

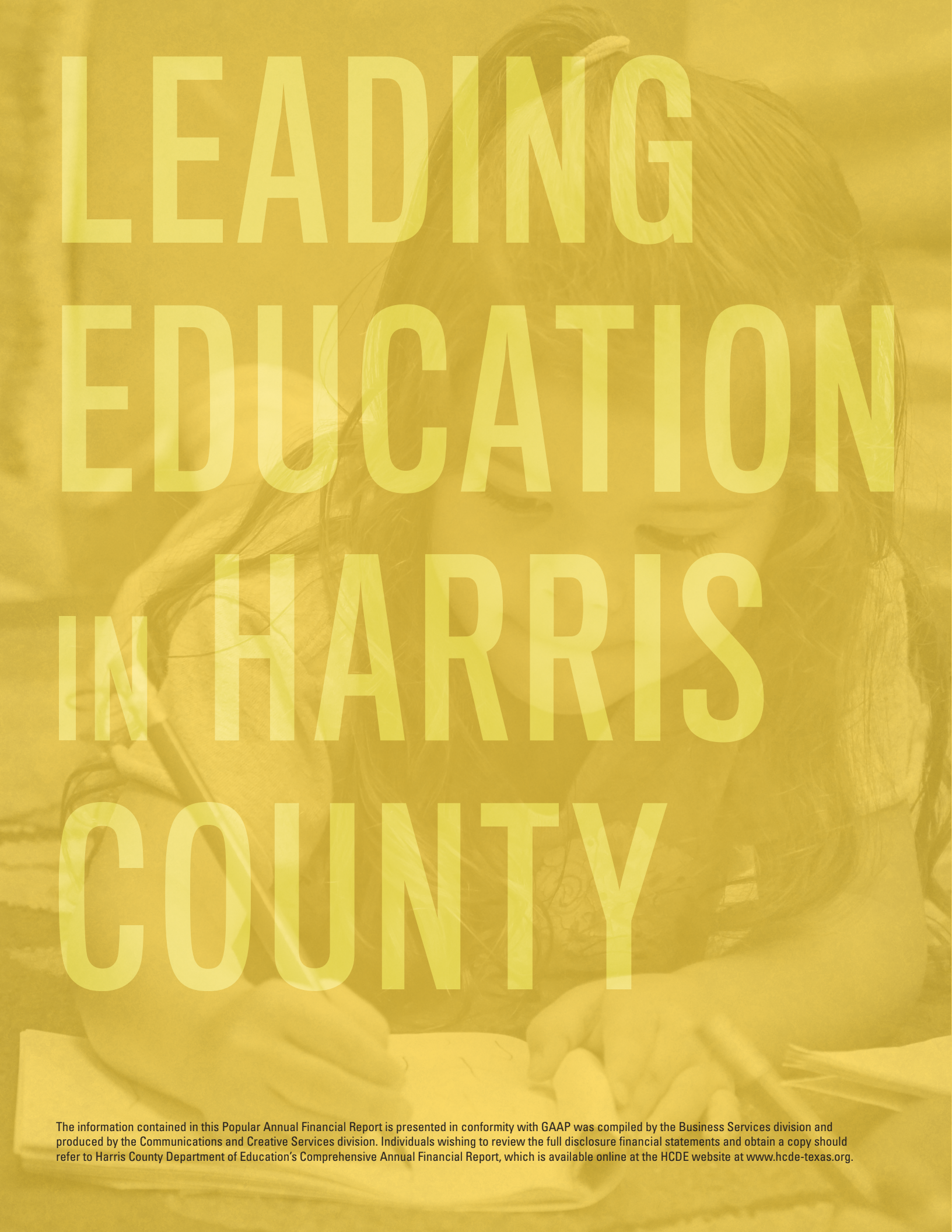
Harris County Department of Education

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED AUGUST 31, 2025

VIEW THE PAFR AND OTHER HCDE FINANCIAL REPORTS ONLINE

6300 IRVINGTON BLVD. | HOUSTON, TX 77022 | 713-694-6300 | WWW.HCDE-TEXAS.ORG



LEADING EDUCATION IN HARRIS COUNTY

The information contained in this Popular Annual Financial Report is presented in conformity with GAAP was compiled by the Business Services division and produced by the Communications and Creative Services division. Individuals wishing to review the full disclosure financial statements and obtain a copy should refer to Harris County Department of Education's Comprehensive Annual Financial Report, which is available online at the HCDE website at www.hcde-texas.org.

TABLE OF CONTENTS

2 MESSAGES FROM SUPERINTENDENT/ BUSINESS OFFICER

3 ABOUT HARRIS COUNTY

4 ABOUT THE DEPARTMENT

5 MISSION, GOALS, GOVERNANCE, AND ADMINISTRATION

6 BOARD OF TRUSTEES/ORGANIZATIONAL CHART

7 NUMBER OF DISTRICTS/ENTITIES SERVED

8 TAX RATES AND VALUES

10 ECONOMIC IMPACT TO ISDs

12 PROGRAMS AND SERVICES

16 INDICATORS OF SUCCESSFUL BUSINESS OPERATIONS

17 FINANCIAL STRENGTH AND EFFICIENCY INDICATORS

18 GOVERNMENTAL FUND REVENUES

19 FY 2024-2025 GRANTS

20 FY 2024-2025 GOVERNMENTAL EXPENDITURES

22 DEBT

23 GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD FOR OUTSTANDING ACHIEVEMENT IN POPULAR FINANCIAL REPORTING

MESSAGES FROM SUPERINTENDENT/ BUSINESS OFFICER



Our mission at the Harris County Department of Education (HCDE or the Department) is to advance excellence in the delivery of education in Harris County, Texas in partnership with the educational community. The Department is a vibrant organization which excels in many venues. Specifically, our enterprise activities and grant awards have increased, and we have likewise increased services to our member districts while reducing the tax burden to our taxpayers for the fourth year in a row. We have been able to leverage federal, state, and local dollars. Our Choice Partners Cooperative Program has reached new heights and continues to provide contract offerings that are legal, effective and valuable to the cooperative members.

In fiscal year 2024-2025, the Department received over $40.2 million in grants, and $29.7 million in local tax effort. We leveraged our local tax and provided over $215 million as an economic benefit to our member districts at a $7.26 to 1 ratio. The minimal tax (and recently lowered tax rate) levied by the Department allows us to provide valuable resources and supplementation to our local districts. We are thankful to our patrons for their financial support and seek continued support and involvement. We welcome the opportunity to showcase our best practices and programs.

We invite you to visit our campuses, the Department, and/or our Westview location to experience first-hand our focus and commitment to excellence. We motivate our staff every day to make a difference in every student's life, and to tweak the service delivery process to that same end. We have designed our processes to meet our mission to further educational opportunities in Harris County and continue to offer services outside our county to other clients in order to leverage our resources even more and reduce the cost impact to our taxpayers and clients.

Finally, in this era of increased accountability, we strive to be the most transparent and efficient of governmental agencies. We believe that education is the tool for prosperity and success for individuals, the state, and the nation.

Always in education,

James Colbert Jr.
County School Superintendent



We are pleased to present the HCDE Popular Annual Financial Report (PAFR) for the fiscal year ending August 31, 2025. This report is designed to make the financial operations of the Department easy to understand for our citizens and other readers. We have also included information about our program and service delivery to the learners and taxpayers of Harris County.

Our staff is committed to provide quality financial information that is transparent and readily available to the public. We have created a transparency page at Finance / Financial Transparency (hcde-texas.org) to further highlight our fiscal results and successes. For the past twelve years, the Department participates in the transparency program, and for fiscal year 2024-2025, it has received five Transparency Star Awards from the Texas Comptroller's Office.

The PAFR summarizes the financial activities and operating results of the Department and was gathered from the financial information reported in our FY2024-25 Annual Comprehensive Financial Report (ACFR). The ACFR is a more comprehensive document that is prepared in conformance with generally accepted accounting principles (GAAP) and audited by Whitley Penn, P.C. HCDE received an "unmodified" (the highest) opinion, meaning that—in their opinion—the financial statements fairly present, in all material respects, the respective financial position of the governmental activities of the Department.

The PAFR is unaudited and presented on a GAAP basis. While the underlying accounting methods are similar to the ACFR, the PAFR simplifies reporting by not including all segregated funds, required presentations, and full disclosure of all material financial and non-financial events. Citizens desiring to review the ACFR may obtain a copy from the Business Support Services Division at (713) 696-8249 or may view it on the HCDE website at www.hcde-texas.org.

Respectfully,

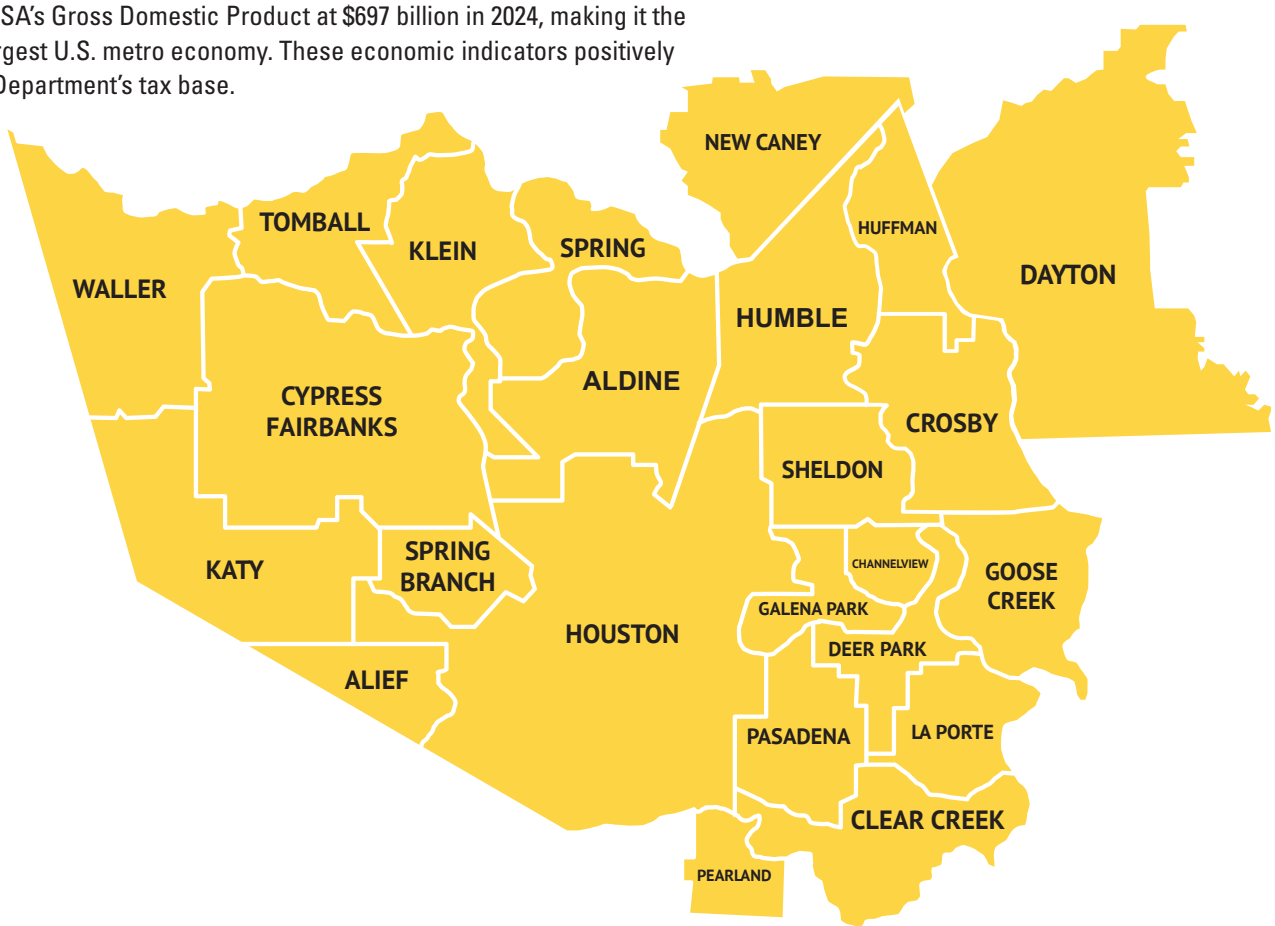
Jesus J. Amezcua, Ph.D., CPA, RTSBA, CPFIM
Assistant Superintendent - Business Services

ABOUT HARRIS COUNTY

HCDE is located in Harris County in the upper Gulf Coast region of Texas, approximately 50 miles from the Gulf of Mexico. Harris County, with 5 million people, is the largest county in Texas and remains the third most populous in the United States. Ranked as one of the top ten fastest-growing counties in the nation, Harris County is exceptionally diverse.

Harris County and the Houston metropolitan area are among leaders in business development nationwide. Houston is a leader in aerospace technology, industrial engineering, and medical research, while a diversified profile fuels the local economy. The county's major hospitals, many concentrated just south of downtown Houston in the Texas Medical Center, offer world-class facilities for general and specialized medical needs.

Houston is the fourth largest city in the nation, and its long-term outlook remains bright. The region's population is expected to surpass 8 million by the end of the decade. The U.S. Bureau of Economic Analysis estimates the Houston MSA's Gross Domestic Product at $697 billion in 2024, making it the seventh largest U.S. metro economy. These economic indicators positively affect the Department's tax base.



In fiscal year 2025, there were 25 public school districts, as well as charter, private, and parochial schools, located either entirely or partially within Harris County. The county is also home to many colleges, universities, institutes, and technical schools.





ABOUT THE DEPARTMENT

HCDE is an entity separate and distinct from county agencies of Harris County, Texas. The Department's primary service area covers 1,707 square miles. The Department offers services to 25 rural, suburban, and urban school districts, located either entirely or partially within Harris County and to neighboring school districts and governmental agencies in surrounding counties. HCDE also supports schools, education service centers, and other governmental agencies statewide.

HOW IS HCDE FUNDED?
HCDE generates approximately 70% of its funding to serve children and adult students through grants and by charging reasonable fees for the services it provides. Approximately 30% of HCDE's funding is generated from a local property tax rate that may never exceed ONE cent. In Tax Year 2024, the average homeowner in Harris County paid an estimated $11.52 per year to HCDE based on a $300,000 home, with homestead exemption, and an adopted tax rate of 0.004799 per $100 valuation.

DO SCHOOL DISTRICTS PAY THE FULL COST OF SERVICES PROVIDED BY HCDE?
HCDE has a below-market fee structure that reduces cost to districts. The current half of the 1-cent property tax rate collected by HCDE creates the organizational infrastructure of management and accountability that allows HCDE to provide services to be developed.

DOES HCDE HAVE SERVICES THAT CAN BE ACCESSED BY OUT-OF-COUNTY ENTITIES?
Service to out-of-county entities generate additional revenue that HCDE uses to support services to Harris County students, teachers, and districts at no cost to Harris County taxpayers. This is another way in which HCDE maximizes its resources for taxpayers.







MISSION, GOALS, GOVERNANCE AND ADMINISTRATION

OUR MISSION

Harris County Department of Education supports Harris County by enriching educational opportunities and providing value through services.

GOALS

HCDE will:

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

ORGANIZATIONAL AUTHORITY AND GOVERNANCE

Harris County Department of Education (HCDE or the Department), a political subdivision of the state of Texas, is located in Houston. The Harris County Board of Education (the Board), elected by the voters of Harris County, has governance over all activities and operations of the Department. The Board consists of seven members who serve overlapping, six-year terms.

The Department is a primary governmental unit and is not included in any other governmental "reporting entity." The Harris County Department of Education Public Facility Corporation (PFC) has been included as a blended component unit in the financial statements of the Department. The PFC, a legally separate entity, is reported as a capital projects fund that is part of the Department's operations, and its purpose is to finance the Department's construction and building acquisition needs. The Education Foundation of Harris County (EFHC) is included as a discretely-presented component in the financial statements of the Department. The EFHC, a non-profit entity, was set up to raise money to support the Department. A financial statement may be obtained from the office of the EFHC. No other organizations meet the criteria specified by GASB 39 to be included as a component unit within the reporting entity.

2024-2025
BOARD OF TRUSTEES



Amy Hinojosa
President



Richard Cantu
1st Vice President



Erica Davis
2nd Vice President



Andrea Duhon



Eric Dick

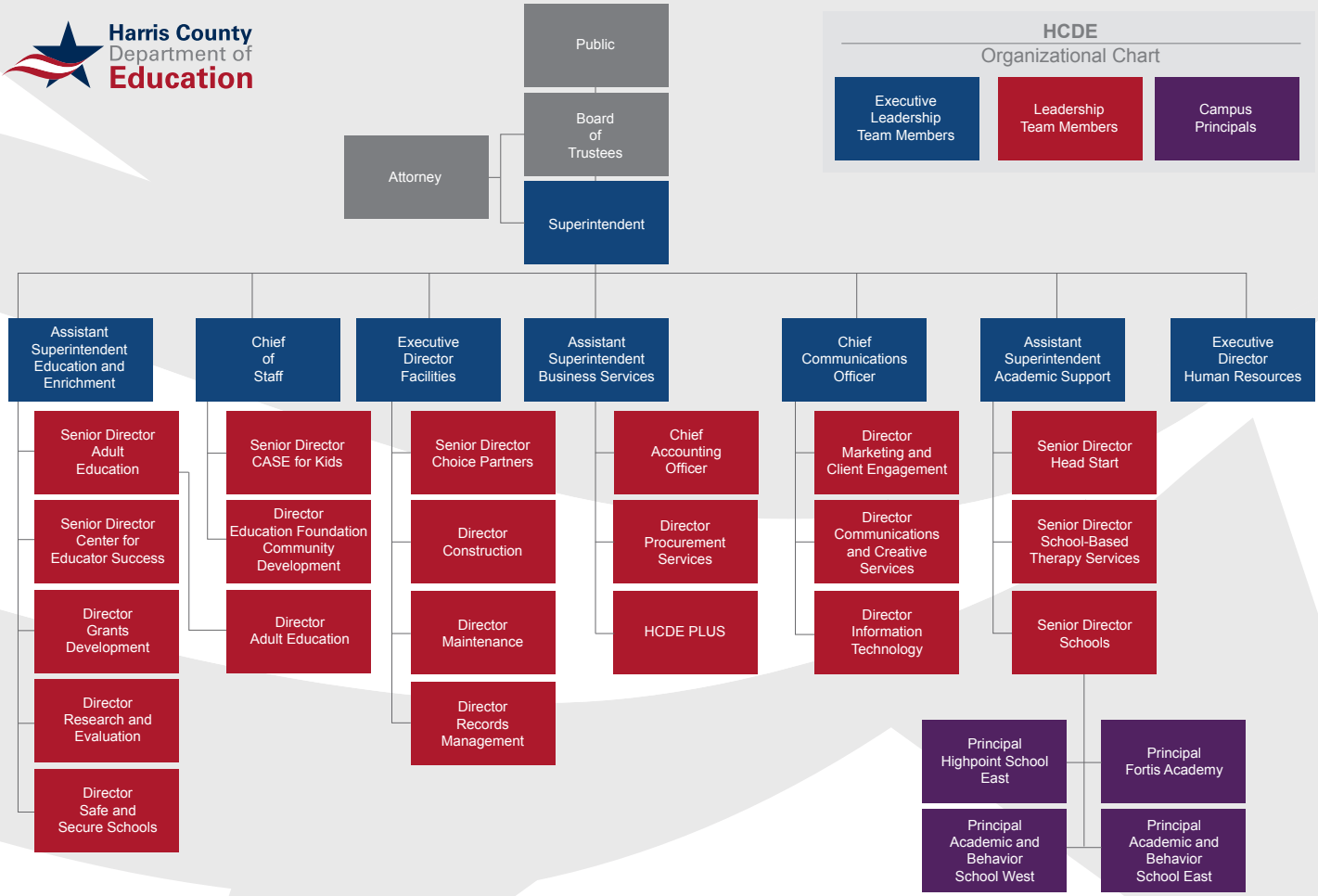


Dr. John McGee



Silky Joshi-Malik

Harris County Department of Education



NUMBER OF DISTRICTS/ENTITIES SERVED

HCDE Divisions	Governmental Entities	Harris County ISDs	In County Charter Schools	Other Educational Entities	Other Entities	Out of County Charter Schools	Out of County ISDs and Education Service Centers	Private Non-profits	Total
Adult Education	0	10	0	0	0	0	1	0	11
Business Services	9	22	1	3	1	0	28	1	65
CASE for Kids	8	14	8	41	20	0	2	154	247
Center for Educator Success	2	22	4	46	21	0	12	9	116
Center for Grants Development (CGD)	3	14	0	4	9	0	1	25	56
Center for Safe and Secure Schools (CSSS)	45	22	6	10	32	1	14	18	148
Choice Partners	803	25	44	424	75	44	973	221	2609
Head Start	0	9	0	0	0	0	0	0	9
Records Management	32	18	16	5	2	10	14	0	97
Research & Evaluation Institute (REI)	0	14	1	2	0	0	2	1	20
School-Based Therapy Services	1	13	7	0	0	0	12	0	33
Schools: AB East	0	12	1	0	0	0	11	0	24
Schools: AB West	0	14	0	0	0	0	17	1	32
Schools: Highpoint	0	10	1	0	0	0	1	0	12
Schools: Fortis Academy	0	4	0	0	0	0	2	0	6
Marketing and Client Engagement	6	12	0	11	6	0	10	5	50

During 2024-2025, 16 divisions of Harris County Department of Education (HCDE) served a total of 702 different entities. Divisions also served a total of 47,390 students directly; 143,822 students indirectly; and 26,123 teachers and educators, which combined results in an overall total of 221,524 individuals served. Additionally, the Facilities division prepared room set-up for 140,000 visitors to the main building located at 6300 Irvington Boulevard. Choice Partners serves multiple users per entity. For purposes of this report, we cite the number as one to depict one group of users per organization.

TAX RATES AND VALUES

ABOUT PROPERTY TAXES

The Department's tax year runs concurrently with the calendar year, January 1 through December 31. Property taxes are levied by October 1 in conformity with Subtitle E., Texas Property Tax Code, on the appraised value listed as of the prior January 1, for all real and business personal property located within Harris County Department of Education's taxing jurisdiction. Taxes are due upon receipt of the tax bill in October. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Taxes become delinquent if not paid before February 1. On July 1, additional penalties and interest are imposed on unpaid taxes.

Appraised values are established by the Harris County Appraisal District of Harris County, Texas. The Department's property tax rate is established in accordance with state law. The Department's County Board of Education (the Board) sets the equalization tax rate. Currently, the Department does not have a debt service tax rate. Billing and collection of tax levies are performed by the Harris County Tax Assessor-Collector's Office. Tax revenues received are used in financing the Department's general government expenditures, in accordance with applicable law.

TAX RATES AND VALUES

The Department's tax rate for the **2024 tax year was $.004799** per $100 assessed property valuation. The assessed property valuation for the same period was $653 billion, resulting in an adjusted tax levy of **$30.3 million.** The assessed valuation increased 2.11 percent, from $640 billion in tax year 2023 to $653 billion in tax year 2024.

The current tax collection rate for fiscal year **2024-25 was 97.94 percent**. **In the tax year 2024, the average (homeowner) taxpayer paid $11.52 per year based on a $300,000 home with homestead exemption and an adopted tax rate of $0.004799 per $100 valuation.**

Tax values are assessed as of January of each calendar year. The tax assessments for tax year **2025 will be collected in fiscal year 2025-2026.**

Consistent with statutory requirements, equalization tax funds are expended to equalize educational opportunities and advance public free schools in Harris County. HCDE follows the Texas Comptroller's Truth in Taxation - A Guide to Setting Tax Rates for Taxing Units Other than Schools.

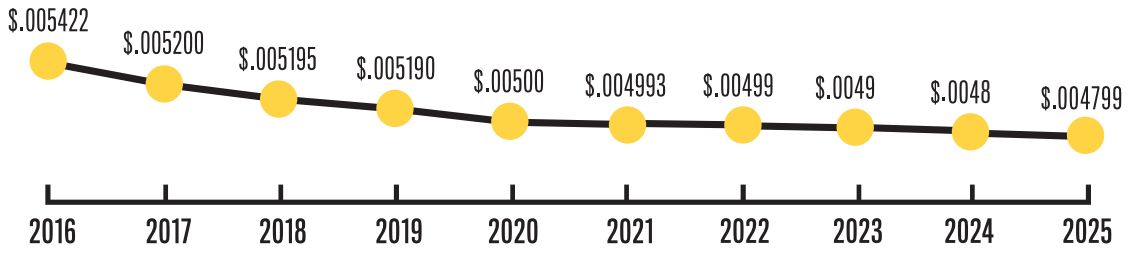


PROPERTY VALUES AND TAXES

FISCAL YEAR	TAX YEAR	TAX RATE	ACTIVITY-ALL TAX YEARS			ASSESSED-APPRAISED VALUES	UNCOLLECTED AT 8/31/2025
			CURRENT TAX LEVY	AMOUNT COLLECTED	PERCENT COLLECTED		
2025	2024	0.004799	$30,315,911	29,691,816	97.94%	$653,363,198,127	$624,095
2024	2023	0.004800	30,819,114	30,550,456	99.13%	$639,568,198,447	$268,658
2023	2022	0.004900	28,238,131	28,106,245	99.53%	$574,324,822,145	$131,886
2022	2021	0.004990	25,583,859	25,501,056	99.68%	$508,722,385,930	$82,803
2021	2020	0.004993	25,252,221	25,180,580	99.72%	$501,765,295,099	$71,641
2020	2019	0.005000	23,937,452	23,882,816	99.77%	$477,646,161,016	$54,636
2019	2018	0.005190	23,187,623	23,144,923	99.82%	$445,338,264,373	$42,700
2018	2017	0.005195	22,230,714	22,187,494	99.81%	$434,078,173,795	$43,220
2017	2016	0.005200	21,678,010	21,642,461	99.84%	$416,884,796,154	$35,549
2016	2015	0.005422	21,040,325	21,030,764	99.95%	$388,054,684,618	$9,561
2015 & PRIOR	2015 & PRIOR	VARIOUS	VARIOUS	VARIOUS	VARIOUS	VARIOUS	92,569
						TOTALS:	**$833,223**

PRINCIPAL TAXPAYERS IN HARRIS COUNTY, TEXAS FOR TAX YEAR 2024			
RANK	TAXPAYERS	TAXABLE VALUE (a)*	PERCENT OF TOTAL ASSESSED VALUE (b)
1	Centerpoint Energy, Inc.	$5,967,413	0.91%
2	Exxon Mobil Corporation	4,942,174	0.76%
3	Chevron Phillips Chemical Company LP	3,534,954	0.54%
4	Equistar Chemicals LP	1,833,954	0.28%
5	LYB Channelview POTBA LLC	1,396,026	0.21%
6	Lyondell Chemical	1,139,363	0.17%
7	HEB Grocery Co LP	1,124,062	0.17%
8	United Airlines Inc.	1,107,270	0.17%
9	Palmetto TransOceanic LLC	1,062,329	0.16%
10	Walmart	1,031,573	0.16%
	TOTAL	**$23,139,118**	**3.53%**

***values in thousands**



(a) Amounts for these taxpayers do not include taxable valuations, which may be substatial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.

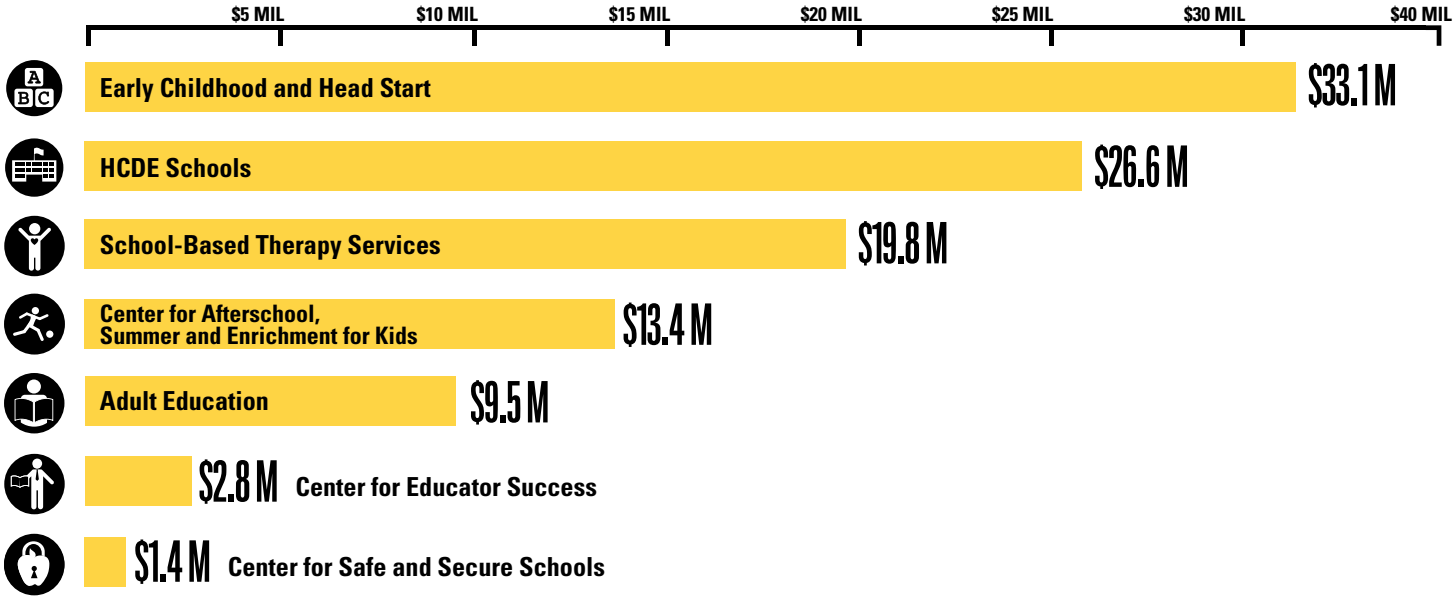
(b) Based on total taxable values as of August 2025.

Source: Harris County (Texas) Appraisal District

ECONOMIC IMPACT TO ISDs

HCDE SERVICES PROVIDED TO ALL HARRIS COUNTY SCHOOL DISTRICTS (2024-2025)

Direct Support



SUPPORT SERVICES TO DISTRICTS

$4.1M RECORDS MANAGEMENT**

191,212 STUDENTS SERVED

$102.9M CHOICE PARTNERS COOPERATIVE*

26,123 TEACHERS AND EDUCATORS SERVED

*Choice Partners provides contract procurement and management services, saving Harris County school districts time and money when they access legal, competitively bid contracts already awarded by HCDE's governing board.

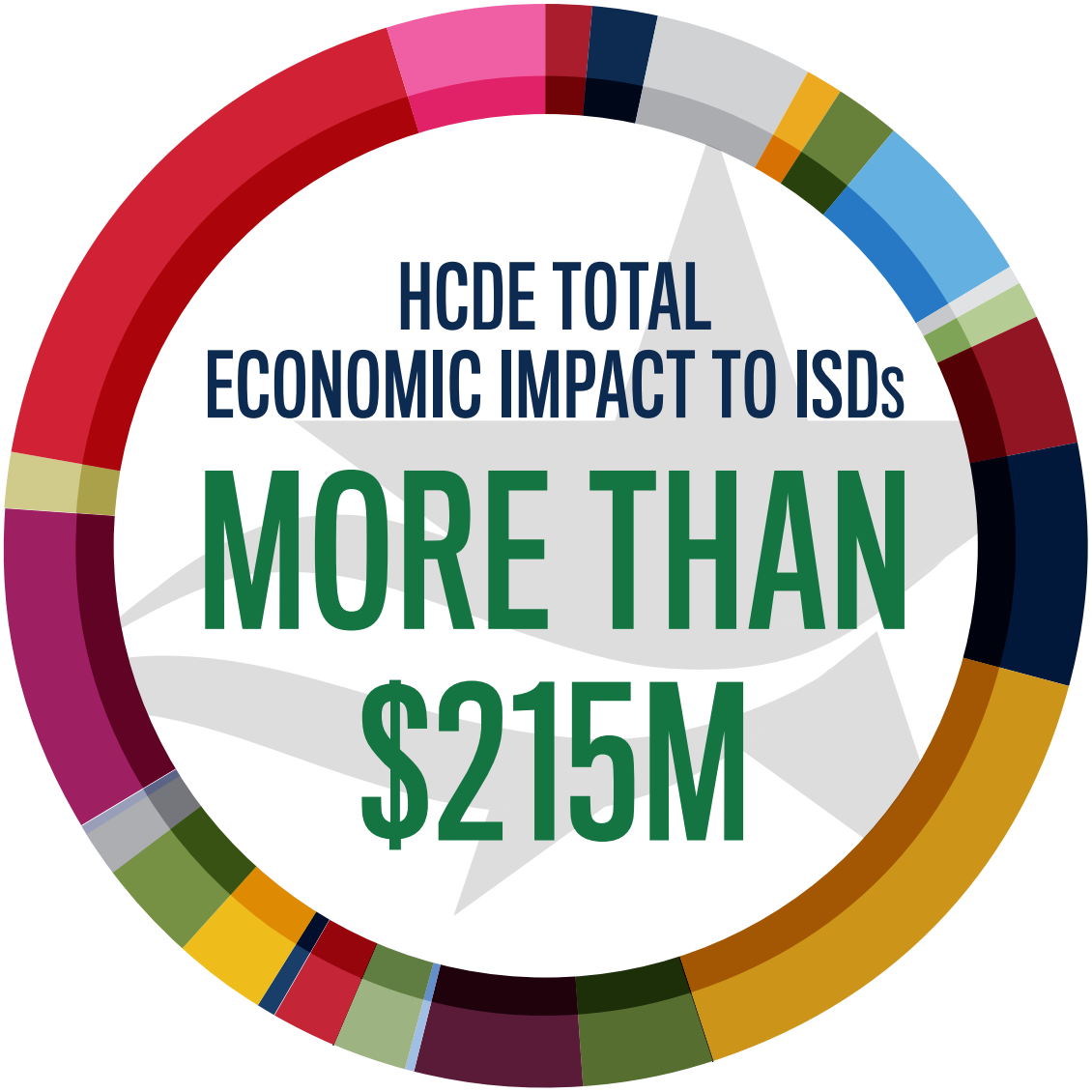
**Records Management provides services that include vital and confidential records storage, electronic imaging and shredding. The off-site setting for school districts, municipalities and government entities is cost effective, accessible, safe and in many cases, meets compliance requirements.

Dollar amounts show the total value of services provided to organizations using Records Management and Choice Partners. They represent unaudited financial data for the 2024-2025 fiscal year. Due to the delivery of services between fiscal years, number do no total.

ECONOMIC IMPACT TO ISDs

All HCDE services are highlighted in HCDE's Popular Annual Financial Report (PAFR) and Service Catalog.

Note: Other entities include cities, counties, MUDs, not for profit entities, the state, colleges and universities, and other governmental entities.



- **Aldine:** $5,480,234
- **Alief:** $4,263,265
- **Channelview:** $5,851,827
- **Clear Creek:** $1,453,887
- **Crosby:** $5,903,707
- **Cy Fair:** $7,848,473
- **Dayton:** $723,851
- **Deer Park:** $1,920,658
- **Galena Park:** $6,058,881
- **Goose Creek:** $9,138,510
- **Houston:** $25,911,820
- **Huffman:** $477,113
- **Humble:** $8,041,126
- **Katy:** $7,054,393
- **Klein:** $1,036,027
- **La Porte:** $3,266,415
- **New Caney:** $1,311,449
- **Pasadena:** $2,694,051
- **Pearland:** $673,332
- **Sheldon:** $5,249,063
- **Spring:** $3,187,109
- **Spring Branch:** $3,597,971
- **Stafford:** $319,392
- **Tomball:** $922,673
- **Waller:** $776,680
- **Other ISDs:** $47,685,247
- **Charters:** $6,166,628
- **Other Entities:** $44,519,769
- **Virtual:** $4,001,809

HCDE maximizes tax resources to provide an economic impact to ISDs at a ratio of $7.26 to $1. Absent HCDE's investment of resources, Harris County school districts would be required to generate more than $215 M to replace the services at an average local tax rate of 1 to 34 cents on their maintenance and operation rate. (ISDs may not have the ability to increase their rate due to statutory limitations.)

FY 2024-2025 PROGRAMS AND SERVICES





CENTER FOR AFTER-SCHOOL, SUMMER AND ENRICHMENT FOR KIDS

18,039 STUDENTS SERVED

HCDE's CASE program provides quality after-school programming in 42 after-school sites across greater Harris County, serving over 18,000 students in elementary grades through high school.

DID YOU KNOW?

Over the past 10 years, CASE has raised over $85 million from funding sources including the Texas Education Agency (TEA), Texas Workforce Commission (TWC), Houston Endowment, and the Education Foundation of Harris County. Most of these dollars are then passed on to community partners who operate the programs in our neighborhood schools.

- CASE has been providing quality after-school programming to the youth of Harris County since 1999.
- CASE's mission is to strengthen, support, and sustain quality after-school programming for all children.

ADULT EDUCATION

6,669 STUDENTS SERVED

HCDE's Adult Education division provides exceptional adult education services to all adults desiring to improve their basic skills in order to obtain a job or advance a career. Obtaining such skills usually leads to the students' active participation in their communities as well as the ability to help educate their children.

Adult Education services include but are not limited to:

- Preparation for the Texas High School Equivalency Exams
- Adult Basic Education (Grade equivalent 1-8)
- Adult Secondary Education (Grade Equivalent 9-12)
- Workforce development programs and opportunities

English as a Second Language (ESL) is another essential program offering and is delivered in the following sections:

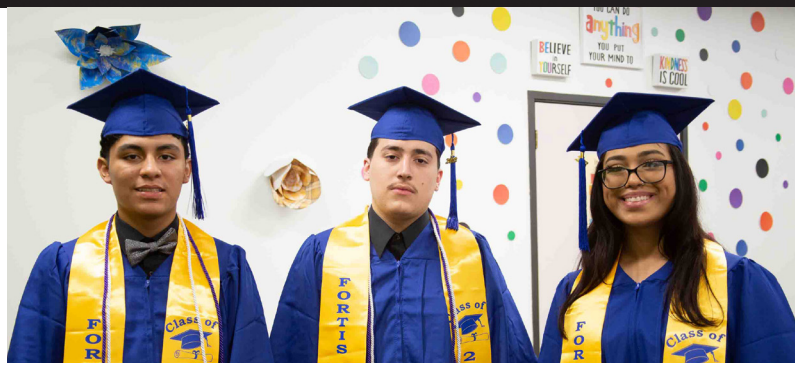
- Levels 1-6 (Beginning Literacy ESL to Advanced ESL)
- English Language Civics
- Citizenship
- Workplace ESL

DID YOU KNOW?

- HCDE provides over 600 adult education classes virtually (77%) and in-person (23%) in 13 sites in Harris County.
- A total of 119 students received a Texas High School Equivalency Certificate, and 347 students earned vocational certifications.
- More than 60 adult learners participated in the latest Career Pathways Signing Day, connecting those who completed workforce training with employment offers from to Harris County companies.

FY 2024-2025 PROGRAMS AND SERVICES





HCDE SCHOOLS
701 STUDENTS SERVED

HCDE Schools currently serve nearly 50 school districts in Harris and surrounding counties. The four campuses provide highly-specialized programs for students from ages 5-22. Our campuses provide alternative pathways for student success.

The two Academic and Behavior (AB) schools serve special education students placed by the Admission, Review and Dismissal (ARD) committees from their home districts. The students have been identified with intellectual or developmental disabilities or are labeled Emotionally Disturbed. Each classroom is staffed with a highly qualified, certified teacher and an educational aide who work with up to six students. Small class sizes offer students individualized or small group instruction to develop their academic and social skills to their full potential.

Highpoint School serves students who have been placed by their home districts for violations of the district's Student Code of Conduct or Chapter 37 of the Texas Education Code. Highpoint serve students in grades six through twelve. Each classroom is staffed with a highly qualified, certified teacher who works with up to 15 students in each class. Academics, credit recovery, and social skills are the emphasis in the curriculum provided to the Highpoint students.

The Highpoint campus provides students the opportunity, through alternative pathways, to return to their home campuses and districts to be successful. With dedicated staff, caring environments, structured programming, and a strong transition program, our students are able to successfully re-integrate into their home districts.

In 2017, the Department created the Fortis Academy, which serves students with substance abuse problems and those seeking recovery assistance. Today, Fortis serves more than 40 students facing addiction. A development plan was prepared to identify the program need, feasibility and financing. Information on recovery schools was collected for the study.

DID YOU KNOW?

- Our curriculum is aligned with the Texas Essential Knowledge and Skills (TEKS).
- High school students are able to recover or accelerate the acquisition of credits to graduate.
- A strong social skills program teaches self-discipline, decision-making skills, and personal responsibility for students to own and solve their own problems.
- A transition program, with targeted goals, provides support for the student, parents, and home campus staff upon the student's return to ensure success at the home campus.

FY 2024-2025 PROGRAMS AND SERVICES





SCHOOL-BASED THERAPY SERVICES
7,560 STUDENTS SERVED

Our School-Based Therapy Services division has a staff of over 180 occupational therapists, occupational therapist assistants, physical therapists, physical therapist assistants and music therapists who serve school-aged children who are challenged by autism, intellectual disabilities, orthopedic impairments, learning disabilities, attention deficit disorder, and/or auditory or visual impairments.

Our staff also provide training to parents, volunteers, educators, and community healthcare professionals. We partner with colleges and universities to assist in creating a new generation of specialists to serve children with disabilities. We provided training and assistance to 4,957 teachers/educators in 2023-2024.

Our services include evaluation, intervention, problem-solving, and training. We also offer management consulting, program evaluation and staff development/training to our school districts and charter schools.

DID YOU KNOW?

- Division therapists provided 23,321 days of service to students in and around Harris County who needed occupational therapy, physical therapy, and/or music therapy.
- Our services are paid for primarily through contracts from districts and programs on a fee-for service basis.
- Our staff travel to schools, homes, jobsites, or wherever students are receiving their education.

Our School-Based Therapy staff:

- Problem-solves to remove barriers so that children with disabilities can achieve and participate alongside their peers;
- Fosters social/emotional health through play-based activities and curriculum;
- Assists with transition planning and helps students acquire the skill set needed to succeed after graduation;
- Supports teachers by helping them understand how a student's disability affects their participation and success in the classroom; and
- Works with students and trains teachers to help students improve their mobility, self-help, behavior, attention, and other skills needed to be successful at school.

CENTER FOR SAFE AND SECURE SCHOOLS
142,907 STUDENTS SERVED

Since 1999, the Center for Safe and Secure Schools has advanced safe and secure environments for teaching and learning by involving segments of both educational and business communities. This has led to the improved safety for almost 1 million students in HCDE service districts. The Center functions around several key components which include Emergency Management, Planning and Operations; Crisis Response and Recovery; Safety Assessment, Review and Audits; and fostering positive school Culture and Climate with an emphasis on Mental Health and Trauma Informed Practices.

DID YOU KNOW?

- CSSS hosted its inaugural School Safety Summit in Aug. 2025, gathering first responders, law enforcement and industry personnel to learn and share insights on the latest legislative updates.

FY 2024-2025 PROGRAMS AND SERVICES





HEAD START

1,433 STUDENTS SERVED

Head Start is a federally-funded program for preschool children from low-income families, and HCDE operates 12 Head Start locations. Children who attend Head Start participate in a variety of educational activities. They also receive free vision, hearing, nutrition, and developmental screenings; eat healthy meals and snacks; and enjoy age-appropriate play, both indoors and outdoors in wholesome settings.

Head Start helps all children succeed. Services are offered to meet the special needs of children with disabilities. Children in Head Start are between the ages of three and five years.

DID YOU KNOW?

- Our Head Start division provides services to children and families in at least 43 zip codes in east Harris County.

CENTER FOR EDUCATOR SUCCESS

13,903 STUDENTS SERVED

The Center for Educator Success improves student achievement by providing comprehensive certification pathways, leadership development and targeted student recognition programs. Our staff advances teaching and learning by equipping teachers and principals with practical training, ongoing coaching and research-based strategies that strengthen instruction and campus performance.

We offer support to districts in the following ways:

- Alternative Teacher Certification Program
- Lead Strong Principal Academy
- Leadership Speaker Series
- Scholastic Art & Writing Awards
- Early Childhood Winter Conference
- Digital Instruction Certification

COOPERATIVE PROGRAMS

2,609 ENTITIES SERVED

Choice Partners Cooperative offers quality, legal procurement and contract solutions to meet government purchasing requirements.

Choice Partners includes:

- Facilities planning and facility contracts to meet needs for remediation, renovation, and remodeling;
- Supplies and service contracts, including a comprehensive school supply catalog;
- Food contracts for bread, dairy, grocery, produce, and cleaning products and equipment;
- Technology products, cloud services, software, consulting and resources for today's electronic demands; and
- Energy contractors that help governmental entities exercise power over energy costs

DID YOU KNOW?

- More than 200 students attended the 20th Annual Nutrition and Product Expo, giving their input on food and beverages offerings that help nutrition directors shape their school cafeteria menus.

INDICATORS OF SUCCESSFUL BUSINESS OPERATIONS



FY 2024-2025 WAS A SUCCESSFUL YEAR FOR HCDE

KEY INDICATORS

- 97.94% current tax collection rate
- Administered over $40.2M in local, state, and federal grants including indirect cost
- Provided $215M in economic benefits through cooperatives, grants, and fees for services, including professional development
- Unmodified opinion expressed by the independent auditors-which is the best kind of auditors' opinion
- No "Findings" or "Questioned Costs" in the annual financial report
- Maintained a credit rating of "AAA" from Standard & Poor's and "Aaa" from Moody's

AWARDS AND RECOGNITION FOR EXCELLENCE IN FINANCIAL REPORTING

ASBO Pinnacle Awards

Moody's AAA Rating

NIGP The Institute for Public Procurement

tasbo Texas Association of School Business Officials

ASBO Certificate of Excellence in Financial Reporting

GFOA Certificate of Achievement for Excellence in Financial Reporting

GTOT Government Treasurers' Organization of Texas Est. 1987

Transparency Star Texas Comptroller Contracts & Procurement

Transparency Star Texas Comptroller Open Government & Compliance

Transparency Star Texas Comptroller Debt Obligations

Transparency Star Texas Comptroller Traditional Finances

Transparency Star Texas Comptroller Public Pensions

HCDE FINANCIAL STRENGTH AND EFFICIENCY INDICATORS

AS OF AUGUST 31, 2025

FINANCIAL STRENGTH RATIO GF Fund Balance to Total Governmental Expenditures		DEBT TO INCOME RATIO What is the ability of HCDE to cover its debt payments?	
Unassigned Fund Balance:	**$24,300,720**	**Annual Principal and Interest Payments on Long Term Debt and Capital Leases:**	**$3,691,360**
Total Governmental Expenditures:	**$116,072,135**	**G/F Revenue Less Facility Charges:**	**$60,735,551**
Goal: >30% of G/F Exp. **Benchmark:** 10% to 29% **Critical:** Under 10%		**Goal:** <25% of annual revenue **Benchmark:** 25% to 49% **Critical:** Over > 50%	
21%		**6.1%**	

G/F - General Fund
Unassigned Fund Balance - Funds not yet restricted, committed or assigned
Total Governmental Expenditures - include G/F Funds, Special Revenue Funds, and other Governmental Funds

HCDE EFFICIENCY INDICATORS

TAX REVENUE TO TOTAL REVENUE RATIO How efficient is HCDE at leveraging local taxes?		FEE FOR SERVICE REVENUE RATIO How are revenues spread across all funds?	
Total Tax Revenue:	**$30,989,265**	**Total Fee for Service Revenues (GF) and Choice Partners**	**$36,079,959**
Total Revenue:	**$121,826,041**	**Total Revenue:**	**$121,826,041**
Goal: >20% of revenue **Benchmark:** 20% to 33% **Danger:** More than 33%		Goal: <25% of annual revenue Benchmark: 25% to 49% Critical: Over > 50%	
25%		**30%**	

HCDE is a model for maximizing dollars by using non-duplicative infrastructure to attract administrative grants while maintaining a strong financial position as evidenced by strong bond ratings and reserves as well as transparent operations.

GOVERNMENTAL FUND REVENUES

FY 2024-2025 REVENUE SOURCES

HCDE accounts are organized on the basis of funds including:

- General Fund
- Special Revenue Funds
- Debt Service Fund
- Capital Projects Fund
- Choice Partners Enterprise Fund
- Internal Service Funds

LOCAL SOURCES

Local revenue sources - such as charges for services, property taxes, local grants and other monies, comprised 62 percent of total revenues in FY 2025. Charges for services are a significant source of revenue for HCDE, constituting 24 percent of total revenues this year. Property taxes account for 30 percent of total revenues while other sources represented 8 percent of total revenues.

STATE SOURCES

State sources of revenue account for 5 percent of total revenues, increasing this year by almost 10% due to an increase in state-matching resources.

FEDERAL SOURCES

Revenues from federal sources including Adult Education, CASE and Head Start grants equaled 33 percent of total revenues. These federal sources also include various non-major governmental funds. Federal revenues showed a 4 percent decrease from last year due to a reduction in Head Start funding as several facilities completed construction.

OTHER GOVERNMENTAL SOURCES

The $13M difference between total revenues of $102M on page 18 and total expenditures of $116M on page 20, will decrease the Department's fund balance. The reduction in fund balance was primarily due to the completion of planned construction.

	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22
		LOCAL SOURCES		
Charges for Services	$24,230,472	$27,190,432	$22,888,414	$20,489,236
Property Taxes, Levied for General Purposes	30,908,953	30,103,630	27,771,515	25,368,044
Local Grants	6,509,770	7,488,956	4,384,519	4,589,937
Miscellaneous	2,474,803	2,905,199	5,004,814	512,947
TOTAL LOCAL SOURCES:	**$64,123,998**	**$67,688,217**	**$60,049,262**	**$50,960,164**
		STATE SOURCES		
Grants-Restricted to Specific Program	$529,800	$529,800	$529,800	$529,800
TRS On-Behalf Payments	4,382,360	3,941,476	3,295,407	3,019,944
TOTAL STATE SOURCES:	**$4,912,160**	**$4,471,276**	**$3,825,207**	**$3,549,744**
		FEDERAL SOURCES		
Grants-Restricted to Specific Program	33,678,873	35,013,688	35,631,232	28,324,438
TOTAL REVENUES:	**$102,715,031**	**$107,173,181**	**$99,505,701**	**$82,834,346**

	PROPRIETARY FUNDS			
	Choice Partners	**Workers Compensation**	**Facility Charges**	**Total Governmental Funds**
Revenues - Local Sources	$11,886,282	$512,363	$6,712,365	$19,111,010

Governmental Funds include the General Fund, Special Revenues Funds, Capital Projects Fund and Debt Service Fund.

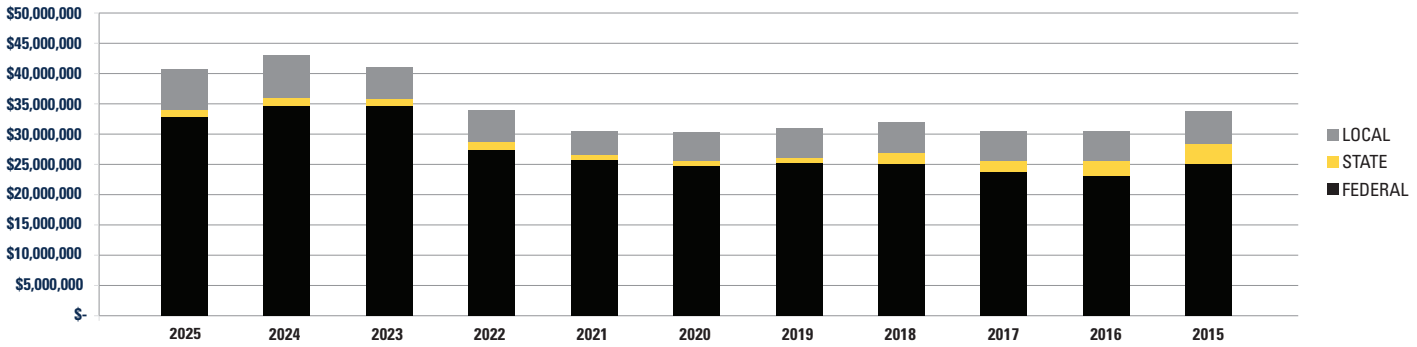
The revenues for FY 2024-2025 as compared to FY 2023-2024 decreased by $4,458,150 or 4.2% mainly due to decrease in service charges.

GOVERNMENTAL FUND REVENUES

MAJOR FUNDS					
SPECIAL REVENUE FUNDS					
	General	Head Start Program	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Sources	$57,154,020	-	$573,729	$6,396,249	$64,123,998
State Program Revenues	4,912,160	-	-	-	4,912,160
Federal Program Revenues	2,639,059	1,826,489	-	29,213,325	33,678,873
TOTAL REVENUES:	**$64,705,239**	**$1,826,489**	**$573,729**	**$35,609,574**	**$102,715,031**

FY 2024-2025 GRANTS

Grants are resources that are limited to being used for specific purposes by the grantor. During fiscal year 2024-25, HCDE received $40,718,443 in revenues from local, state, and federal grants. This represents a 5 percent decrease of $2,314,001 under fiscal year 2023-2024. Below is a chart presenting the last 10 years in grants for the Department.



	2025	2024	2023	2022	2021	2020
FEDERAL	$33,678,873	$35,013,688	$35,631,232	$28,324,438	$26,327,759	$24,919,991
STATE	$529,800	$529,800	$529,800	$529,800	$529,800	$548,616
LOCAL	$6,509,770	$7,488,956	$4,384,519	$4,589,937	$3,575,107	$4,761,166
Total	**$40,718,443**	**$43,032,444**	**$40,545,551**	**$33,444,175**	**$30,432,666**	**$30,229,773**

FY 2024-2025 GOVERNMENTAL EXPENDITURES

GOVERNMENTAL EXPENDITURES	FY 2024-25		FY 2023-24		FY 2022-23	
Adult Education Program	$6,294,992	5.42%	$5,310,207	4.47%	$4,945,456	3.94%
Assistant Superintendents	719,090	0.62%	736,926	0.62%	716,854	0.57%
Board of Trustees	215,815	0.19%	216,670	0.18%	197,362	0.16%
Business Support Services	2,292,070	1.97%	2,229,478	1.88%	1,834,358	1.46%
Center of After-School, Summer & Expanded Learning	9,225,049	7.95%	9,445,756	7.95%	8,008,649	6.37%
Center for Safe & Secure Schools	1,241,338	1.07%	990,420	0.83%	940,995	0.75%
Center for Grant Development	660,123	0.57%	622,846	0.52%	581,303	0.46%
Client Engagement & Communications	2,135,853	1.84%	1,910,411	1.61%	1,668,930	1.33%
Department Wide	10,271,733	8.85%	9,813,915	8.26%	8,894,655	7.08%
Digital Education & Innovation		0.00%		0.00%	804,950	0.64%
Education Certification & Professional Advancement	7,645	0.01%	18,936	0.02%	52,645	0.04%
Education Foundation	200,000	0.17%	200,000	0.17%	600,083	0.48%
Facility Support Services	3,227,464	2.78%	10,014,684	8.43%	22,370,386	17.80%
Head Start Program	23,126,171	19.92%	26,369,147	22.18%	29,998,656	23.87%
Human Resources	1,327,474	1.14%	1,273,693	1.07%	1,342,823	1.07%
Purchasing Support Services	841,278	0.72%	764,596	0.64%	728,248	0.58%
Community Engagement	145,202	0.13%	111,082	0.09%	113,733	0.09%
Records Management Services	2,490,533	2.15%	2,068,635	1.74%	2,005,842	1.60%
Research & Evaluation Institute	660,765	0.57%	652,919	0.55%	551,004	0.44%
Retirement Leave Benefits	299,940	0.26%	379,701	0.32%	475,565	0.38%
Scholastic Arts & Writing Program	7,500	0.01%	0.00	0.00%	0.00	0.00%
School Based Therapy Services	14,467,682	12.46%	14,052,503	11.82%	13,046,329	10.38%
Chief of Staff	364,320	0.31%	327,178	0.28%	318,001	0.25%
Special Schools & Services	18,146,592	15.63%	17,117,690	14.40%	14,234,654	11.33%
Superintendent's Office	740,077	0.64%	741,678	0.62%	688,994	0.55%
Technology Support Services	4,872,439	4.20%	4,310,434	3.63%	3,934,848	3.13%
Center for Educator Success	1,924,700	1.66%	2,006,207	1.69%	2,002,737	1.59%
Facilities and Construction	6,474,930	5.58%	3,255,227	2.74%	340,876	0.27%
Debt Service		0.00%		0.00%		0.00%
Principal on Long-Term Debt	1,480,000	1.28%	2,053,180	1.73%	3,018,598	2.40%
Interest on Long-Term Debt	1,956,960	1.69%	1,071,886	0.90%	1,252,159	1.00%
Bond Issuance Costs	254,400	0.22%	798,935	0.67%		0.00%
TOTALS:	**$116,072,135**	**100.00%**	**$118,864,940**	**100.00%**	**$125,669,693**	**100.00%**

The expenditures for FY 2024-2025 as compared to FY 2023-2024 decreased by $2,792,805 or 2.35% mainly due to the Head Start expenditure.

HCDE PROPERTY TAX USE - BY DIVISION

For the year ended August 31, 2025

$30,908,954

(WITHOUT INDIRECT COST SUBSIDY ALLOCATION)



	Special Schools	9.3%	$6,317,353
	Board of Trustees	0.3%	215,818
	Business Support Services	1.6%	1,085,269
	Center for Safe & Secure Schools (CSSS)	0.9%	596,613
	Communications	2.0%	1,376,957
	Client Engagement	1.1%	754,986
	Facilities- Support Services	0.7%	462,321
	Department Wide	8.3%	5,680,889
	Human Resources	1.4%	942,493
	Center for Educator Success	3.4%	2,306,851
	Purchasing Support	1.2%	829,964
	Records Management	0.82%	555,614
	Research & Evaluation	0.8%	551,253
	Resource Development	1.0%	658,072
	Therapy Services	4.5%	3,054,780
	Superintendent's Office	1.6%	1,087,537
	Technology Support Services	4.8%	3,248,755
	In Kind-Grant Matching Funds	1.7%	1,183,427
	Debt Payment- Debt Service Fund	6.1%	4,158,844
	Unused Tax Authority	48%	32,991,046
	TOTAL		**$68,058,843**

Notes: Divisions generate fees and other revenues to offset program costs. The tax allocation for each division on this chart is for the property tax distributed to each division based on need in order to deliver the services to the school districts. In addition, grant funded programs also require administrative support from technology, facilities, business, human resources in order to implement their mission.

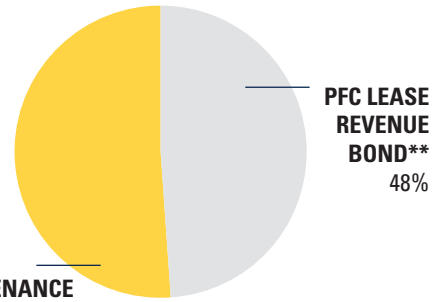


DEBT

Harris County Department of Education debt service requirements of bonds and notes are payable from future revenues consisting of school contracts. These bonds and notes were issued as three through 17-year bonds and notes, with varying amounts of principal maturing each year. The Department is in compliance with all significant limitations and restrictions. Effective interest rates on currently outstanding lease revenue bonds range from 2.4 to 5.75 percent.

YEARS ENDED AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2026	$1,525,000	$936,604	$2,461,604
2027	880,000	888,762	1,768,762
2028	930,000	843,512	1,773,512
2029	930,000	797,012	1,727,012
2030	970,000	749,512	1,719,512
2031-2035	5,410,000	3,112,710	8,522,710
2036-2040	6,350,000	2,254,055	8,604,055
2041-2045	9,990,000	970,375	10,960,375
TOTALS	**$26,985,000**	**$10,552,542**	**$37,537,542**

HCDE DEBT SERVICE REQUIREMENTS



SERIES	BOND TYPE	ORIGINAL ISSUE	INTEREST RATES	MATURITY DATES	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	AMOUNT OUTSTANDING
2016	LEASE REVENUE BOND	$7,000,000	1.68%	2/15/26	$1,480,000	-	(740,000)	$740,000
2020	LEASE REVENUE BOND	27,715,000	2.00-5.00%	2/15/45	26,985,000	-	(740,000)	26,245,000
2020	MAINTENANCE TAX NOTES	13,865,000	3.00-5.00%	2/15/40	13,865,000	-		13,865,000
2024	MAINTENANCE TAX NOTES	15,095,000	5.00%	2/15/44	15,095,000	-	-	15,095,000
TOTALS					**$57,425,000**	**-**	**($1,480,000)**	**$55,945,000**
PLUS: ISSUANCE AMOUNTS					**$6,117,463**	**-**	**($249,641)**	**$5,867,822**
TOTALS-BONDS PAYABLE AT MATURITY VALUE					**$63,542,463**	**-**	**($1,729,641)**	**$61,812,822**

CAPITAL PROJECTS:

In FY 2021, the HCDE PFC issued the 2020 Lease Revenue Bonds in the amount of $27,715,000 for the replacement of AB East School, High Point East School, and a new Adult Education Center.

In October 2020, a Maintenance Note Bond Series 2020 was issued in the amount of $13,865,000. The department prepared a needs assessment for the renovation of the Irvington Building, and equipment and furniture for the Adult Ed Center, Highpoint East Middle School addition and AB East Replacement School.

As material and construction costs increased in the years between 2021 and 2024, priority was also elevated for the unmet restoration needs of other aging facilities. To meet this challenge, the department secured an additional maintenance note for $16,536,670 on March 19th 2024. Moody's Investor Service assigned an "Aaa" rating to the bond security with stable outlook assigned.

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Harris County Department of Education
Texas

For its Annual Financial Report
For the Fiscal Year Ended

August 31, 2024

Christopher P. Morrill

Executive Director/CEO

Harris County Department of Education

The Harris County Department of Education (HCDE) is dedicated to providing high-quality, cost-effective educational services to school districts, educators, government and non-profit organizations in Harris County.

Through schools for students with profound special needs, Head Start early childhood education, school-based therapy services and afterschool programs, HCDE supports all area school districts in meeting the needs of uniquely challenged learners while saving them millions of dollars each year through shared services. The Department is an innovative leader of literacy and workforce development programming for adult learners across the county. HCDE also provides various other educational support services including professional development for educators, school safety programs, educator certification, records management, and a national purchasing cooperative.

HCDE impacts an average of 150,000 students and educators each year. Using fees for service, grants, and the purchasing cooperative, HCDE turns one dollar of property taxes into five dollars of services.

HCDE is separate and distinct from other agencies of Harris County. The Department's primary service area covers 1,788 square miles but also provides support to school districts, education service centers and other governmental agencies across Texas and the nation.

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www.hcde-texas.org

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