



FY 2024 - 2025 ANNUAL BUDGET SUMMARY

**July 29, 2024
Budget Workshop**

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

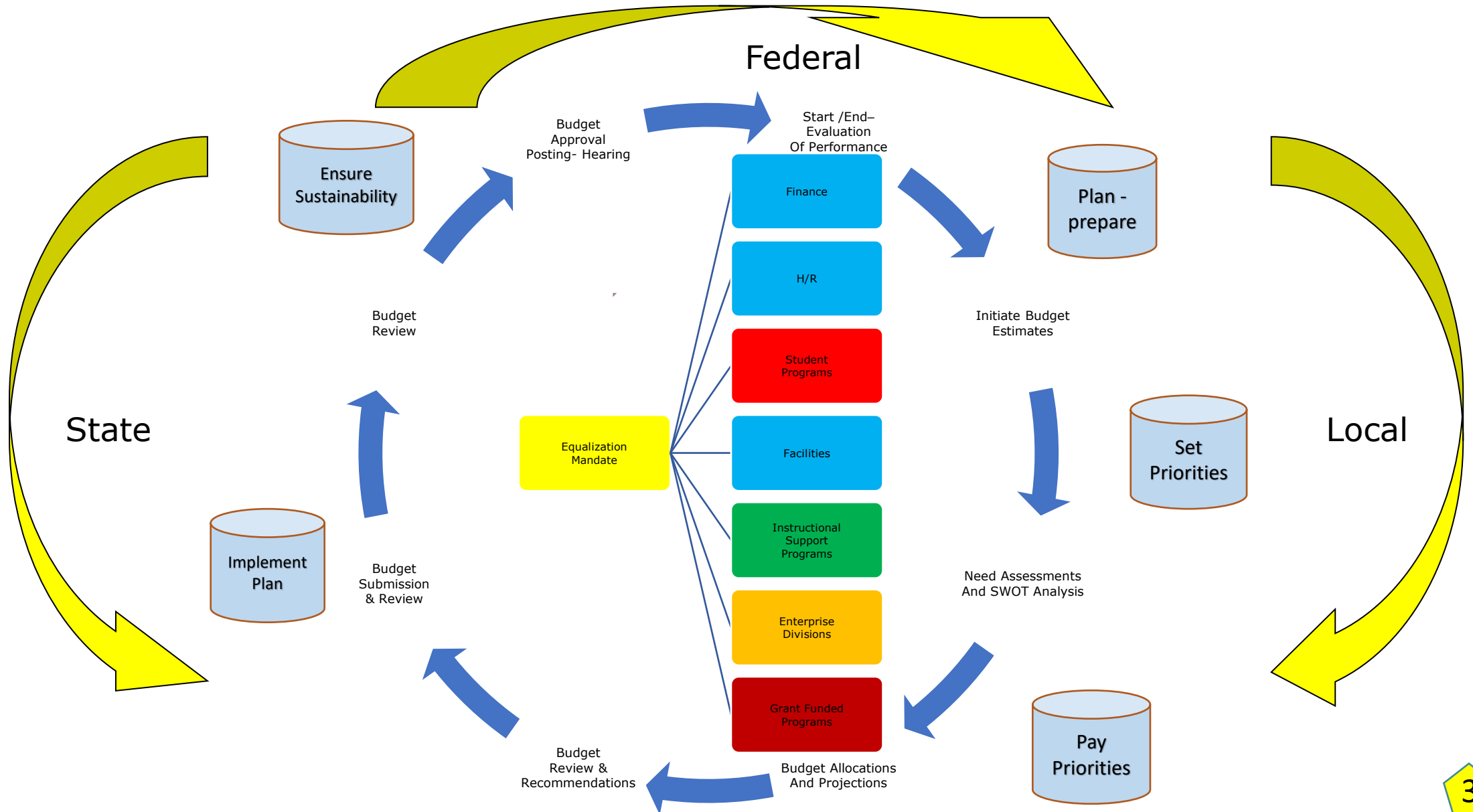
Dr. Jesus J. Amezcua, CPA, RTSBA, CPFIM
Assistant Supt. for Business Services

Agenda

1. Introduction/ Goals
2. Superintendent's Overview
3. TASB Compensation Plan
4. Annual Budget Overview FY 24-25
5. Development Plans Overview
 - Completion of Capital Improvements Plan Phase I
 - Capital Improvement Plan Phase II
6. Property Values and Tax Rate
7. Major Inflows and Outflows
8. Fund Balance
9. Next Steps
10. Adjourn



Goals and Budget Planning Cycle



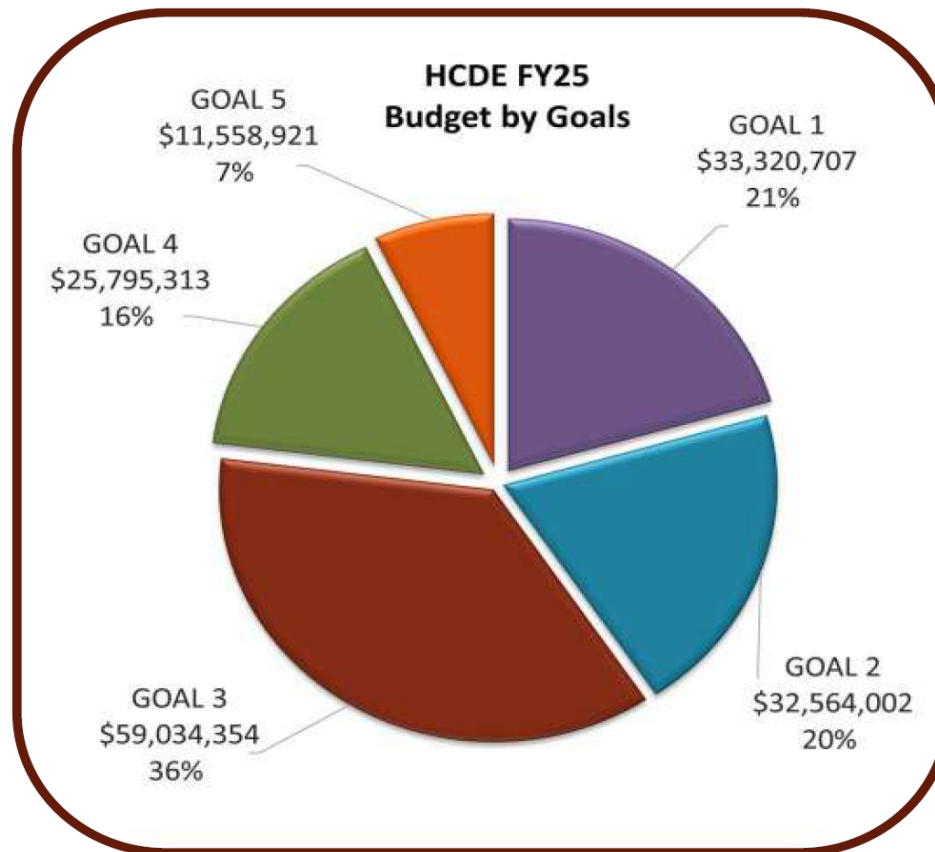
Major Goals



HCDE 5 Major Goals

Major Goals

Goals



Harris County Department of Education will

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 school districts by leveraging tax dollars
5. Recruit and maintain high-quality staff

Continuing Current Programs

**CASE
Afterschool**

**CASE
Robotics**

**CASE
Debates**

**Head Start
Grants**

**Adult Ed
Grants**



**CHOICE
Proprietary**

**School Based
Therapy**

**Special
Schools**

**Center for
Educator Success**

**Safe & Secure
Schools**

Continuing Projects FY 24-25



Irvington Renovation

Current: 3rd Floor
July: 2nd floor
October: 1st Floor



Maintenance Projects

1. Renovations of Barrett Station
- AB West and Cross timbers Warehouse
- 2 Furniture and Equipment
3. Westview Roof and HVAC Replacement
4. Fortis Roof
5. Conference Center Roof



Equipment –FF&E

Furniture and Equipment

General Fund

\$74.7 M 470.1 Total FTE



46%

Special Revenue Fund

Grants

\$44.1M 458.5 Total FTE



27%

Debt Service Fund - Bonds

\$3.7M Total FTE - None

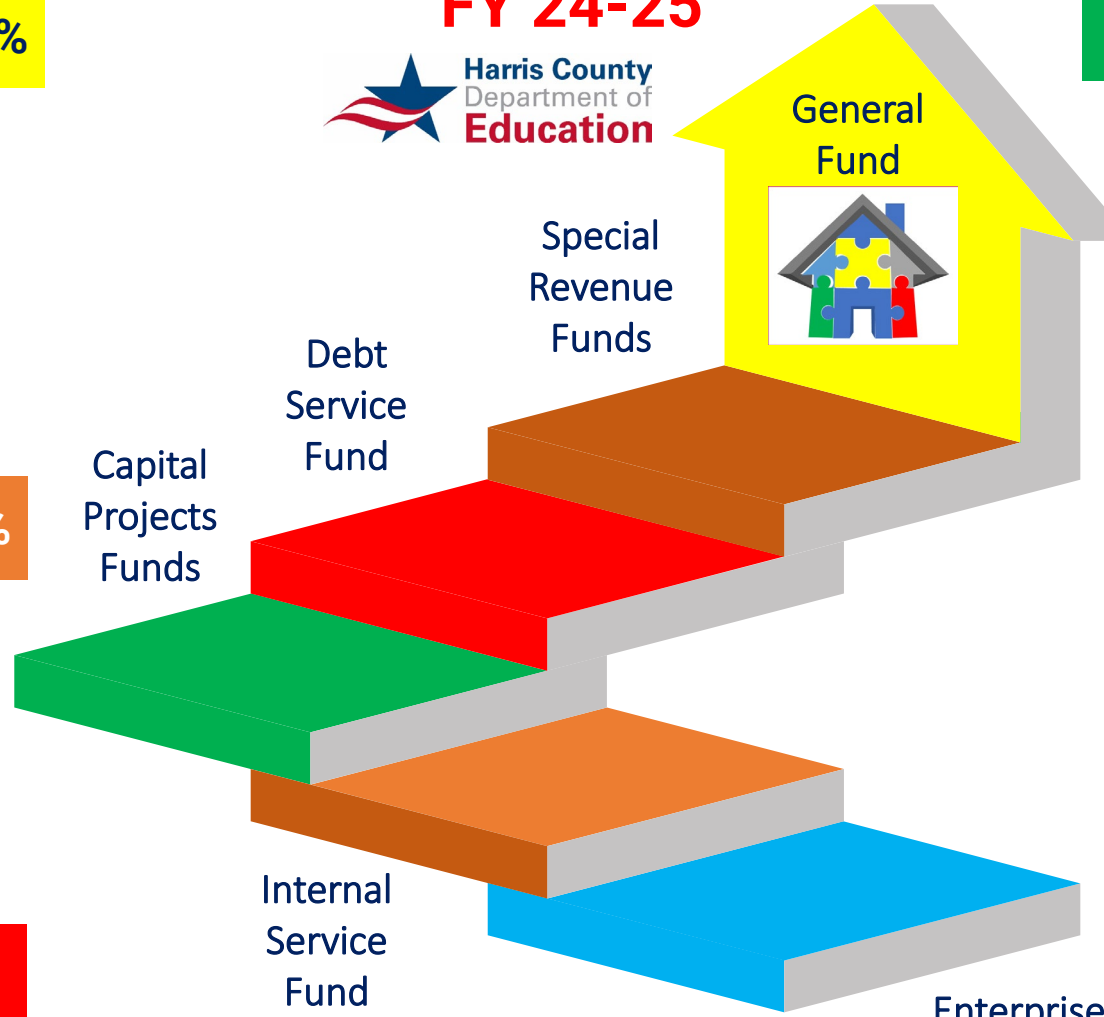


2%

TOTAL \$162,341,548

OPERATING \$139 M

FY 24-25



General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

Internal Service Fund

Enterprise Fund

Capital Projects Fund

\$22.9 M Total FTE - None
Irvington and Maintenance Projects



14%

Internal Service Fund - Facilities

\$7.3M 47 Total FTE



5%

Enterprise Fund

\$9.5M
19 Total FTE
Choice Partners
Cooperative



6%

8

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 (8.3)

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

06

Growth Tax Values Rate

Property Values increased from \$647 Billion to \$674 Billion or 4.1% increase from a year ago, thus recommending a tax rate of \$.004780 **depending on TNT Calculations**



07

Compensation Plan One

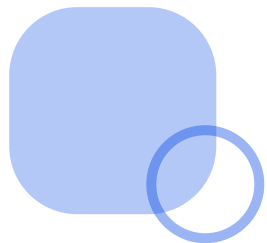
Special Revenue Funds - Grants Initiative & Recruitment Plan
By offering competitive salaries starting at \$15 per hour
Continuation

08

Compensation Plan Two

By offering \$69,250 annual salary for a beginning teacher and 3% CPI to teacher's pay scale and 3% for all other staff with some box equity adjustments.

Our Major Initiatives



27 in
Houston

Bonds

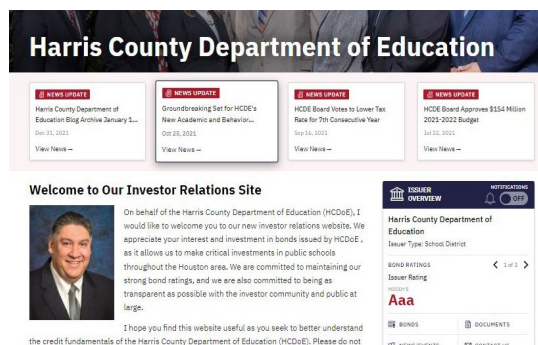
Talent

Valued
Services



Exemplary Employer

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



Capital Improvement Plan

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



Leader in Talent Recruitment

Provide additional health benefits, equity adjustments for competitive plans and wellness programs.



Leader in Services

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

What are the major outflows in the General Fund Budget? **\$74.7**

NEW Compensation Plan Update
\$1,344,560

NEW Teacher Salary at
\$69,250

NEW 8.3 FTEs
Personnel

Maintained 2024 Level
of other expenditures
and adjusted based on
trend

\$482,241 for
recruitment incentives

\$400,000 for Head
Start Support for
continuing \$15 Min.
Wage Plan

\$3.7 M in Transfer out
payment for Debt
Service

\$200,000 for Ed
Foundation

New teacher and
teacher aide stipend
for AB Schools. \$4,000
and \$5,250. \$472,000

Health insurance
employee only - cost
increase \$121,506



General Fund Revenues - INFLOWS \$74.7M FY 24-25

Fees for Services

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

\$29,377,667

39%

5%

State Funding

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

\$3,915,000

**\$5,570,782 increase from \$69,172,489
Or 8% Increase**

Property Tax Revenues

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

\$32,184,941

43%

2%

Other

Miscellaneous and Interest Costs

\$1,406,370

Indirect Costs

Indirect cost from grants

\$2,676,232

4%

7%

Transfers IN –Choice

Transfer in from Choice Partners Coop

\$5,183,961



What are the major INFLOWS in the Budget? **\$674B**

Assumptions:

- \$674 Billion in property values
- Estimated tax rate at .004780/\$100
Depending on TNT Calculations
- Collection rate of 99%
- Choice increase in 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



General Fund Major Fee Revenues

\$29.3M

39% of total general
fund revenues

Top 3 priorities

**Continuing to provide
Adequate
compensation
plans**

**Continuing to retain talent
through incentives
and stipends**

Capital Improvements

Development Plans projected
for FY 24 Financial Plan

**\$16.3 M total for various
projects**

-Irvington Rehab



Top 5 Fee Sources

School Based Therapy (#1 Fee INFLOW Source)
Total Revenue \$12.980 M
Projected Performance Ratio 84%

Special Schools (#2 Fee INFLOW Source)
Total Revenue for 4 schools \$12.9M
Projected Performance Ratio 90%,79%,63%,15%

Choice Cooperative (#3 Fee INFLOW Source)
Total Revenue \$8.2 M 63%
Total Transfer to G/Fund \$5.18 M
Projected Performance Ratio 59% of expenses

Records Management (#4 Fee INFLOW Source)
Total Revenue \$1.9 M
Projected Performance Ratio 79%

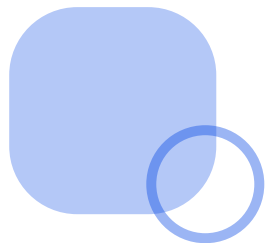
Center for Safe Schools (#5 Fee INFLOW Source)
Total Revenue \$443K
Projected Performance Ratio 39%



Major Inflows - Tax Revenues

FY 24-25

\$32.1M



98% collection
rate

43% of total general
fund revenues

Tax values
\$674 Billion

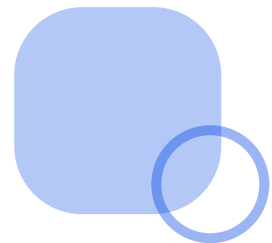
Per \$100
valuation

\$32,184,041
General Fund
Tax Revenues

43.1 % Tax
Revenues

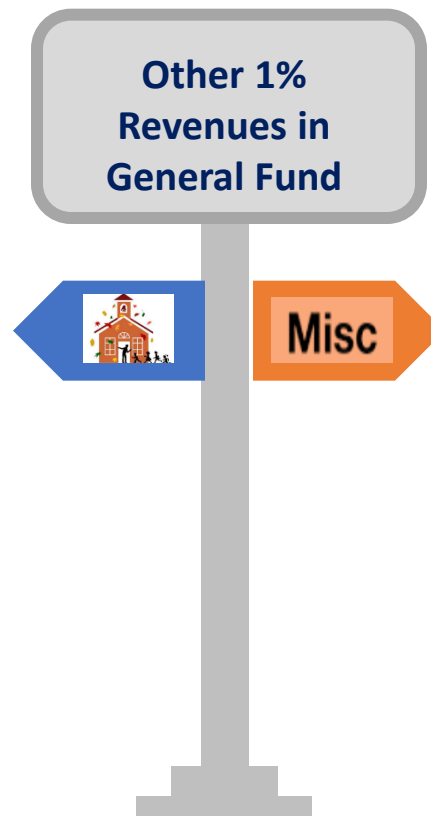
Assumed current
\$.004780 tax rate
Depending on
NNR and VAR

Other sources of fees – General Fund



Business Services – HCDE +

Total Revenue \$152k 50%



Misc. Revenues

0.4% Other revenues
\$311,000 includes
HCDE Plus, CASE, Grants &
Research, etc.

School Based Therapy Services FY 24-25

\$12.9M

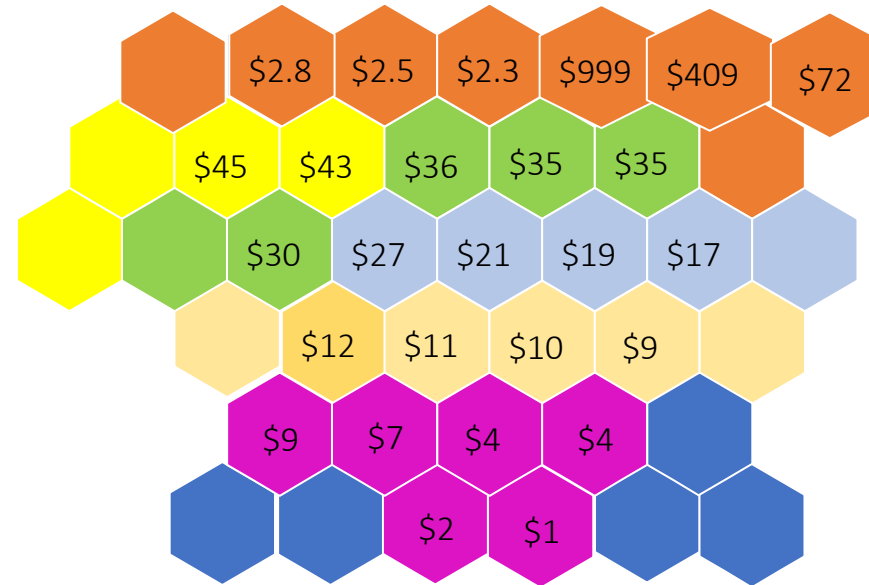
17.4% of General Fund Revenue

Top 3 Clients make-up 74% of Business
Top 5 Clients make-up 85% of Business

Katy ISD
\$ 2,903,205 / \$3,382,190

Houston ISD
\$ 2,657,725 / \$3,099,315

Cyfair ISD
\$ 2,978,080 / \$3,071,930



Spring ISD
\$999,370 / \$ 1,057,430

Spring Branch
\$ 483,482 / \$465,174

Rates have been fixed the
last four years. 84%
Performance Target.

Other ISD Contracts under \$50,000 = \$ 800,200 / \$314,219

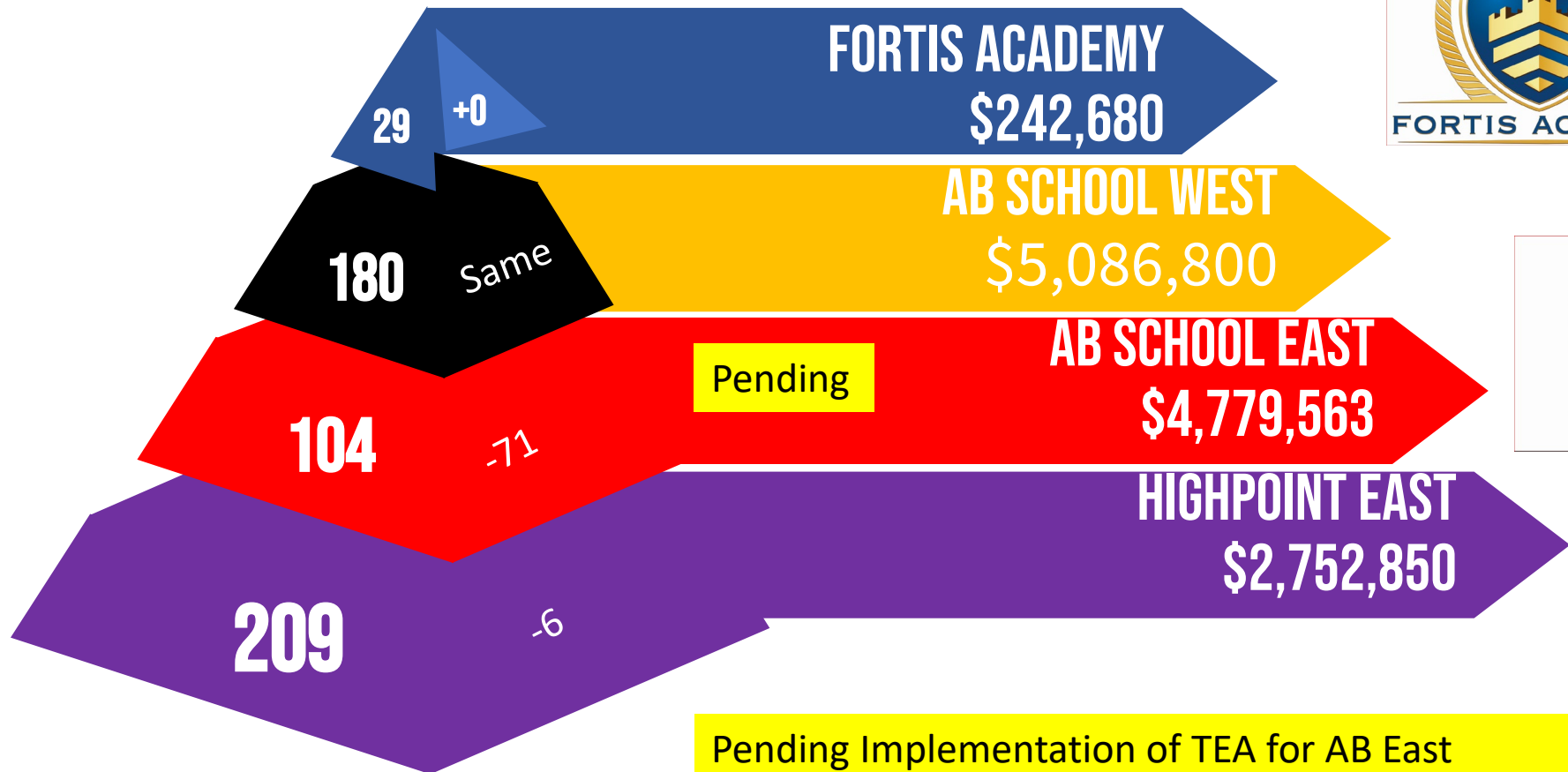
In County	Therapy In County \$515/Day	Out of County +\$50
	OT –PT Assistant \$415	

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

Rates were increased by 5%
for OT/PTMT and 6% for
OTA/PTA

Special School Contracted Seats FY 24-25 \$12.9M

17% OF GENERAL FUND REVENUE



Pending Implementation of TEA for AB East
Pending Preliminary Contracts Levels

Special Schools Rates

Rates have been adjusted.
Increase for out of county only

Value * Integrity * Commitment

HP East
In County



Fy 24 \$ 11,400/yr
Fy 25 \$11,400/yr

Competitor
\$12,000
JJAEP
District AEP

HP East
Out of County



\$12,650/yr
\$13,300/yr

Competitor
\$12,000

Fortis Academy
In County



\$6,875/yr
\$6,875/yr

Competitors - \$20,000
Archway
Three Oaks

AB Schools
Out of County



\$27,500/yr
\$28,875/yr

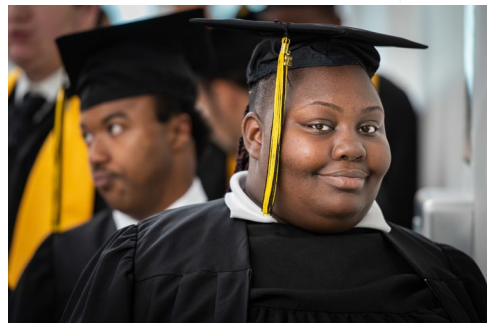
Competitors -
\$30,000
Avondale -

AB Schools
In County

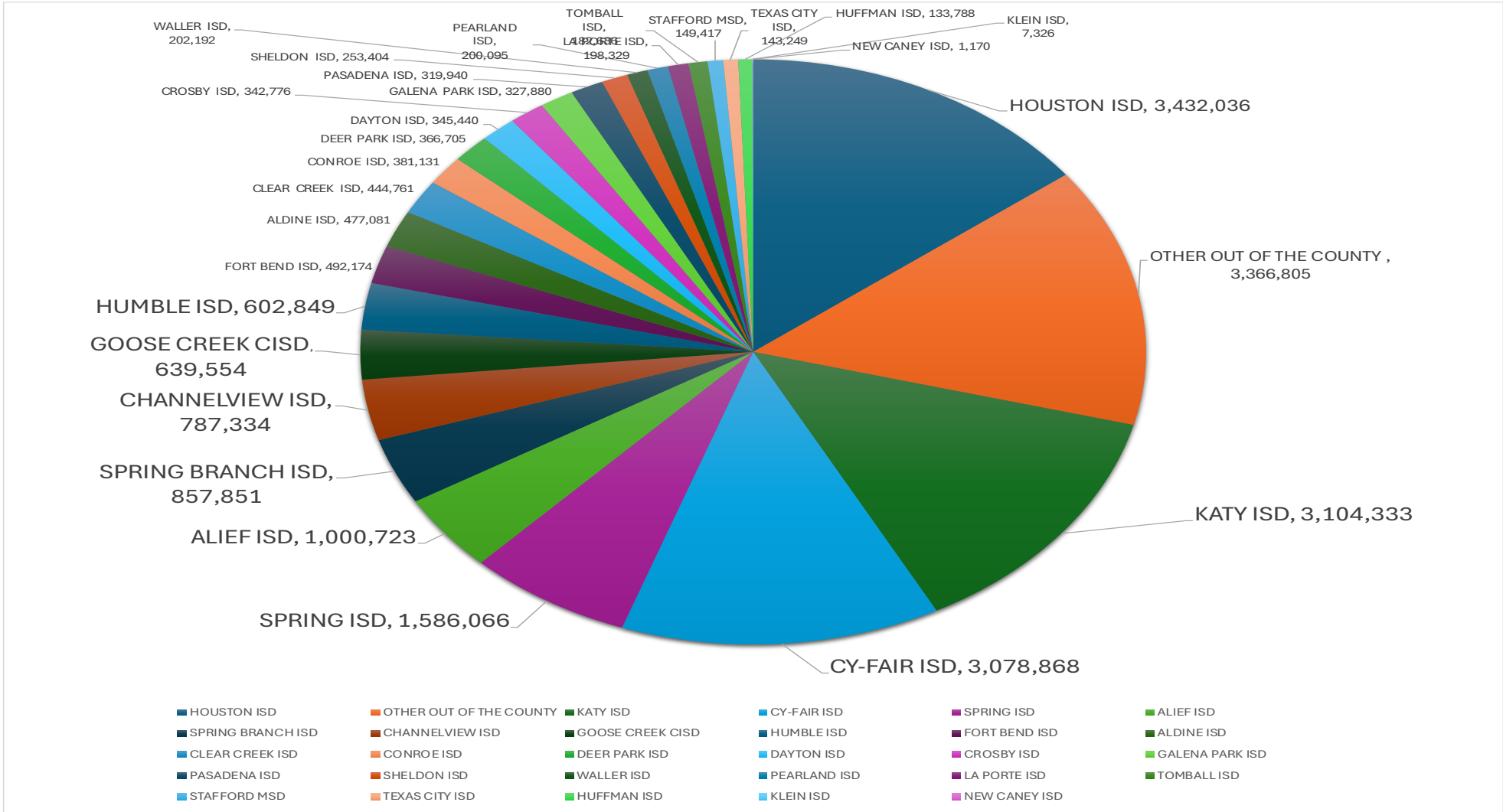
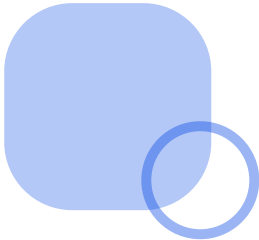


\$23,800_{yr}
\$23,800/yr

Competitors -
\$30,000
Avondale -



\$3,700 Monthly
\$185 Special Ed Surcharge
\$240 overage per diem



General Fund Expenditures – OUTFLOWS FY 24-25

\$74.7M



Payroll

\$50,399,875

6100 Accounts –
Payments for
employee
salaries and
benefits.



68%



Contracted Services

\$4,975,976

6200 Accounts
– Payments to
vendors and
contractors.

7%



Supplies & Materials

\$5,012,967

6300 Accounts -
Payments for
Supplies.

7%



Misc. Operating Cost incl. travel

\$9,267,239

6400 Accounts
– Payments for
other costs and
travel.

13%



Capital Outlay

\$87,958

6600 Accounts –
Payments for
capitalized assets.

0%



Transfers Out

\$4,669,256

to other funds
debt service
and grants.

6%

Transfers Out to other funds

\$4.6M

DEBT SERVICE FUND (BONDS)
\$3,718,469

CASE (LOCAL MATCH)
\$550,787

HEAD START & EARLY HEAD START
\$400,000

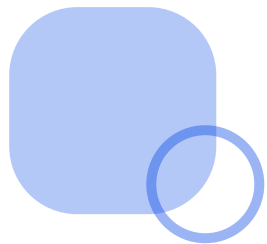
TRANSFERS OUT

\$4,669,256

Other uses from General Fund

Outstanding Debt is
\$58,875,000 To include 2015,
2016 & 2020 PFC and 2009A
and 2020 & 2024 Maintenance
Notes

Transfers IN to General Fund \$5.2M

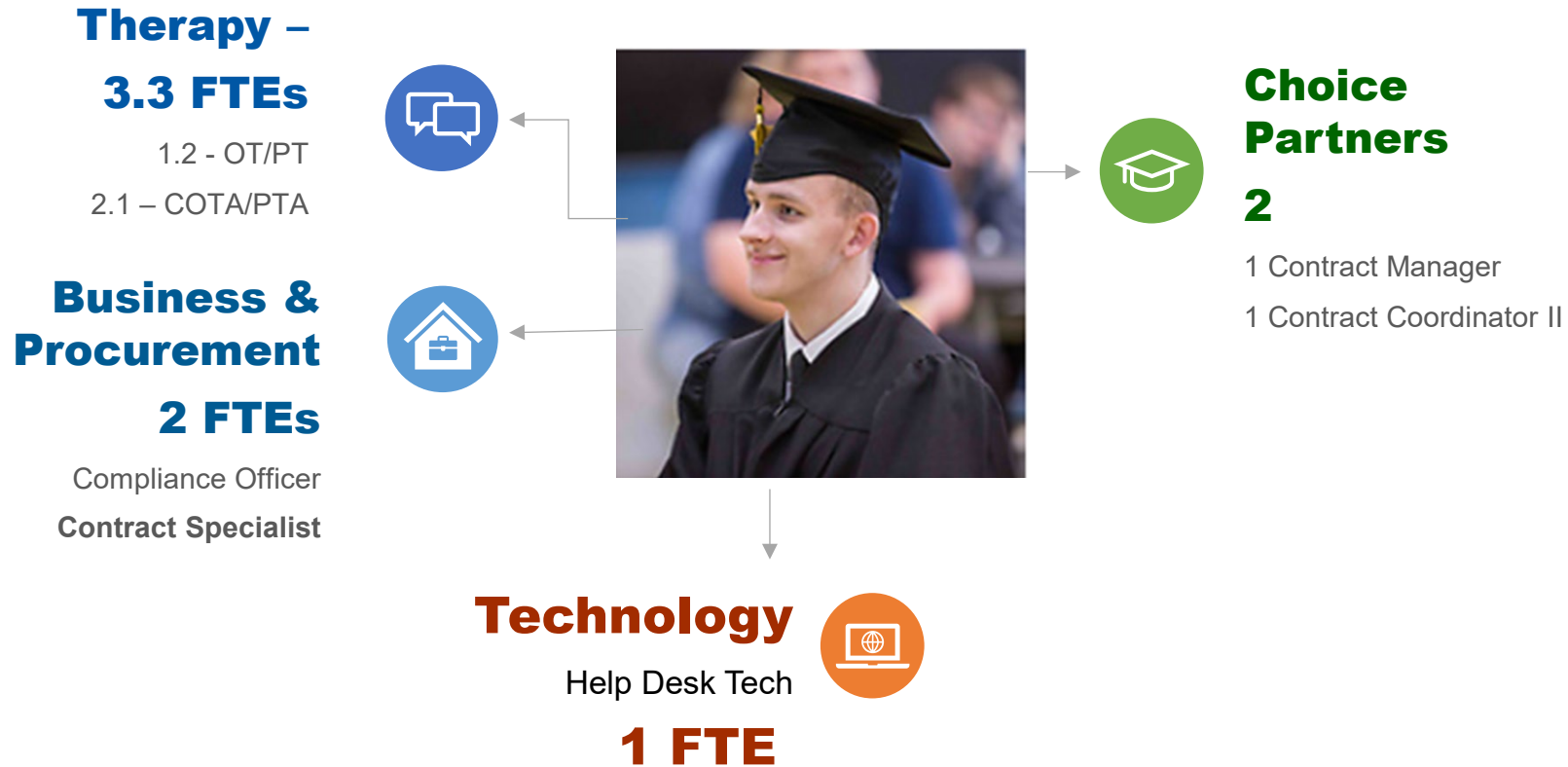


Transfers In

\$5,283,961

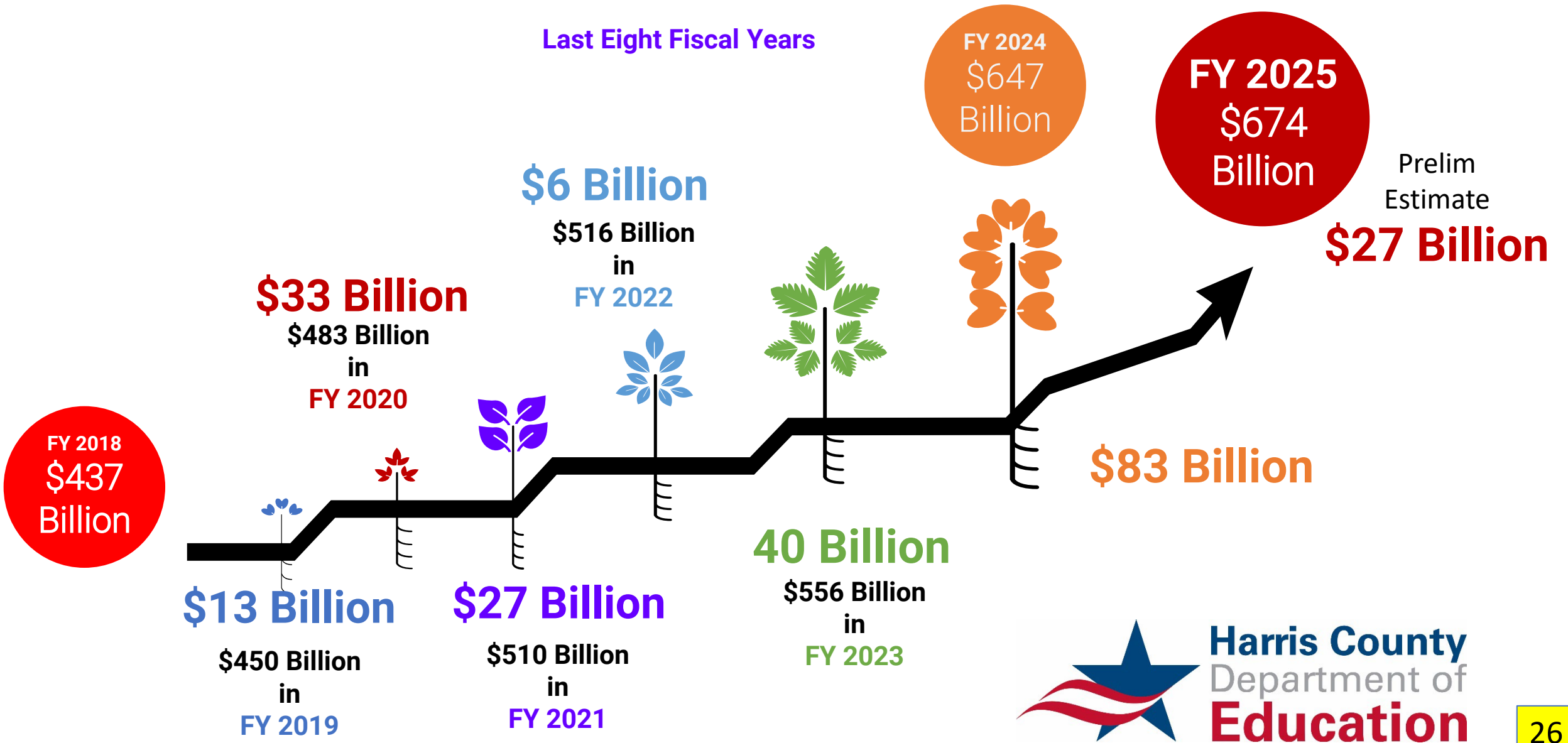
Other uses from General Fund

8.3 New Positions



Choice and Therapy are tied to revenue enhancement.
Business are tied to grant & operations compliance

Property Values Growth \$674B



\$674 BILLION – ESTIMATED

Other uses from General Fund

Harris County 2024 Certified Estimate of Taxable Value



Major Property Category	2023 Taxable Value	Percent Change	Projected 2024 Taxable Value
Residential & Rural Improved	277,157,810,827	4.14%	288,618,979,199
Apartment	73,908,730,760	-6.50%	69,107,238,241
Commercial	154,319,778,575	1.66%	156,881,178,260
Vacant Land	16,573,857,167	-7.26%	15,371,390,516
Industrial	39,833,215,783	-3.07%	38,610,575,058
Utility	7,952,012,043	4.27%	8,291,483,437
Commercial Personal	37,424,840,274	3.37%	38,687,067,862
Industrial Personal	39,798,498,811	2.81%	40,914,926,300
All Other Property	910,899,557	-21.97%	710,811,360

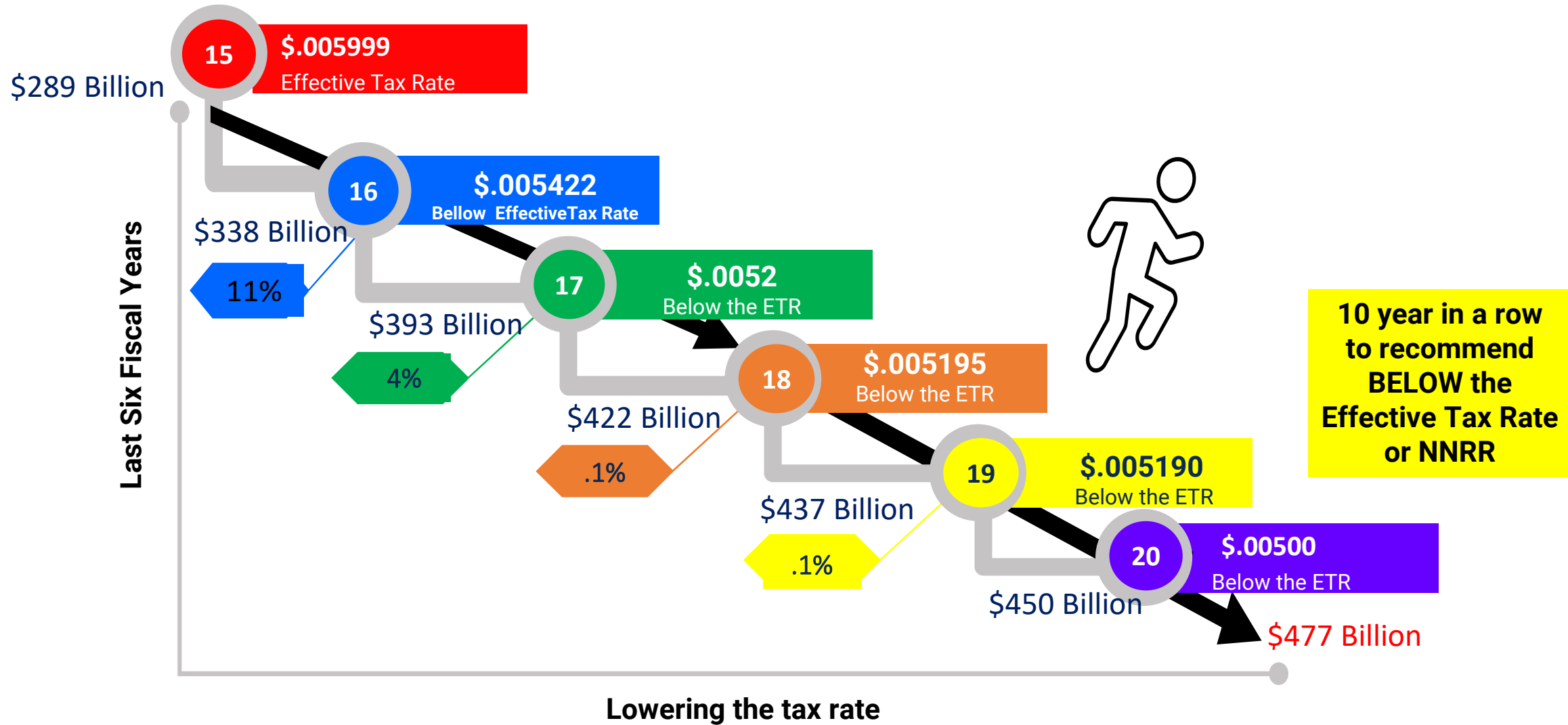
Projected 2024 Taxable Value	647,879,643,797	1.44%	657,193,650,233
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Projected 2024 Taxable Value Range

Accuracy +/- 5%	624,333,967,721	To	690,053,332,744
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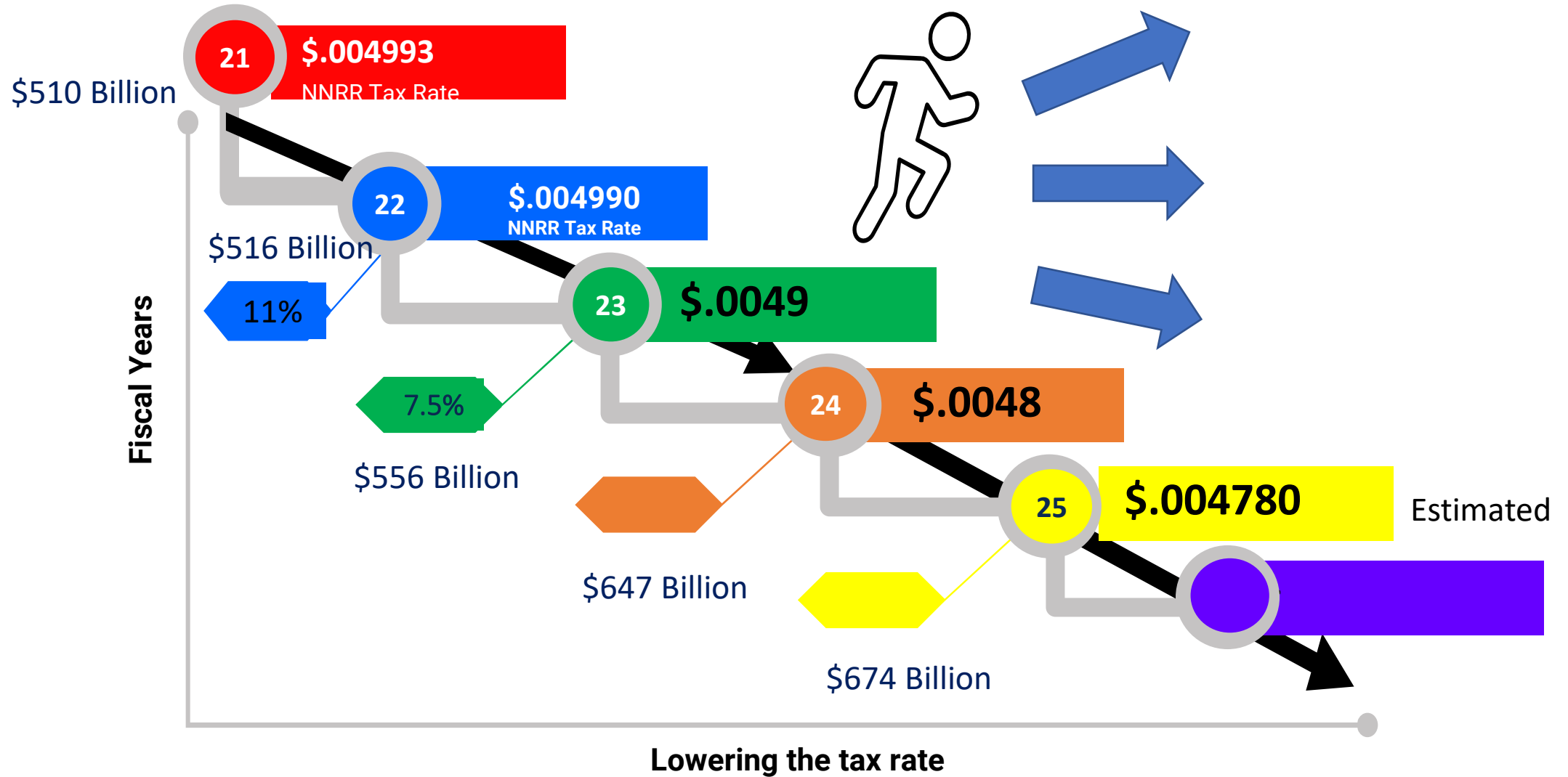


Property Tax Rate \$.01 Maximum



Value and Rate Trend

Property Tax Rate \$.01 Maximum



Value and Rate Trend

Total Projected Grants

\$44.1B



Early Head Start

Federal Grant –
Health & Human
Services
Federal Grant –Incl.
Matching
\$7,022,115



**Local &
Federal Grants**
\$770,000

\$8,805,773



CASE

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



↑
Head Start
Federal Grant –
Health & Human
Services
Federal Grant –
Incl. Matching
\$21,628,000



↑
Adult Ed.
\$5,000,000
US Dept. of ED- HGAC
Federal-State Grant



Note: Includes One-time construction funds.

Harris County Department of Education Comparative Analysis of Property Values				C If Proj at \$657 B 3.75% Per HCAD	7% July 25th D At \$682 Bil @ 5%	8% Aug 31st E At \$690 B Certified @6%		
A		B						
ADOPTED TAX RATE	ADOPTED TAX RATE							
ADOPTED TAX RATE	ADOPTED TAX RATE							
Proposed Collections Tax Year 2023					Current TAX RATE	Including NEW Improvements Estimated TAX RATE	Including NEW Improvements Estimated TAX RATE	
Certified Taxable Value per HCAD *					Increase ->	\$ 42,906,650,707	\$ 49,404,872,116	
Values under protest or not certified					0.004780	0.004780	0.004780	
					\$ 674,190,471,194	\$ 682,313,247,956	\$ 688,811,469,365	
					674,190,471,194	682,313,247,956	688,811,469,365	
/ Rate per Taxable \$100					6,741,904,712	6,823,132,480	6,888,114,694	
X Tax Rate					32,226,305	32,614,573	32,925,188	
X Estimated collection rate					99%	99.00%	99.00%	
Projected Amount					31,904,041	32,288,428	32,595,936	
					1,519,440	1,903,826	2,211,335	
					\$ 31,904,041	\$ 32,288,428	\$ 32,595,936	
+Delinquent Tax Collections					100,000	100,000	100,000	
- Refunds								
+Special Assessments					16,238	16,238	16,238	
+ Penalty & Interest					-	-	-	
Estimated Current Tax Available for Operations:					\$ 32,020,279	\$ 32,404,666	\$ 32,712,174	
Net Gain or Loss on values					\$ 1,519,440	\$ 1,903,826	\$ 2,211,335	

Fund Balance Activity FY 24-25 Projected

Beginning Fund Balance

This is the projected FY 23-24 beginning fund balance.
The audited fund balance will be available until
January 2025.

Plus Revenues

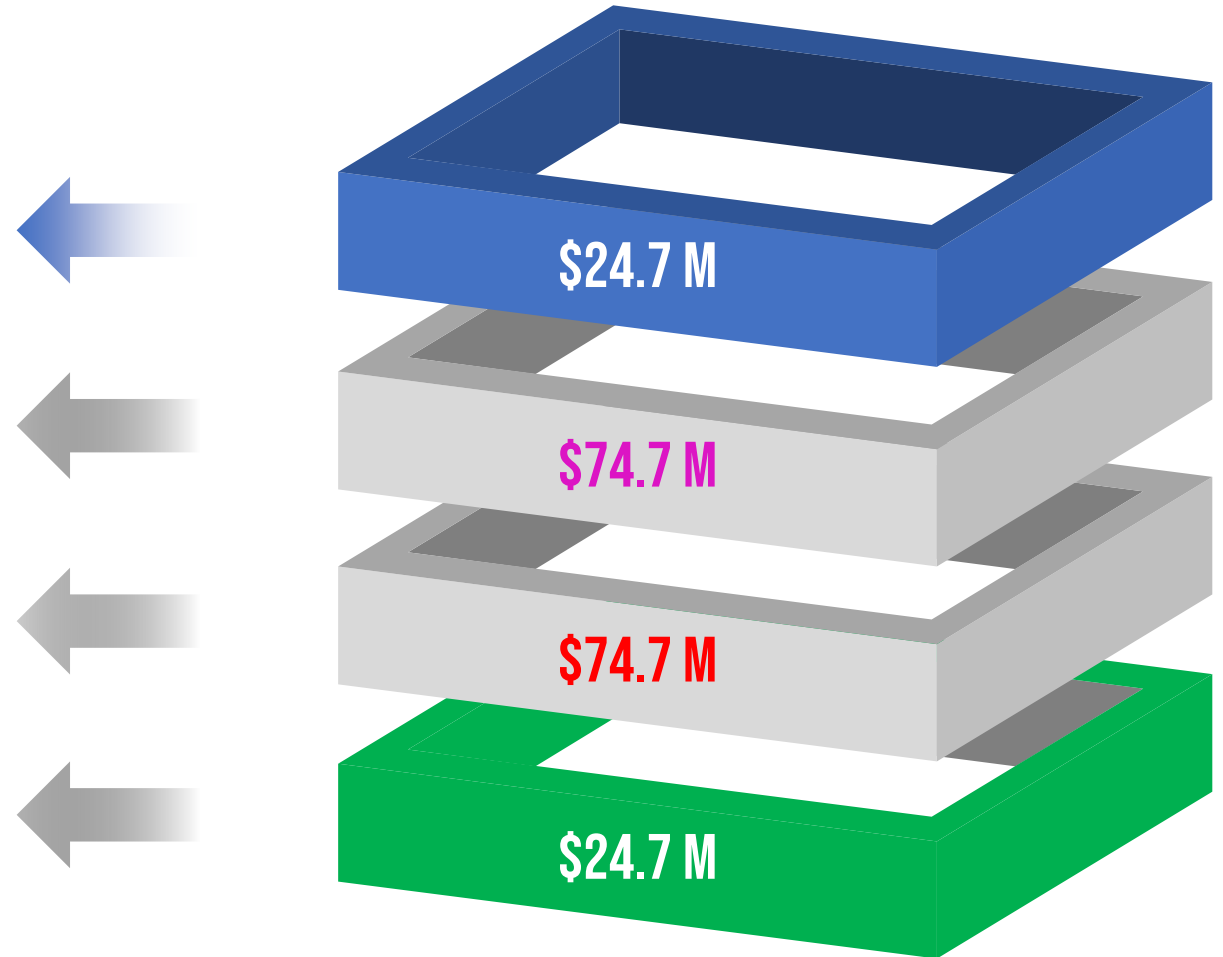
These are the projected revenues-
INFLOWS

Less Appropriations

These are the projected expenditures.
OUTFLOWS

Ending Fund Balance

This is the projected Ending Fund Balance.



Capital Improvement Plan Phase 1

Completed –
pending closeout

01

Adult ED Center

Construction of a 60,000 sq. ft facility to provide adult ed classes and programs



02

Irvington Remodel

Rehabilitation and remodeling of a 40,000 sq. ft. building.



Completed –
pending closeout

03

HP East Middle School

Construction of a 40,000 sq. ft facility to provide services to middle school students in Harris County.



04

AB East School

Construction of a 40,000 sq. ft facility to provide instructional services to special ed students in Harris County.



Completed –
pending closeout

Completed –
pending closeout



Pay As You Go Plan Plans

- Maintenance Needs
- Infrastructure Needs
- Capital Outlay Needs

Capital Improvement Plan Phase 2

2024 Series Maintenance Note Projects					
					20 YR
Projects for 2024					
Barrett Station HS Deck and Canopy					\$ 470,000
600 Crosstimbers Demolition					160,000
7800 Wesglen Demolition (ABS West)					333,000
Irvington Renovation					6,000,000
IT Dept Equipment Infrastructure					1,000,000
Projects for 2025					
6005 Westview Roof/HVAC Replacement					5,000,000
Fortis Academy Roof Replacement					650,000
Conference Center Roof Replacement					1,700,000
Furniture/Equipment					1,000,000
		-		-	\$ 16,313,000

Projected Estimated Fund Balance FY 24-25

**\$74,743,271 /GFund
/\$18,571,841
= 24.84%**

Or 4.024 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 \$18,571,841

includes amounts available for any legal purpose.

1%

Non

Spendable

0%

Restricted

8%

Committed

15%

Assigned

76%

Unassigned

Investing in our teacher, classroom and support staff workforce

General Fund Support staff

\$15 minimum
starting salary &
3% salary increase



Special Schools Teacher Salary and teacher Aides

Increase 3% for
teachers and new
Stipend and
recruitment stipend



All staff

Health Insurance
(employee only) fully
covered



Total Cost \$2,420,307

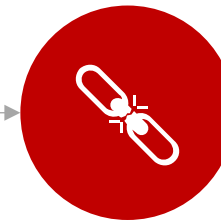
Head Start Support staff

\$15 minimum
starting salary &
HHS CPI



Other Admin Staff Salaries

3% salary increase to
maintain
compensation plan
competitiveness.



Next Steps

Board Workshop – July 29, 2024

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

Target Budget Approval Date July 29, 2024

Target Date - Certified Value – August 25, 2024

Target Potential Public Hearing – Sept. 2024

Target Date - Tax Rate Approval Date –
Oct. 2024

