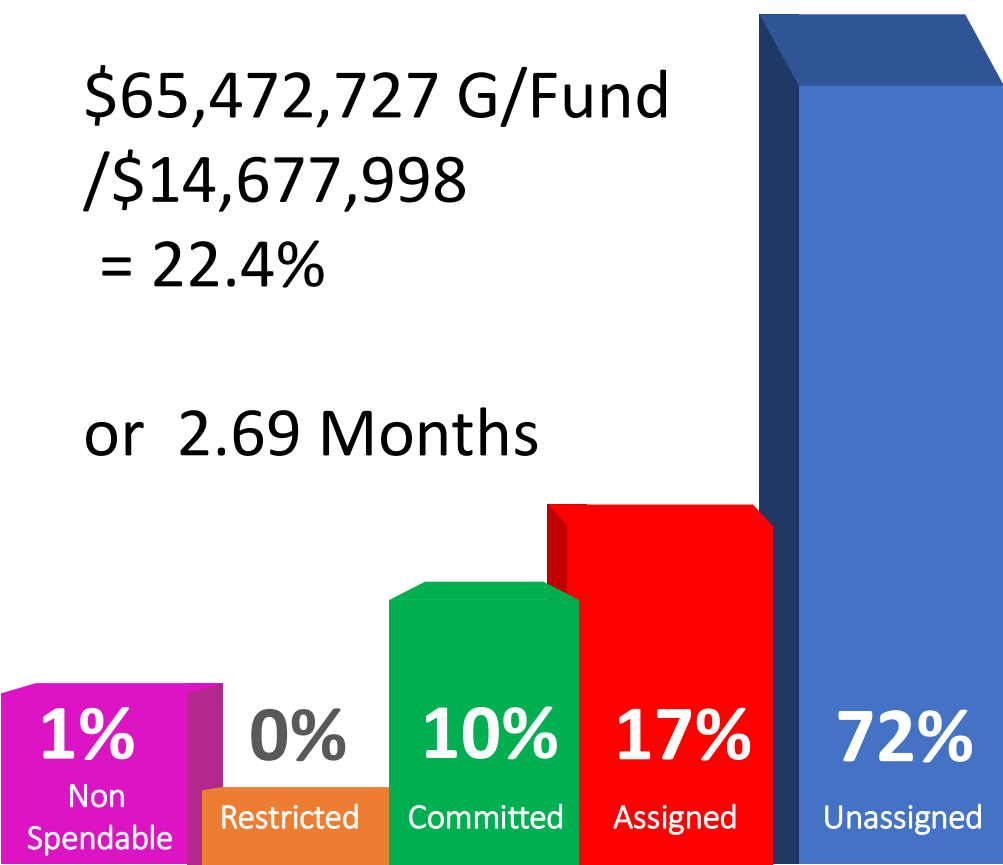
\$20,484,399

FY 23-24 Projected

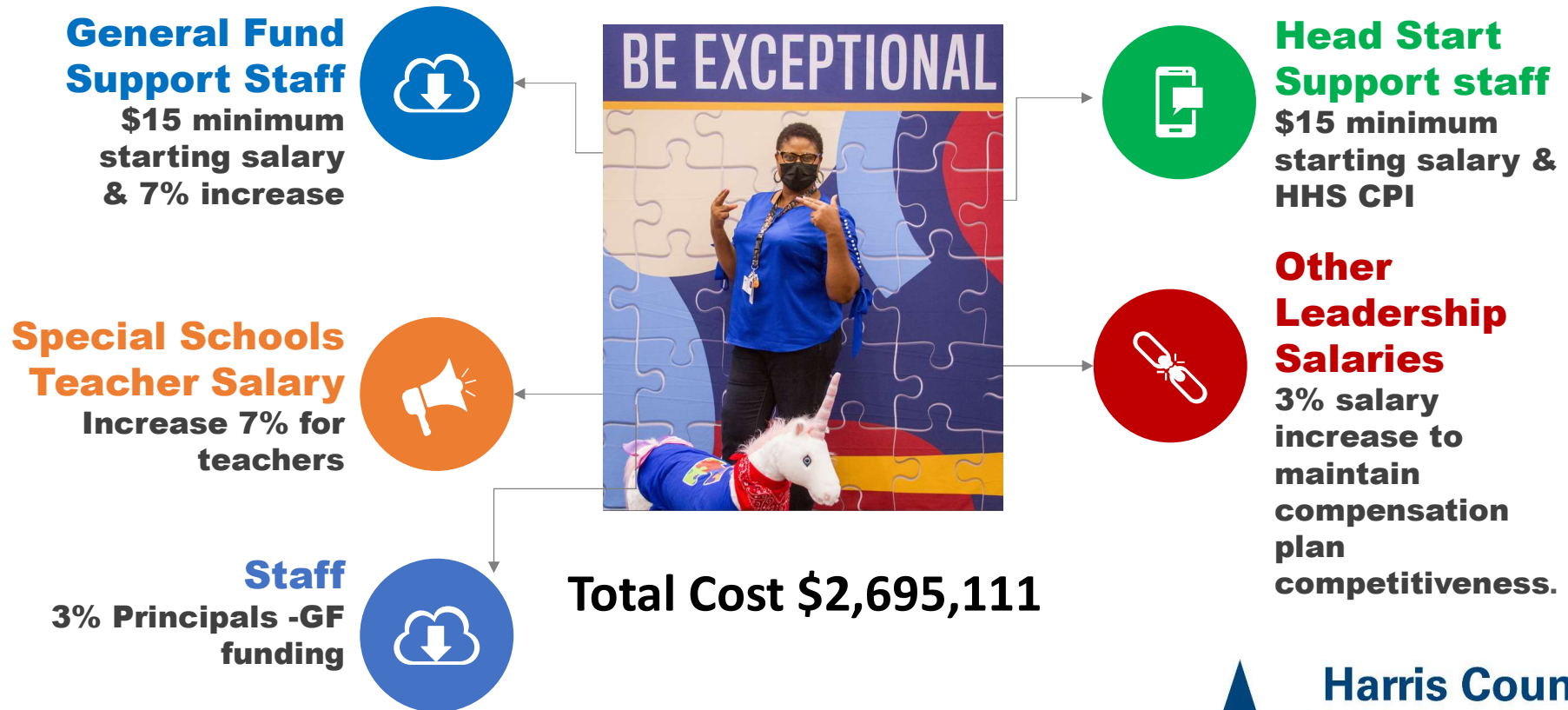
\$65,472,727 G/Fund
/\$14,677,998
= 22.4%

or 2.69 Months

-  **Non-Spendable \$219,796**
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 \$2,014,976**
shall mean that portion of the fund balance that is constrained to a specific purpose by the Board of Trustees.
-  **Assigned \$3,571,629**
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 \$14,677,998**
includes amounts available for any legal purpose.



Investing in our teacher, classroom and support staff workforce





Next Steps

Board Review – June 28, 2023

Board Workshop – July 12, 2023

Required Posting – Houston Chronicle – 10 days prior to board meeting

Target Budget Approval Date July 12, 2023

Target Date - Certified Value – August 25, 2023

Target Potential Public Hearing – Sept. 2023

Target Date - Tax Date Approval Date – Oct. 2023

