

Board of Directors



May Board of Directors

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|------------------|---|
| Schedule | Tuesday, May 19, 2026 10:00 AM — 11:00 AM CDT |
| Venue | Houston-Galveston Area Council 3555 Timmons Ln. Houston, TX 77027 |
| Organizer | Rick Guerrero |

Agenda

CALL TO ORDER

INVOCATION AND PLEDGES

CONFLICTS OF INTEREST

PUBLIC COMMENT

CONSENT AGENDA

1. MEETING MINUTES - APRIL 2026 MEETING
Request approval of April 2026 meeting minutes. (Staff contact: Rick Guerrero)

2. HGACBUY HT07-26 MEDIUM AND HEAVY TRUCKS, TRUCK BODIES, AND TRAILERS
Request authorization for contracts with the respondent listed in the Contract Awards Recommendation Table for Medium and Heavy Trucks, Truck Bodies, and Trailers. (Staff contact: Ronnie Barnes)

3. TRANSPORTATION DEMAND MANAGEMENT - SUPPORT CONTRACT
Request authorization to negotiate a two-year contract (FY2026–FY2027) with contractors in order of ranking, in an amount not to exceed \$200,000 for the Travel Demand Models On-Call Technical Support Services. (Staff contact: Jochen Floesser)

Board of Directors



4. WORKFORCE SOLUTIONS - DIGITAL COMMUNICATIONS SOFTWARE

Request approval to purchase an annual license for Granicus' digital communications tool from Carahsoft Technology; amount not to exceed \$70,000. (Staff Contract: Thomas Brown)

5. RESOLUTION - JOE GARCIA

Request approval of a resolution honoring Joe Garcia, City of Pattison, for his service to the region. (Contact: Ty Prause)

6. RESOLUTION - GERALD ROZNOVSKY

Request approval of a resolution honoring Gerald Roznovsky, City of Lake Jackson, for his service to the region. (Contact: Ty Prause)

7. RESOLUTION - KEVIN COLE

Request approval of a resolution honoring Kevin Cole, City of Pearland, for his service to the region. (Contact: Ty Prause)

8. RESOLUTION - JAMI CLARK

Request approval of a resolution honoring Jami Clark, City of Texas City, for her service to the region. (Contact: Ty Prause)

9. RESOLUTION - MARIE ROBB

Request approval of a resolution honoring Marie Robb, City of Galveston, for her service to the region. (Contact: Ty Prause)

10. RESOLUTION - HARRY HARDMAN

Request approval of a resolution honoring Harry Hardman, City of Conroe, for his service to the region. (Contact: Ty Prause)

FINANCE AND BUDGET COMMITTEE

11. MONTHLY FINANCIAL REPORT - MARCH 2026

Request approval of the monthly financial report ending March 31, 2026. (Staff Contact: Shaun Downie)

Board of Directors



12. ACCOUNTING POLICIES & PROCEDURES MANUAL

Request approval on second reading of the revised Accounting Policies & Procedures Manual. (Staff Contact: Shaun Downie)

13. H-GAC TRAVEL POLICY UPDATE

Request approval on second reading of updates to the H-GAC travel policy. (Staff contact: Matt Handy)

AUDIT COMMITTEE

14. 2025 H-GAC ANNUAL COMPREHENSIVE FINANCIAL REPORT

Discussion and possible action of recommendations from the Audit committee regarding the 2025 Annual Comprehensive Financial Report. (Staff Contact: Chuck Wemple)

15. 2025 RETIREMENT PLAN AUDIT

Discussion and possible action of Audit committee recommendations related to the 2025 Retirement Plan Audit for the employees of Houston-Galveston Area Council. (Staff Contact: Chuck Wemple)

HUMAN RESOURCES

16. 2026 H-GAC EMPLOYEE HANDBOOK REVISION

Request approval on second reading of revisions to the H-GAC Employee Handbook. (Staff Contact: Maria-Theresa Servillon-Sigua)

COMMUNITY AND ENVIRONMENTAL PLANNING

17. AREA AGENCY ON AGING 2027-2029 AREA PLAN

Request approval of 2027-2029 Area Plan for the Area Agency on Aging. (Staff Contact: Curtis Cooper)

REPORTS

Board of Directors



18. RURAL TEXAS STRONG

No action requested. For information only. (Staff Contact: Ron Papsdorf)

19. ELECTION COMMITTEE UPDATE

Report on search for next H-GAC Executive Director. (Contact: Judge Jay Knight)

20. OUTREACH AND GOVERNMENT AFFAIRS REPORT

Report on public affairs activities in the region. (Staff Contact: Rick Guerrero)

21. EXECUTIVE DIRECTOR'S REPORT

Report on current and upcoming H-GAC activities. (Staff contact: Chuck Wemple)

ADJOURNMENT

MEETING MINUTES
H-GAC BOARD OF DIRECTORS

April 21, 2026

ATTENDANCE ROSTER

Present:

- Austin County - Judge Tim Lapham
- Brazoria County - Commissioner Stacy Adams
- Chambers County - Commissioner Tommy Hammond
- Fort Bend County - Commissioner Andy Meyers
- Galveston County - Commissioner Hank Dugie
- Harris County - Commissioner Adrian Garcia
- Harris County - Commissioner Lesley Briones
- Walker County - Commissioner Brandon Decker
- Wharton County - Judge Phillip Spenrath
- City of Baytown - Councilmember Laura Alvarado
- City of Deer Park - Councilmember Tommy Ginn
- City of Friendswood - Councilmember Sally Branson
- City of Houston - Councilmember Joaquin Martinez
- City of Houston - Councilmember Fred Flickinger
- City of Huntsville - Mayor Russell Humphrey
- City of La Porte - Mayor Pro Tem/Councilmember Chuck Engelken
- City of Lake Jackson - Mayor Gerald Roznovsky
- City of Missouri City - Councilmember Joanna Ouderkirk
- City of Pasadena - Councilmember Carlos Heredia Sr. (alternate for Mayor Thomas Schoenbein)
- City of Pearland - Mayor Kevin Cole
- City of Sugar Land - Councilmember Stewart Jacobson
- City of Texas City - Commissioner Jami Clark
- City of Waller - Councilmember Nancy Arnold
- City of Pattison - Mayor Pro Tem/Councilmember Joe Garcia (Chair)
- City of Bellaire - Councilmember Ross Gordon (Vice Chair)

- City of Manvel - Mayor Dan Davis
- Huntsville ISD - Trustee Rissie Owens
- Houston ISD - Trustee Michelle Cruz Arnold

Not Present / Not Recorded Present During Roll Call:

- Colorado County - Judge Ty Prause
- Liberty County - Judge Jay Knight
- Matagorda County - Judge Bobby Seiferman
- Montgomery County - Judge Mark Keough
- Waller County - Judge Trey Duhon
- City of Alvin - Councilmember Martin Vela
- City of Conroe - Councilmember Harry Hardman
- City of League City - Mayor Nick Long
- City of Rosenberg - Mayor Bill Benton

A quorum was confirmed and announced by Rick Guerrero.

1. CALL TO ORDER

Chair Joe Garcia called the meeting of the H-GAC Board of Directors to order at 10:19 a.m. on April 21, 2026, at 3555 Timmons Lane, Houston, Texas 77027. The meeting room was declared open and accessible to the public.

2. INVOCATION

Commissioner Hank Dugie, Galveston County, led the invocation.

3. PLEDGES OF ALLEGIANCE

The Pledge of Allegiance and the Pledge to the Texas Flag were recited.

4. ROLL CALL

Roll call was conducted by Rick Guerrero, and a quorum was confirmed.

INTRODUCTION OF SPECIAL GUESTS

Rick Guerrero introduced special guests in attendance, including Susan Schwartz, Mayor Pro Tem of Bunker Hill Village; Jay Guerrero from the Office of U.S. Senator John Cornyn; Kelly Waterman from the Office of Senator Ted Cruz; Melissa Washington from the Texas General Land Office; Freddie Guerra and Laura Parker from Commissioner Lesley Briones' office; former Board member

Councilmember Johnny Simpson; Councilmember Townsend from the City of Dickinson; and Mayor Pro Tem Rhonda Smith from the City of Lake Jackson.

5. DECLARATION OF CONFLICTS OF INTEREST

Chair Garcia requested declarations of conflicts of interest. No conflicts were reported.

6. PUBLIC COMMENT

No public comments were presented in person or electronically.

Board members recognized Cynthia, Anna, and Judge Lapham for their work related to the TML Region 14 Spring meeting and expressed appreciation to Cynthia Jones for her service and support of H-GAC's mission.

7. CHAIR COMMENTS

Chair Garcia reminded Board members of the importance of regional collaboration, respectful communication, and decision-making for the betterment of the Gulf Coast region. Commissioner Adrian Garcia also recognized the successful regional reception and community participation surrounding Fleet Week activities.

8. CONSENT AGENDA

The Board considered the Consent Agenda. Items 8B, 8K, and 8M were pulled for separate discussion.

Action: Motion to approve the Consent Agenda, excluding Items 8B, 8K, and 8M, was made and seconded. All in favor; no opposed; motion passed.

8K. ACCOUNTING AND FINANCE POLICIES AND PROCEDURES MANUAL

Christina Ordonez-Campos presented proposed revisions to the Accounting and Finance Policies and Procedures Manual. The presentation included updates related to the capitalization threshold for equipment, roles and responsibilities, food and beverage expenditures, internal accounting-system approval controls, credit card limits, dual-signature requirements for checks, and removal of duplicate policies already addressed in separate Board-approved policies.

Board members discussed whether the manual should be separated into a policy manual and a procedure manual or maintained as one document with policy items clearly identified. Members also requested redline versions of future policy revisions and additional review time. The Board also discussed future review processes for policies that may affect related boards or program areas, including the Transportation Policy Council and Gulf Coast Workforce Board.

Action: Motion to postpone consideration of Item 8K until the next Board meeting was made and seconded. All in favor; no opposed; motion passed.

8M. TRAVEL POLICY ADDENDUM

Matt Handy presented proposed revisions to the H-GAC travel policy. The updates addressed mileage calculations, H-GAC headquarters and satellite-office starting points, circumstances for using a home address for mileage, expense report submission deadlines, reimbursement claims for employees who voluntarily resign, rental vehicle drop-off locations, rental vehicle upgrades, optional travel adjustments, employee travel cards, and reimbursement of mandatory gratuities.

Board discussion included clarification regarding optional tips, mandatory gratuities, itemized receipts, grant reimbursement rules, and administrative review procedures.

Action: Motion to defer consideration of Item 8M until the next Board meeting was made and seconded. All in favor; no opposed; motion passed.

8B. EMPLOYEE HANDBOOK REVISIONS

Maria Teresa Sigua presented proposed revisions to the 2026 Employee Handbook. The revisions included changes to grievance procedures, simplifying the process into an HR-led investigation model, and clarifications to leave accrual tables and related language identified through the audit review process.

Board members requested supporting documentation, including redline revisions, for further review.

Action: Motion to table Item 8B was made and seconded. All in favor; no opposed; motion passed.

9. FINANCE AND BUDGET COMMITTEE

Vice Chair Ross Gordon presented the committee report. Christina Ordonez-Campos presented the Monthly Financial Report, including a revised format with year-to-date budget comparisons, updates on membership dues collections, cooperative purchasing revenues, interest income, staffing increases associated with grant-funded programs, consultant expenses, and current revenue and expenditure trends.

Staff reported that, as of February 28, 2026, revenues amounted to approximately \$74.6 million and expenditures amounted to approximately \$74.3 million. Staff also noted increased personnel expenditures and FTEs, including positions associated with the Texas Rising Star Mentors program and transportation capacity.

Action: Motion to approve the Monthly Financial Report was made and seconded. All in favor; no opposed; motion passed.

10A. FAIR HOUSING AWARENESS MONTH RESOLUTION

Andrea Tantillo presented a resolution recognizing April 2026 as Fair Housing Awareness Month in the H-GAC region. The presentation highlighted fair housing protections, H-GAC outreach activities, technical assistance provided under contract with the Texas Department of Agriculture, and the 58th anniversary of the Fair Housing Act of 1968.

Action: Motion to approve the resolution recognizing April 2026 as Fair Housing Awareness Month was made and seconded. All in favor; no opposed; motion passed.

10B. FY 2026 STATE HOMELAND SECURITY PROGRAM PRIORITY LIST

Justin Riley presented the FY 2026 State Homeland Security Program project recommendations prioritized by the Regional Homeland Security Coordinating Council. Staff explained that the program supports state and local efforts to prevent, protect against, mitigate, respond to, and recover from acts of terrorism, including interoperable communications, special response teams, homeland security planning, intelligence and information sharing, and specialized training and exercises.

Staff reported that the committee reviewed 38 applications representing approximately \$7.3 million in funding requests. Staff noted that scoring discussion and consensus-building occurred while a quorum was present, but the committee did not take formal action after attendance later dropped below quorum. Staff stated that the priority list accurately reflected the will and intent of the committee, and that final funding decisions are made by the Office of the Governor.

Action: Motion to approve the FY 2026 State Homeland Security Program priority list was made and seconded. All in favor; no opposed; motion passed.

10C. FY 2027 CRIMINAL JUSTICE GRANT PROGRAM PRIORITY RANKINGS

Madeline McGallion presented the FY 2027 Criminal Justice Grant Program priority rankings for consideration by the Board. Staff reviewed the grant process, including the request for applications, technical assistance, committee scoring, and submission of priority rankings through eGrants.

Staff reported that the committee reviewed 223 applications, with approximately \$47 million in applications and approximately \$37 million in available funding. The Board discussed the regional budget expectation line, the possibility of projects moving above or below that line based on state funding decisions, and the use of available funds across eligible funding categories such as VOCA and VAWA.

Action: Motion to approve the FY 2027 Criminal Justice Grant Program priority rankings was made and seconded. All in favor; no opposed; motion passed.

11A. WORKFORCE BAKER RIPLEY FINANCIAL AID PAYMENT OFFICE CONTRACT AMENDMENT

Thomas Brown presented a request to amend the FY 2026 Baker Ripley Financial Aid Payment Office contract. Staff explained that the contract supports administration and disbursement of financial aid across the workforce system, including training scholarships, participant support payments, and childcare provider payments.

The amendment was driven by additional funding, including carry-forward dollars from the prior fiscal year and new state funding. Staff stated that most of the increase would support direct childcare services for eligible families, with additional support for training scholarships and a new teacher externship initiative. The Gulf Coast Workforce Board approved the amendment on April 7, 2026.

Action: Motion to authorize amendment of the FY 2026 Baker Ripley Financial Aid Payment Office contract to add \$150,000 in operational funding and \$12 million to the financial aid maximum, for a total contract amount not to exceed \$393,250,000, was made and seconded. All in favor; no opposed; motion passed.

12. AUDIT COMMITTEE - INTERNAL AUDIT ANNUAL REPORT FY 2025

Charles Hill presented the Internal Audit Annual Report for FY 2025. The report summarized internal audit activities, subrecipient and contractor monitoring, pre-award reviews, desk reviews, site visits, internal audit projects, whistleblower hotline activity, investigations, reporting, staff development, and recruitment.

Staff noted that actual activity levels reflected staffing vacancies during the year and reported that the internal audit team was fully staffed as of the week of the meeting.

Action: Motion to accept the Internal Audit Annual Report for FY 2025 was made and seconded. All in favor; no opposed; motion passed.

12B. INTERNAL AUDIT PLAN FY 2026

Charles Hill also presented the Internal Audit Plan for FY 2026. The plan included goals related to updating procedures, filling vacant positions, performing more comprehensive internal audits, completing investigations through the whistleblower hotline, conducting site visits and contract monitoring, and facilitating risk assessment procedures affecting H-GAC operations.

The plan also included internal audit activities, subrecipient monitoring, administrative reviews, process reviews, information technology audits, complaint investigations, follow-up work, special projects, and administrative activities.

Action: Motion to approve the Internal Audit Plan for FY 2026 was made and seconded. All in favor; no opposed; motion passed.

13. H-GAC ADVISORY COMMITTEE AND AFFILIATE GROUP APPOINTMENTS

Staff presented appointments to H-GAC advisory committees and affiliate groups, including appointments to the Aging and Disability Advisory Committee and the Regional Flood Management Committee.

Action: Motion to approve the advisory committee and affiliate group appointments was made and seconded. All in favor; no opposed; motion passed.

ELECTION COMMITTEE UPDATE

Staff provided an informational update on the recruitment process for H-GAC's next Executive Director. Terry Ramsey introduced the process and noted H-GAC's partnership with Mackenzie Eason for the executive search. Darren George from Mackenzie Eason reported on stakeholder input, candidate profile development, outreach, application volume, candidate assessments, and the upcoming schedule for candidate packet review and interviews.

The reported timeline included candidate packets to the Election Committee by May 4, Election Committee selection of first-round candidates on May 11, first-round interviews on May 19 and May 20, final interviews on May 28 and May 29, and potential Board consideration of a recommendation on June 16. No Board action was requested or taken.

H-GAC BOARD COMMITTEE APPOINTMENTS

Chair Garcia presented proposed H-GAC Board committee appointments. The Chair explained that committee assignments were developed based on member preferences, bylaw requirements, committee size, regional representation, and the need to maintain committees below a quorum of the full Board. The Chair also described the intent to use a Regional Priorities Committee to address topics including housing, healthcare, broadband, and planning priorities.

Action: Motion to approve the Board committee appointments was made and seconded. All in favor; no opposed; motion passed.

14A. TRANSPORTATION DEMAND MANAGEMENT / FIFA WORLD CUP READINESS REPORT

Robin Egbert provided an informational report on transportation demand management and regional commute planning related to FIFA World Cup activities. The report addressed current congestion conditions, expected regional impacts from World Cup matches and related events, the need for employer and community preparedness, high-traffic-day planning, use of commute resources, and coordination with regional partners on options such as park-and-ride, carpooling, shuttles, and alternative travel planning. No Board action was requested or taken.

14B. EXECUTIVE DIRECTOR'S REPORT

Executive Director Chuck Wemple provided updates on the agreement refinement process between the Gulf Coast Workforce Board and H-GAC, the upcoming single audit presentation, potential future funding streams for Elder Justice and the Texas Rural Strong program, the mid-year budget revision process, anticipated workforce and transportation staffing changes, and outreach and government affairs funding impacts.

The Executive Director also reported that six positions in Outreach and Government Affairs were included in a reduction in force due to reduced funding. He stated that staff would bring forward specific information on hallmark activities and potential funding options, including possible general fund support, as part of the budget process.

14C. WEAVER PROCESS IMPROVEMENT REPORT

The Executive Director reported that the Weaver process improvement report would be presented the following month after additional internal review. The report is intended to identify agency pain points, solutions, performance goals, key performance indicators, leadership structure considerations, and opportunities to improve service delivery and operational efficiency. No Board action was requested or taken.

15. EXECUTIVE SESSION

The Board recessed into executive session pursuant to Texas Government Code Section 551.071 to consult with its attorney regarding contemplated litigation.

The Board returned to open session at approximately 1:20 p.m. No action was taken during executive session.

16. ADJOURNMENT

With no further business before the Board, Chair Garcia adjourned the meeting at 1:21 p.m..

HGACBUY HT07-26
MEDIUM AND HEAVY TRUCKS, TRUCK BODIES, AND TRAILERS

Background:

The H-GAC Cooperative Purchasing Program (HGACBuy) establishes contracts for a variety of products and services through competitive solicitations. Member governments are able to use the contracts to make purchases. HGACBuy received and opened twenty (20) proposals, for medium and heavy trucks, truck bodies, and trailers, on April 9, 2026. The following companies submitted a proposal:

| | |
|--|-----------------|
| Applied Concepts, Inc. | Richardson, TX |
| BTE Body Company, Inc. | Irving, TX |
| Chalmers Ford, Inc. | Rio Rancho, NM |
| Chastang Enterprises - Houston LLC, dba Chastang Ford | Houston, TX |
| Cleveland Mack Sales, Inc., dba Performance Truck and Houston Heavy Duty Truck and Trailer | Cleveland, TX |
| Cooley Holdings Ltd. | Irving, TX |
| Ed Morse Automotive LLC | Dallas, TX |
| General Engines Co., Inc., dba Eager Beaver Trailers | Lake Wales, FL |
| Globe Trailer Manufacturing, Inc. | Bradenton, FL |
| Holt Truck Centers of Texas LLC, dba Holt Truck Centers | San Antonio, TX |
| Houston Freightliner, Inc., dba Houston Freightliner & Western Star | Houston, TX |
| Industrial Power LLC, dba Industrial Power Truck and Equipment | Fort Worth, TX |
| Interstate Trailers, Inc. | Mansfield, TX |
| Ken's Truck Repair, Inc. | Chebanse, IL |
| Knapp Chevrolet, Inc. | Houston, TX |
| PFVT Motors LLC, dba Peoria Ford | Peoria, AZ |
| Rush Truck Centers of Texas, LP | San Antonio, TX |
| Spaulding Mfg., Inc. | Saginaw, MI |
| Truck Builders LLC, dba Chef Units | Houston, TX |
| United Ford South LLC, dba Bill Knight Ford Quick Lane | Tulsa, OK |

Current Situation:

This contract is an existing contract in our portfolio, consisting of various types of equipment related to our members' larger truck and trailer needs. All proposal responses have been evaluated by H-GAC staff. Fifteen (15) proposals are being recommended for award. The responses from Applied Concepts, Inc. and Spaulding Mfg., Inc. were deemed non-responsive. Request authorization to contract with each respondent listed in the Contract Awards Recommendation Table, and as may be applicable, to extend contract assignments to other authorized entities during the contract period.

Funding Source: Participating local government purchases

Budgeted: NA

Action Requested:

Request authorization for contracts with the respondent listed in the Contract Awards Recommendation Table for Medium and Heavy Trucks, Truck Bodies, and Trailers.

HGACBuy
Contract Awards Recommendation Table
Medium and Heavy Trucks, Truck Bodies, and Trailers
HT07-26

| Award Recommendations | Categories |
|--|------------|
| Chalmers Ford, Inc. | A |
| Chastang Enterprises - Houston LLC, dba Chastang Ford | A |
| Cleveland Mack Sales, Inc., dba Performance Truck and Houston Heavy Duty Truck and Trailer | A |
| Cooley Holdings Ltd. | A |
| General Engines Co., Inc., dba Eager Beaver Trailers | B |
| Globe Trailer Manufacturing, Inc. | B |
| Holt Truck Centers of Texas LLC, dba Holt Truck Centers | A |
| Houston Freightliner, Inc., dba Houston Freightliner & Western Star | A |
| Industrial Power LLC, dba Industrial Power Truck and Equipment | A |
| Interstate Trailers, Inc. | B |
| Ken's Truck Repair, Inc. | B |
| Knapp Chevrolet, Inc. | A |
| PFVT Motors LLC, dba Peoria Ford | A |
| Rush Truck Centers of Texas, LP | A |
| Truck Builders LLC, dba Chef Units | B |

| |
|-------------------------------|
| Award Categories: |
| A: Medium and heavy trucks |
| B: Commercial Bodies/Trailers |

TRAVEL DEMAND MODELS – ON-CALL SUPPORT SERVICES

Background

H-GAC has developed a new disaggregated, hybrid, multi-year regional travel demand forecasting model—a bridge between the traditional four-step model and an activity-based model. The new model better captures post-pandemic travel patterns and includes new elements such as new transit modes, electric vehicles, and teleworking behavior. This model is built on an advanced auto-calibration platform, which allows model development, validation, and calibration to be performed in-house as new data becomes available. Additional supporting tools include an airport sub-model, as well as mesoscopic and microscopic traffic simulation tools at the sub-regional and corridor levels, developed using various traffic data sources such as surveys and traffic counts within the H-GAC MPO region. Development of a university sub-model, a commercial vehicle model, and data-driven, multimodal advanced transportation scenario planning tools is ongoing.

These models and tools are used to support H-GAC’s long-range Regional Transportation Plan (RTP), Transportation Improvement Program (TIP), roadway and transit feasibility analyses at the county, sub-regional, and corridor levels, as well as air quality conformity determinations.

H-GAC is seeking on-call demand modeling support from a consultant to assist with these efforts on an as-needed basis. Consultants may be engaged to provide model support services, including ongoing in-house model updates, next-phase calibration and validation, continued model development, and training.

Current Situation

H-GAC issued a competitive, sealed solicitation for qualified contractors to provide the goods and services requested under Project ID: RFP-TRN26-04. Four responsive submissions were received and thoroughly evaluated by a committee of H-GAC representatives. Based on the committee’s scoring and evaluation of the proposal responses, the recommendation and rankings are presented below:

| Rank | Company Name | Score |
|-------------|--------------------------------|--------------|
| 1. | Cambridge Systematics Inc (CS) | 94.76 |
| 2. | Resource Systems Group (RSG) | 87.34 |
| 3. | CivTech, Inc | 65.60 |
| 4. | XL Eagle | 61.10 |

Evaluation Criteria: Qualifications/Experience, Methodology/Approach, Organization and Model, Staff Allocation and Level of Effort.

Funding Source

Transportation Planning Fund

Budgeted

Yes

Action Requested

Request authorization to negotiate a two-year contract (FY2026–FY2027) with contractors in order of ranking, in an amount not to exceed \$200,000 for the Travel Demand Models On-Call Technical Support Services. (Staff contact- Jochen Floesser)

WORKFORCE SOLUTIONS – DIGITAL COMMUNICATIONS SOFTWARE RENEWAL

Background

The Gulf Coast Workforce Board leverages digital communications to effectively deliver information about workforce development activities. By utilizing online platforms, we can quickly disseminate updates on job fairs, training programs, and employment opportunities. This approach not only reaches a wider audience but also ensures timely access to crucial workforce development resources. The digital strategy helps the Workforce Solutions Gulf Coast maintain high levels of engagement with job seekers and employers, facilitating better outcomes for the community.

Current

Granicus/GovDelivery solution is a digital communications tool designed specifically for government use. It enables agencies to create and distribute powerful email, social media, and Short Message Service messages to citizens. GovDelivery allows users to target their audience based on specific subscription topics. As a messaging platform built exclusively for government, GovDelivery ensures exceptional deliverability and security.

Carahsoft Technology is a company that provides IT and software support services who serves as the master government aggregator and distributor for Granicus. Through this partnership they provide public sector organizations with easy access to the comprehensive Granicus portfolio. Through a competitively procured Texas Department of Information Resources contract (DIR Contract No. DIR-CPO-5687, we are able to purchase this product.

Funding Source

Texas Workforce Commission

Budgeted

Yes

Action

Request approval to purchase an annual license for Granicus' digital communications tool from Carahsoft Technology; amount not to exceed \$70,000. (Staff Contract: Thomas Brown)

Requested

MONTHLY FINANCIAL REPORT – MARCH 2026

Background

N/A

Current Situation

Presenting the results of the March 2026 financials.

Funding Source

N/A

Budgeted

Not Applicable

Action Requested

Request approval of the monthly financial report ending March 31, 2026. (Staff Contact: Shaun Downie)



HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Financial Report

For Month Ending March 31, 2026

Prepared on May 5th, 2026

Esteemed H-GAC Board of Directors and Executive Director Wemple, please find attached the financial report for last month. The information contained within is intended for managerial reporting purposes. All figures are unaudited and subject to change. Should you have any questions, please feel free to reach out to one of the accounting managers. Respectfully submitted, Arathi Nayak - Accounting Manager and Shaun Downie - Senior Accounting Manager.

SUMMARY OF KEY CHANGES

REVENUES

- > For Gulf Coast Regional 911, \$3.3 million was received from the State Emergency Communication as reimbursement for the 911 AT&T equipment replacement, contributing to the increase in revenue. The equipment replacement was completed in 2025.
- > During March 2026, cooperative purchasing revenues increased significantly to \$907K compared to \$406K in the prior month. The increase is primarily attributable to recognition of quarterly contract billings for the first quarter of 2026.
- > Interest income, currently at 78% of the year-to-date budget, has declined compared to prior periods, primarily driven by lower prevailing interest rates.

EXPENDITURES

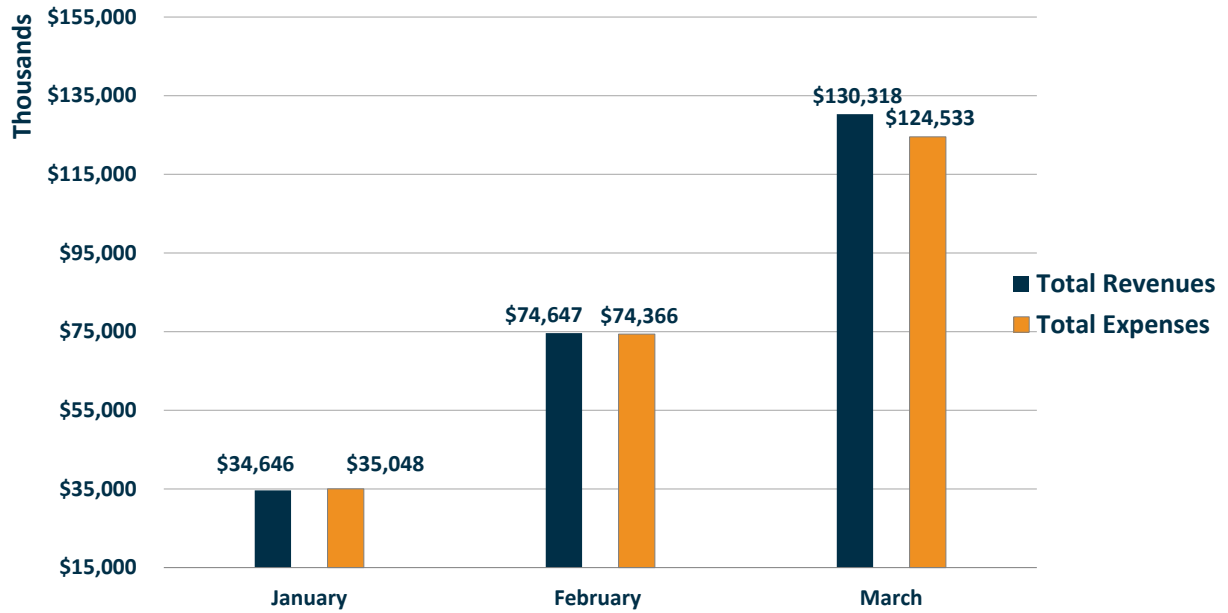
- > Pass-through spending showed consistent growth during the quarter, largely driven by activity in the Aging and Workforce programs.
- > Consultant expenses are below projected levels, primarily in the C&E and Transportation programs. Budget adjustments will be made during the budget revision if necessary to ensure alignment.
- > Other expenses are 19% of the annual budget but are at 109% of the year-to-date budget, reflecting increased costs for subscriptions, software, and various other services compared to the past three years. Expenses were largely incurred in January at \$1.3M, with \$500K recorded in both February and March.

*** Please note: the financial activity outlined above and in the report falls within the past trends observed in H-GAC's operations and is not out of the ordinary. ***

The activity (revenues and expenses) included in this report reflect actual amount recorded to date; some billings have not yet been processed or fully recorded. Reported figures are presented on a cumulative Year-to-Date basis and may be adjusted in subsequent periods to reflect finalized amounts.

Monthly Trends Chart

As of March 31, 2026



HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Trends Report

For Month Ending March 31, 2026

| | January 2026 | February 2026 | March 2026 | April 2026 |
|---|----------------------|----------------------|----------------------|-------------|
| Revenues | | | | |
| General & Enterprise Fund Revenues | | | | |
| Membership Dues | \$ 38,083 | \$ 249,630 | \$ 61,023 | |
| HGAC Energy Corporation | 3,735 | 9,939 | 8,215 | |
| Cooperative Purchasing Fees | 199,384 | 406,185 | 907,615 | |
| Gulf Coast Regional 911 Fees | 319,365 | 37,540 | 4,460,648 | |
| Interest Income | 33,613 | 105,697 | 79,347 | |
| Other Revenues | 68,866 | 392,365 | 101,900 | |
| General Funds - Local | 69,655 | 129,840 | 184,352 | |
| Total General & Enterprise Fund Revenues | \$ 732,701 | \$ 1,331,196 | \$ 5,803,099 | \$ - |
| Special Revenue Fund | | | | |
| Federal Grants | \$ 512,118 | \$ 500,931 | \$ 1,171,718 | |
| State Grants | 33,401,154 | 38,168,463 | 48,696,677 | |
| Total Special Revenue Fund Revenues | \$ 33,913,272 | \$ 38,669,393 | \$ 49,868,394 | \$ - |
| Total Revenues | \$ 34,645,973 | \$ 40,000,590 | \$ 55,671,494 | \$ - |
| Expenditures | | | | |
| Personnel | \$ 4,233,634 | \$ 4,360,096 | \$ 5,227,066 | |
| Pass-through Funds - Grant | 28,908,852 | 33,193,949 | 43,162,096 | |
| Consultant and Contract Services | 283,688 | 998,384 | 690,651 | |
| Lease of Office Space | 181,274 | 195,662 | 200,471 | |
| Equipment | 39,967 | 47,911 | 341,429 | |
| Travel | 15,066 | 16,492 | 48,147 | |
| Other Expenses | 1,385,364 | 505,970 | 496,713 | |
| Total Expenditures | \$ 35,047,845 | \$ 39,318,465 | \$ 50,166,573 | \$ - |
| Excess of Revenues Over(Under) Expenditures | \$ (401,872) | \$ 682,125 | \$ 5,504,921 | \$ - |

HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Budget to Actual Report - All Funds

For Month Ending March 31, 2026

25 % of Year Elapsed

| | FY26 Annual Budget | FY26 Year-to-Date Budget | FY26 Year-to-Date Actuals | FY26 % of Actuals to Annual Budget | FY26 % of Actuals to YTD Budget |
|--|-----------------------|--------------------------|---------------------------|------------------------------------|---------------------------------|
| Revenues | | | | | |
| General & Enterprise Fund Revenues | | | | | |
| | FY26 Annual Budget | FY26 Year-to-Date Budget | FY26 Year-to-Date Actuals | FY26 % of Actuals to Annual Budget | FY26 % of Actuals to YTD Budget |
| Membership Dues | \$ 466,414 | \$ 226,565 | \$ 348,736 | 75% | 154% |
| HGAC Energy Purchasing Corporation | 135,000 | 32,872 | 21,889 | 16% | 67% |
| Cooperative Purchasing Fees | 7,413,865 | 1,064,551 | 1,513,184 | 20% | 142% |
| Gulf Coast Regional 911 Fees | 5,175,896 | 1,189,748 | 4,817,553 | 93% | 405% |
| Interest Income | 1,200,000 | 281,667 | 218,657 | 18% | 78% |
| Other Revenues | 2,033,509 | 407,128 | 563,131 | 28% | 138% |
| General Funds - Local | 5,517,184 | 1,000,000 | 383,847 | 7% | 38% |
| Total General & Enterprise Fund Revenues | \$ 21,941,868 | \$ 4,202,532 | \$ 7,866,997 | 36% | 187% |
| Special Revenue Fund | | | | | |
| | FY26 Annual Budget | FY26 Year-to-Date Budget | FY26 Year-to-Date Actuals | FY26 % of Actuals to Annual Budget | FY26 % of Actuals to YTD Budget |
| Federal Grant | \$ 8,116,344 | \$ 1,660,397 | \$ 2,184,766 | 27% | 132% |
| State Grants | 570,138,869 | 119,859,835 | 120,266,294 | 21% | 100% |
| Total Special Revenue Fund Revenues | \$ 578,255,213 | \$ 121,520,232 | \$ 122,451,059 | 21% | 101% |
| Total Revenues | \$ 600,197,081 | \$ 125,722,765 | \$ 130,318,057 | 22% | 104% |
| Expenditures | | | | | |
| | FY26 Annual Budget | FY26 Year-to-Date Budget | FY26 Year-to-Date Actuals | FY26 % of Actuals to Annual Budget | FY26 % of Actuals to YTD Budget |
| Personnel | \$ 60,035,230 | \$ 14,002,222 | \$ 13,820,796 | 23% | 99% |
| Pass-through Funds - Grant | 491,423,054 | 103,042,898 | 105,264,896 | 21% | 102% |
| Consultant and Contract Services | 25,221,377 | 4,132,843 | 1,972,724 | 8% | 48% |
| Lease of Office Space | 3,599,393 | 871,639 | 577,407 | 16% | 66% |
| Equipment | 6,501,726 | 494,030 | 429,307 | 7% | 87% |
| Travel | 1,129,779 | 147,824 | 79,705 | 7% | 54% |
| Other Expenses | 12,286,522 | 2,188,983 | 2,388,047 | 19% | 109% |
| Total Expenditures | \$ 600,197,081 | \$ 124,880,440 | \$ 124,532,882 | 21% | 100% |
| Excess of Revenues Over(Under) Expenditures | \$ - | \$ 842,325 | \$ 5,785,174 | | |
| Beginning Fund Balance (all funds) - Jan. 1 (1) | \$ 46,532,496 | \$ 46,532,496 | \$ 46,532,496 | | |
| Ending Fund Balance (all funds) - March. 31 (2) | \$ 46,532,496 | \$ 47,374,821 | \$ 52,317,670 | | |

(1) Jan. 1, 2026 beginning fund balance is preliminary & subject to change. This figure is unaudited.

(2) All ending fund balances are as of March 31 for each year.

The Year-to-Date budget has been calculated using a three-year average spending & earning pattern. Historical monthly expenditure trends were analyzed to determine the proportion of annual spending incurred in each period, and these percentages were applied to the current year's approved budget to derive the YTD budget.

ACCOUNTING POLICIES AND PROCEDURES MANUAL UPDATE

Background

H-GAC's Accounting Policies and Procedures Manual was last updated in March 2018.

Current Situation

The Accounting Policies and Procedures Manual has been updated to reflect the most up-to-date practices of the council and to ensure continued compliance with laws and regulations.

The most significant changes are:

- Updated the capitalization threshold for equipment.
- Updated the workforce appendix to reflect changes in roles and responsibilities.
- Added a food and beverage section.
- Increased the threshold for dual signature of physical checks.
- Added an approval of documents & a credit card limits section.
- Removed duplicate policies (e.g., travel, investment).

Funding Source

N/A

Budgeted

N/A

Action Requested

Request approval on second reading of the revised Accounting Policies & Procedures Manual.
(Staff Contact: Shaun Downie)



**Accounting Policies
and Procedures Manual**

Revised April 2026

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1.0 INTRODUCTION

1.01 PURPOSE

The following manual is intended to provide an overview of the accounting policies and procedures for the Houston-Galveston Area Council, which shall be referred to as "H-GAC" or "the agency" throughout this manual.

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Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff, to document internal controls and to reflect compliance with the Super Circular 2 CFR 200, the uniform guidance on federal grant administration.

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All H-GAC staff are bound by the policies herein, and any deviation from them is strictly prohibited.

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1.02 THE ROLE OF THE BOARD OF DIRECTORS

The Houston-Galveston Area Council is governed by its Board of Directors, which is responsible for the oversight of the agency by:

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1. Establishing broad policies, including accounting policies and procedures.
2. Approving grant applications.
3. Reviewing and approving the annual audit.
4. Reviewing financial information.
5. Identifying and proactively addressing emerging issues.
6. Interpreting the agency's mission to the public.
7. Hiring, evaluating, and collaborating with the Executive Director.
8. Authorizing the establishment of bank accounts and check signatories.

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The Executive Director shall be responsible for the day-to-day oversight and management of H-GAC.

1.03 FINANCE AND BUDGET COMMITTEE RESPONSIBILITIES

The Finance and Budget Committee is responsible for direction and oversight of the overall financial management of H-GAC. Functions of the Finance and Budget Committee include:

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1. Review and recommend the agency's annual budget (prepared by the staff) to the full board for final approval.
2. Guide the agency's long-term financial strategy.
3. Establish the agency's investment policy and monitor investment performance.
4. Evaluate and approve of facility management decisions (i.e., leasing, purchasing property)
5. Monitor actual financial performance compared to budgets.
6. Review of financial procedures

The review of the agency's financial statements shall not be limited to the Finance & Budget Committee, but involve the entire Board of Directors.

1.04 AUDIT COMMITTEE RESPONSIBILITES

The Audit Committee recommends the hiring of an independent CPA firm to the Board of Directors. The Audit Committee shall review and approve the final audited [Annual Comprehensive Financial Report \(ACFR\)](#), and any other communications received from the auditor regarding internal controls, illegal acts, or fraud.

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1.05 THE ROLES OF THE EXECUTIVE AND STAFF

The Finance and Budget Committee of the Board of Directors hires the Executive Director, who reports directly to the Board. The Executive Director is ultimately responsible for hiring and evaluating the [performance](#) of H-GAC staff. The Executive Director hires the [executive team composed of the Chief Financial Officer \("CFO"\), the Internal Auditor, the Human Resources Director, the Chief Outreach and Government Affairs Officer, the Chief Workforce Officer and the Chief Transportation Officer](#). The [executive team](#) recommends employment of department directors for each of the [agency's divisions and departments](#).

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Each department director is responsible for making recommendations on hiring employees to work in their department with approval from the [Chief Financial Officer](#) and the Executive Director. All employees within a [department](#) shall report directly to that department's director, or to one or more designated managers within the department. Departmental managers evaluate their subordinate staff and make recommendations to the director of their department regarding performance and job assignments.

2.0 ACCOUNTING CONCEPTS AND PRINCIPLES

2.01 BASIC CONCEPTS OF ACCOUNTING

Accounting is the process of recording, classifying, and summarizing, in quantitative terms, the economic events of a business. The result of this process is a compilation of information which reports on the financial position of a business at a certain point in time and the results of its operations during a period. The basic objective of financial statements is to provide dependable and relevant financial information for the evaluation of a business.

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The accounting process records the economic events of an organization by making additions to and removals from specific classifications known as accounts. There are five general types of accounts: assets, liabilities, net position (fund balance), revenues, and expenditures.

Assets are economic resources over which an organization has control and ownership. Examples of these include cash, claims to receive cash (accounts receivable), buildings, land, equipment, etc. Liabilities are economic obligations of the agency such as taxes, outstanding bills (accounts payable), leases, and other debts. Net position represents the excess of assets of an organization over its liabilities.

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The two remaining categories of accounts, revenues and expenditures, are used to record the inflows and outflows of financial resources of the agency during a specific period of time. Total revenues over expenditures are compared at the end of each accounting period (usually 1 month and the excess of revenues over expenditures is accumulated throughout the fiscal year. This amount is referred to as the Change in Net Position (fund balance). At the end of the fiscal year, this amount will be combined with the net position (fund balance) for the agency, and the total net position (fund balance) will be carried forward to the next fiscal year. Likewise, if expenditures exceed revenues, then a reduction to the net position (fund balance) is recorded.

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Accounting Entity

H-GAC is a voluntary association of local governments that administers planning and action programs from various federal, state, and local agencies for the benefit of the citizens of the region. H-GAC is a legally separate entity, formed under authority of State Law under the Local Government Code, Chapter 391. For the purposes of these financial policies, the accounting entity consists of H-GAC and its blended and discrete component units: the Energy Purchasing Corporation, the Gulf Coast Economic Development District, the Houston-Galveston Area Local Development Corporation, the Regional Excellence Corporation & the Gulf Coast 911 Regional District. H-GAC applies the same financial policies and procedures to all fiscal entities, grants, departments, and programs regardless of funding source.

Deleted: all of its blended and component units.

Fiscal Year

H-GAC has adopted the calendar year which begins on January 1 and ends on December 31 as its fiscal year. Many grants and programs for which H-GAC is fiscally responsible have a different fiscal year. The agency reports on the fiscal periods required by the funding entity in compliance with grants and contracts; however, audited financial statements and organizational budgets will be prepared for H-GAC's fiscal year.

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2.02 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

In accordance with 2 CFR 200 (Subparts A-F) *Uniform Requirements, Cost Principles, and Audit requirements* for Federal Awards, sometimes referred to as the OMB Super Circular, H-GAC maintains a financial management system that provides for the following. Specific procedures to conduct these standards are detailed in the appropriate sections of this manual.

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1. Accurate, current, and complete disclosure of the financial results of each federal or state sponsored project or program in accordance with the reporting requirements.
2. Records that adequately identify the source and application of funds for federal or state sponsored activities. These records contain information pertaining to federal or state awards, authorizations, and obligations.
3. Effective control over and accountability for all funds, property, and other assets. H-GAC shall adequately safeguard all such assets and ensure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to H-GAC from the U.S. Treasury or the State Comptroller and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable federal cost principles and the terms and conditions of the award.
7. Accounting records include cost accounting records that are supported by source documentation.

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2.03 FUND ACCOUNTING AND ACCOUNTING PRINCIPLES

Modified Accrual Basis Accounting

During the process of providing services to the community, H-GAC incurs a wide variety of expenditures. These expenditures are mostly paid mainly from federal or state grants and other contractual agreements. H-GAC earns these revenues as the costs are incurred (reimbursement basis). Additionally, both revenues and expenditures result when H-GAC incurs costs, and because of this, an attempt should be made to recognize revenues as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. However, expenditures related to compensated absences are recorded only when payment is due.

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Fund Accounting

H-GAC has adopted a fund concept of accounting. [There are three categories of funds that H-GAC uses for its activities.](#) [These](#) are governmental funds, proprietary funds, and fiduciary funds. The following is a brief description of each fund:

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Governmental Funds

[This category of funds is for the basic activities of a government. Its focus is on the current financial resource measurement. H-GAC has two types of governmental funds – the General Fund and the Special Revenue Fund.](#)

General Fund – The general operating fund accounts for all financial resources of H-GAC that are not accounted for within other funds.

Special Revenue Fund – The special revenue [fund](#) account for proceeds that are legally restricted for purposes specified in various state and federal grant agreements or corporation bylaws, such as bylaws for the Corporation for Regional Excellence.

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Proprietary Fund

[Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial \[administration\]\(#\). \[Proprietary funds include enterprise funds and internal services funds.\]\(#\)](#)

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[Enterprise Fund - Enterprise funds are used to account for operations that are financed and operated in a manner similar to a business. H-GAC's Cooperative Purchasing and Energy Purchasing programs are recorded as enterprise funds since their objective is to be self-sustaining. H-GAC's component units, the Local Development Corporation and the Gulf Coast Economic Development District are also recorded as enterprise funds.](#)

Fiduciary Fund

Fiduciary funds are used to account for assets held on behalf of outside parties. The Retirement Plan for the employees of H-GAC is accounted [for](#) in the various mutual funds in which the funds are invested. [H-GAC also holds a custodial fund for the Area Emission Reduction Credit Organization \(AERCO\).](#)

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2.04 OTHER CONSIDERATIONS

Recording of Direct and Indirect Costs

The recording of direct costs is the process of identifying and assigning costs directly to the project cost center generating those costs. The recording of indirect cost is the process of identifying indirect costs for facilities, administration and support services and allocating those costs to the various project cost centers that benefit from the administration and support services.

Further discussion of these costing concepts may be found in chapter 7, Direct, Indirect Cost and [Employee](#) Benefits.

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Internal Controls

Internal control is comprised of the comprehensive plans, policies and procedures of the agency and all coordinate methods and measures adopted within H-GAC to safeguard the assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial directives.

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Characteristics of Internal Control

Key characteristics include assigning clear responsibilities, separation of duties, maintaining proper documentation, and using physical and technological safeguards. These are supported by competent staff utilizing cost-efficiency and effective communication to authorize, verify, and monitor transactions and activities of the organization to prevent errors and fraud.

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Section Break (Next Page)

A plan of organization which provides appropriate segregation of functional

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Personnel of a quality commensurate with responsibilities¶
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A system of authorization...

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¶

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Within the framework, internal control can be divided into two types of control: Accounting and Administrative.

Accounting Control

Accounting controls are primarily designed to safeguard the assets and provide reliable financial records of the agency. This involves the procedures and records which are designed to provide reasonable assurance that financial transactions are executed in accordance with management's authorizations.

Transactions are recorded as necessary to permit preparation of financial statements in conformity with applicable accounting principles and to maintain accountability for assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

This definition of accounting controls envisions reasonable, not absolute, assurance that the objective expressed will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefit relationships of different levels of control procedures made by management. From this evaluation process, management will select the procedures which are appropriate in the circumstances.

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Administrative Controls

Administrative controls are primarily designed to promote operational efficiency and adherence to managerial policies. Administrative controls include the plan of Organization, the procedures and records concerned with the decision-making process, the operational efficiencies of H-GAC and the quality control considerations of services rendered.

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Inherent in effective administration of H-GAC is the communication of the financial and service goals of H-GAC, as functional units, to all supervisory personnel. Strong internal controls require that the agency's structure be formally established with clearly defined areas of responsibility and authority. This formal plan should be in writing and include such items as organizational charts, job descriptions, and internal policy manuals. A formal budgeting system with periodic comparison of actual to forecasted results is also used as an effective administrative tool and internal control.

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3.0 GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue, and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

3.01 CHART OF ACCOUNTS

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gains and losses account.

H-GAC's chart of accounts is comprised of five types of accounts:

1. Assets
2. Liabilities
3. Net Position
4. Revenues
5. Expenses

3.02 FUNDS

A fund is a separate and independent fiscal and accounting entity and encompasses sums of money or other sources set aside for the purpose of carrying on specific activities or attaining certain objectives.

H-GAC uses four basic funds:

1. General Fund
2. Special Revenue Fund
3. Enterprise Fund
4. Fiduciary Fund
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3.03 PROJECT CODE

Projects are used to accumulate detail transactions and the impact of these transactions on each grant contract's budget.

The following are typical project segments for H-GAC:

- Funding Source
- Program Year
- Task

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3.04 CONTROL OF CHART OF ACCOUNTS

The Accounting Manager monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the CFO or Controller, who ensure that the chart of accounts is consistent with the organizational structure of H-GAC and meets the needs of each division and department.

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3.05 ACCOUNT DEFINITIONS

General Ledger
Account Range
 10001 - 19999

Category
Assets

Definition

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay for current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets (property and equipment) are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable.

Other assets include long-term assets that are acquired without the intention of disposing them in the near future. Some examples are security deposits, property, and long-term investments.

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20001 – 29999

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future because of past transactions or events. Liabilities are classified as current or long term.

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Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

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Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mort- gage loan.

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30001 - 39999 **Net Position**

Net Position is the difference between total assets and total liabilities.

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40001 - 49999 **Revenues**

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.

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50001 - 99001 **Expenditures**

Expenditures are outflows or other activities using assets, or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute H- GAC's on-going major or central operations.

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3.06 FISCAL YEAR OF ORGANIZATION

H-GAC shall operate on a fiscal year that begins on January 1st and ends on December 31. Any changes to the fiscal year of the organization must be ratified by majority vote of H-GAC's Board of Directors.

3.07 JOURNAL ENTRIES

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:

- Recording of noncash transactions
- Corrections of posting errors
- Nonrecurring accruals of income and expenses

All journal entries not originating from subsidiary ledgers shall be authorized by the Accounting Manager or Controller . The CFO may not post entries, but he/she may approve entries for posting.

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4.0 REVENUES AND CASH RECEIPTS

4.01 REVENUE RECOGNITION

H-GAC receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. Grant income - Monthly or quarterly recognized based on billings (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).

H-GAC performs a one-time accrual based on incurrence of allowable costs at year end. This allows H-GAC to close its financial records and assure that all revenues are attributed to the correct accounting fiscal year.

2. In-Kind Contributions – Recognized as income when received.
3. Program Income – Includes income generated from the grant activities, and is recognized when received.
4. Other Income - Includes cash received from non-grant related activities, such as Cooperative Purchasing fee revenue, interest income, and data sales. These revenues are recognized on an accrual basis, when applicable.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer.

4.02 CASH RECEIPTS

Cash (including checks payable to the Organization) is the most liquid asset of the Organization. Therefore, it is the objective of H-GAC to establish and follow the strongest possible internal controls in this area.

1) Processing of Checks and Cash Received in the Office

The following procedures will be followed:

- Cash and checks are received in a central location (facilities department) to ensure that it is received and appropriately recorded and deposited on a timely basis.
- Mail is opened and a listing of cash/checks received shall be prepared by the facilities department personnel and entered in the cash log system.
- Checks are endorsed once the proper account is known for the check to be deposited. The facilities department confers with the Accounting Manager or Principal Accountant to determine which account the check should be endorsed.
- The checks are entered into a check log and then scanned into the finance division's check folder on SharePoint.
- For cash received, a receipt is created detailing the nature and purpose of the cash receipt.
- A deposit slip is prepared from the cash/checks received from the facilities department by the Executive Assistant to the CFO or his/her appropriate back-up.

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- Checks are deposited by the Executive Assistant to the CFO or his/her appropriate back-up using the remote deposit machine. Cash is taken to H-GAC's bank and deposited.
- If the Executive Assistant to the CFO is unable to make the deposit, it will be made by the Travel Coordinator, as their back-up for this task.
- The check log is submitted to the accounting department, and the cash receipt is recorded by the accountants and posted by the Accounting Manager.
- After the checks have been scanned and deposited, the hard copies will be filed and stored as reference for fiscal year-end plus three years as recommended by the Texas State Library Archives Commission.

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All checks received that are payable to H-GAC shall immediately be restrictively endorsed by facilities department personnel with the deposit stamp. The restrictive endorsement shall be a rubber stamp that includes the following information:

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- For Deposit Only
- H-GAC
- Bank name
- Bank account number

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Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$1,500. Cash and checks not deposited immediately are kept in the safe in the facilities department. In no event shall deposits be made less frequently than every two days.

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2) Processing of Cash Received in the Lockbox and ACH

The following procedures will be followed:

- Cash receipts from the financial institution's lockbox and via Automated Clearing House (ACH) deposits are printed weekly from the bank software online.
- Cash received through ACH is reviewed by the accountants responsible for posting cash by comparing the deposit with the grant billing invoice and recorded by the accountants.
- Cash received from the lockbox is reviewed and recorded by the accountants in the accounting software, MIP.
- Cash transactions are reviewed and posted by the Accounting Manager.

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4.03 BANK RECONCILIATIONS

Bank reconciliation shall be made monthly within 30-60 days from the date of the bank statements.

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The accountant, who has no cash handling duties, shall be responsible for reconciling bank accounts to the general ledger.

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Bank account statements are received each month and forwarded to the accountant.

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A reconciliation between the bank balance and general ledger balance is prepared in a timely manner as follows:

1. Compare each entry in the bank statement with the corresponding check register in the bank reconciliation model.

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2. Identify outstanding checks, deposits in transit and other reconciliations.
3. Mark cleared items in the system.
4. Save bank reconciliation analysis to a file on the SharePoint site.
5. Attach bank reconciliation analysis with the bank statement, listing of outstanding checks and deposits in transit documents.
6. Prepare journal entries resulting from the reconciliation and submit them to Accounting Manager for review and approval.
7. Forward the completed reconciliation files to Accounting Manager for review and approval.
8. Save the bank reconciliation and all the supporting documentation into an electronic file for each bank account.
9. For outstanding checks older than 120 days, the accountant shall submit this list to accounts payable for investigation and to the Controller for review.
10. The Controller confers with the accounts payable on the investigation of the outstanding checks older than 120 days. Once a determination is made on each check, the Controller will then authorize the accounts payable staff to either void or reissue the check.

4.04 INVESTMENT

Based on the cash flow requirement and analysis, the CFO determines the funds available to be placed in the investment. The Controller and Accounting Managers, acting as the Investment Officer(s) for the agency, will obtain quotes from the authorized financial institutions for investment options. The investment options will be presented to CFO for investment decisions with recommendations. The investment officers maintain a record of each investment, its cost, description and identifying account number. Funds to be invested do not include those from federal awards. Such funds will be spent on program requirements as budgeted or returned to the awarding agency. All investments and other negotiable assets are properly safeguarded and are in the name of the Houston-Galveston Area Council. Proprietary funds not used in the daily operations of the component units of H-GAC, are also invested following the same investment policies and procedures as the governmental funds.

H-GAC has a separate/stand-alone investment policy. It can be accessed by the following link:

[INVESTMENT POLICY 2026 - COC FINAL 12182025.pdf](#)

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All purchased investments shall initially be recorded at cost. Adjustments to market value shall be made¶
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The following ...

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Deleted: <#>The Investment Officer shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements on a quarterly basis. The schedule of investments shall include the following information with respect to each investment:¶
Date acquired¶
Cost or basis at acquisition¶
Interest rate (if applicable)¶
Date of maturity (if applicable)¶
Holder/issuer of security¶
Current market value¶
2 The Investment Officer shall prepare journal entries to record interest earned and any adjustments from the reconciliation.¶
The Investment Officer shall prepare a report of investments for presentation on a quarterly basis. The report will be reviewed and approved by the CFO and submitted to the Finance Committee an(¶

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5.0 ACCOUNTS PAYABLE MANAGEMENT

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- 9. For outstanding checks older than 120 days, the accountant shall submit this list to accounts payable for investigation and to the Controller for review.
- 10. The Controller confers with the accounts payable on the investigation of the outstanding checks older than 120 days. Once a determination is made on each check, the Controller will then authorize the accounts payable staff to either void or reissue the check.

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5.0 ACCOUNTS PAYABLE MANAGEMENT

5.01 OBJECTIVE

H-GAC strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by a staff member who is also not responsible for the ordering and receiving of the asset.
- The amounts recorded are based on the vendor invoice for the related goods or services.
- The vendor invoice should be supported by an approved purchase order where necessary.
- Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

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The primary objectives for accounts payable and cash disbursements are:

1. Timely and efficient processing of accounts payable
2. Accurate recording of the agency's liabilities and related expenses
3. Payment for only goods and services actually received and authorized

5.02 RECORDING OF ACCOUNTS PAYABLE

Invoices shall be emailed directly to the accounts payables section of the accounting department. Payment of invoices shall have the proper approvals and authorizations. All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable upon receipt and verification.

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Payments are processed and disbursed twice a week through electronic funds transfers (EFT's). Manual checks are only processed for exceptional circumstances. Information is entered into the accounting system, MIP, from approved invoices with the appropriate back-up documentation attached.

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Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records or reconciliation of the vendor contract. No vendor statements shall be processed for payment.

5.03 ESTABLISHMENT OF CONTROL DEVICES

The Accounting Coordinator establishes control of invoices as soon as they are received. Upon receipt, each invoice shall be tracked electronically and distributed to the appropriate Accounting Coordinator.

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5.04 PREPARATION OF INVOICE DOCUMENTATION

Prior to any accounts payable being submitted for payment, all supporting documentation should be received, reviewed, and attached to the invoice to be paid. Proper supporting documentation includes the following items:

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1. Vendor invoice
2. Packing slip (where appropriate)
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Purchase order or check request as required by procurement policies.
5. Any other supporting documentation deemed appropriate, such as a service completion report, timesheet, contract, or proposal.

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5.05 PROCESSING OF INVOICES

The following procedures shall be applied to each invoice by the Accounting Coordinator Specialists:

1. Check the mathematical accuracy of the vendor invoice.
2. Match the vendor invoice with the purchase order or check request and other supporting documents.
3. Create A/P voucher.
4. Create a voucher edit report.
5. Submit the voucher edit report, vendor invoices, and supporting documentation to the Accounting Manager for review and posting.
6. After receiving an approved and posted batch from the Accounting Manager, select vouchers for payment and create the EFT or checks as appropriate.
7. Submit the EFT and check batch with supporting documentation to the Accounting Manager for review and then forward to CFO for approval. The Controller shall provide this approval only when the CFO is unavailable.
7. Submit the EFT and check batch with supporting documentation to the Accounting Manager for review and then forward to CFO for approval. The Controller shall provide this approval only when the CFO is unavailable.
8. Obtain approval and signature for the EFT and checks.
9. Once all signatures have been acquired, the Accounting Manager transmits the EFT payment through the bank software. The Executive Director's Executive Assistant releases the EFT payment from the bank software and mails out all checks. Vendors are not permitted to pick up checks. Any employee receiving reimbursement from H-GAC for an authorized expenditure via check, must sign the file copy of the supporting documentation which acknowledges receipt of payment.

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5.06 CHECK REQUESTS

Check requests must have proper supporting documentation and appropriate approvals.

Use of check requests shall be limited to payment for items not covered by purchase orders such as service calls, one-time payments, refunds, event deposits, or in emergency situations. These situations are usually one-time purchases limited to amounts less than \$5,000. Check requests are not to be used to circumvent the purchase order process.

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Proper segregation of duties shall be maintained in preparing and processing check requests. All costs paid through check requests shall comply with all the requirements established in this manual, i.e., budget availability and costs that are allowable, necessary, reasonable, and beneficial to a contract, grant, or department.

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5.07 USE OF PURCHASE ORDERS

Purchase Orders are a formal request or authorization to purchase goods or services. H-GAC utilizes an automated purchase order system, Microix. Departments initiate the purchase order by completing a requisition. The requisition process is designed to automatically forward through the approval process based on type of purchase and amount. Grant program managers will certify that the purchase requisition meets applicable grant requirements and that adequate funds have been authorized and appropriate approvals have been received. Once a requisition has the required approvals, it is submitted to the procurement department for preparation of a purchase order. The procurement department submits orders to the selected vendor. It is a violation of H-GAC policy for staff personnel to purchase goods or services without prior approval and adhering to the purchasing policies, including the requisition process. The procurement staff are authorized representatives of the agency for the purchase of goods and services.

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A properly completed purchase order shall contain the following information, at a minimum:

- Specifications or statement of services required.
- Vendor name, address, point of contact and phone number.
- Source of funding (if applicable).
- Special conditions (if applicable).
- Catalog number, page number, etc. (if applicable).
- Net price per unit, less discount if any.
- Total amount of order.
- Date purchase order was prepared.
- Purchase Order number General Ledger account number.
- Project number if applicable

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Purchase orders shall be automatically numbered by the accounting system and issued upon approval by the procurement department.

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Annually, an aged outstanding purchase order report shall be prepared and reviewed with the Accounting Manager. In addition, each grant accountant will review the outstanding purchase orders before a grant may be closed.

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Another type of purchase orders are contract blankets, or CTBLKs. H-GAC utilizes contract blankets to release payments against fully executed vendor or consultant contracts. The use of a contract blanket allows for more efficient processing and payment of invoices against approved contracts that require multiple payments over the contract period. By utilizing a contract blanket, repetitive data entry of checks or purchase requisitions as well as the need for multiple approvals for each payment is eliminated.

Each department has a dedicated contract blanket workflow in Microix that begins with the prefix "CTBLK" and notates their department name (i.e., CTBLK-HS Workforce). Upon receipt of a fully executed contract, signed by all parties including our Executive Director, and approved by H-GAC's Board of Directors, if applicable, the designated department staff will initiate the contract blanket in the system. Appropriate supporting documentation should be attached as backup. This should include a fully executed contract, H-GAC Board of Director's approval, if applicable, and any additional backup documentation to support the entry. Once submitted the contract blanket will go through appropriate department review/approval and end with the final review/approval by accounting staff. At this point, the contract blanket is ready for accounts payable staff to release payments against it as invoices are received.

If an amendment is executed for the existing contract, the contract blanket will have to be sent back to the original department requester to adjust as needed. After adjustments have been added, the contract blanket will need to be re-submitted to go through the approval process again since changes have been made.

At fiscal year-end, accounting staff will review the status of open contract blankets to determine if all applicable contractor/vendor invoices have been received and paid. Contract blankets that may need to be closed out due to a contract term expiration will be managed accordingly.

5.08 RECEIPT AND ACCEPTANCE OF GOODS

All goods are received by the facilities department. The facilities personnel shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

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1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading of any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Enter receiving information into Microix, the workflow companion to the accounting system.
8. Forward goods to the ordering department.
9. The ordering department will inspect goods and report immediately any discrepancies or damage to the procurement department.
10. The procurement department will report all discrepancies to vendor and request replacement or credit. They will also notify accounts payable of the discrepancy for proper credit tracking.

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This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

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5.09 ACCOUNTS PAYABLE VENDOR MASTER FILE

When new vendors need to be added to H-GAC's accounts payable vendor master file, a Company Information Form is completed and submitted with a W-9 form by the vendor to the accounting Department. The accounts payable staff will send the vendor an Authorization for Direct Deposit form via a secure Adobe Acrobat link. Once accounts payable receives the form back, they will contact the vendor and verbally confirm banking information over the phone. Accounts payable will then email the accounting manager to be notified once the banking information has been confirmed and the vendor is ready to be set up. The Accounting Manager will check for debarment then he/she will enter the new vendor's information into the system and establish a new vendor ID number. The Accounting Manager will then notify the requestor when the new vendor is set up and provide them with the vendor ID number.

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Note: The new procurement software system, Gatekeeper, will provide new vendors with direct access to a portal to complete their information including banking information, when fully implemented.

Note: The new procurement software system, Gatekeeper, will provide new vendors with direct access to a portal to complete their information including banking information, when fully implemented.

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5.10 PAYABLES DISBURSEMENTS

H-GAC's Accounting Coordinators for accounts payable process EFTs for payment disbursement twice a week. EFT disbursements and checks are prepared by people independent of those who initiate or approve expenditures, establish new vendors, reconcile bank accounts, or sign checks.

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All payments shall be processed in accordance with the following guidelines:

- Expenditures must be supported in conformity with purchasing and accounts payable policies.
- Timing of disbursements should generally be made to take advantage of all early-payment discounts.
- Generally, all vendors are to be paid within 30 days of submitting a proper invoice after delivery of the requested goods or services.

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- Contractors and subrecipients will be paid in accordance with contract terms and the availability of funds from grantor agencies.
- Total cash requirements associated with each disbursement run are monitored in conjunction with available cash balance in the bank prior to the release of any checks.
- All supporting documentation is attached to the corresponding payment prior to forwarding the entire package to an authorized check signer.
- Checks shall never be made payable to "bearer" or "cash."

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5.11 CHECK SIGNING

Checks of ,\$25,000,or less require a single signature of the CFO or the Executive Director. The CFO and the Executive Director are the only authorized signers of all of H-GAC's bank accounts. Checks larger than \$25,000 require two signatures.

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Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

5.12 APPROVAL OF DOCUMENTS IN THE ACCOUNTING SYSTEM

All document approval workflows within the Microix/MIP accounting system must contain the below levels. These levels are applicable to both purchase order and invoice documents. The processing of these documents happens after any related board approvals.

| | <u>Role Threshold</u> |
|--------------------------------|----------------------------------|
| <u>Program Manager</u> | <u>\$0 to \$9,999</u> |
| <u>Assistant Director *</u> | <u>\$10,000 to \$24,999</u> |
| <u>Director</u> | <u>\$25,000 to \$49,999</u> |
| <u>Division Chief Officer</u> | <u>\$50,000 to \$99,999</u> |
| <u>Chief Financial Officer</u> | <u>\$100,000 to \$249,999</u> |
| <u>Executive Director</u> | <u>> \$250,000</u> |

** Applies only to those departments with this position.*

5.13 CREDIT CARD LIMITS

Below are the maximum credit card limits that are allowed per role. Departments and staff wishing to obtain

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[a credit card to process business related expenses must submit a request to the Chief Financial Officer with justification and demonstrated need. The issuance of an H-GAC credit card is a privilege, and requests are not automatically approved. All cardholders must sign a credit cardholder acknowledgement prior to receiving their cards and must follow the current credit card policy within the H-GAC procurement manual.](#)

| | <u>Role Threshold</u> |
|--|---------------------------|
| Department Assistant/Departmental Card | \$3,000 |
| Manager/Assistant Director | \$8,000 |
| Facilities Manager | \$10,000 |
| Director | \$15,000 |
| Division Chief Officer | \$20,000 |
| Chief Financial Officer | \$25,000 |
| Executive Director | \$30,000 |

5.14 DISBURSEMENTS USING ELECTRONIC FUNDS TRANSFER

[An EFT batch report is prepared which shows the items in the batch and the total batch amount. The EFT transmittal approval form is signed by authorized signers, who are the CFO and the Executive Director or their approved delegates. The EFT transmittal approval form is then transmitted to the bank by the Accounting Manager and released by the Executive Assistant to the Executive Director.](#)

5.15 USE OF POSITIVE PAY SYSTEM

H-GAC utilizes a [positive pay procedure](#) with its financial institution for all checks drawn on the operating account. With this [procedure](#), the Accounting [Manager](#) electronically communicates to the financial institution a list of check numbers, amounts, and vendors in connection with each check run. The [financial institution](#) shall then notify the Accounting [Manager](#) if any check is presented for payment that does not match the three characteristics for valid checks. [The Accounting Manager will then confirm payment or deny payment to be made.](#)

5.16 WIRE TRANSFER

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Wire Transfers are performed only when there is an immediate need for same day disbursement. The Chief Financial Officer and the Executive Director shall be the only H-GAC employees authorized to transact wire transfers from H-GAC bank accounts. To execute a wire transfer, the CFO or Executive Director signs a Wire Transfer Transmittal Approval Form. The wire transfer is then transmitted to the bank by the Accounting Manager and released by the Executive Assistant to the Executive Director.

Confirmations of all wire transfers are delivered to the Executive Director and CFO.

5.17 MAILING OF CHECKS

After signature, checks are returned to the Executive Director's Executive Assistant for mailing. Checks shall not be mailed by or returned to individuals who authorize expenditures. Except for checks to employees and checks needed for purchase of postage, no checks can be picked up by a vendor. All checks are delivered by a third-party vendor either by U.S. mail, FedEx, or courier.

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5.18 VOIDED CHECKS AND STOP PAYMENTS

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID." All voided checks shall be retained to aid in preparation of bank reconciliations.

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In the event of an EFT return item, the bank will send a return email notification to the Accounting Manager and the Controller. They will review the circumstances for the return and forward the notification to the accounts payable staff. If the return involves incorrect banking information the Accounting Coordinators will contact the vendor and ask them to complete a new Authorization for Direct Deposit form to update our vendor file. Once banking information has been confirmed with the vendor, accounts payable will void the returned EFT check and reprocess payment.

Stop payment orders may be made for checks lost in the mail or for other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by the accounting manager. A cash disbursement reverse entry is made, and the expense is credited to record the stop payment.

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5.19 RECORDKEEPING ASSOCIATED WITH INDEPENDENT CONTRACTORS

H-GAC shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year end. Payments to such vendors shall be accumulated over the course of a calendar year.

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Wire Transfers are performed only when there is an immediate need for same day disbursement. The Chief Financial Officer and the Executive Director shall be the only H-GAC employees authorized to transact wire transfers from H-GAC bank accounts. To execute a wire transfer, the CFO or Executive Director signs a Wire Transfer Transmittal Approval Form. The wire transfer is then transmitted to the bank by the Accounting Manager and released by the Executive Assistant to the Executive Director.

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The Chief Financial Officer and the Executive Director shall be the only H-GAC employees authorized to transact wire transfers from H-GAC bank accounts. To prevent anyone other than the Chief Financial Officer from transacting wire transfers, a system shall be employed that requires a written authorization for each wire transfer.¶
¶
Confirmations of all wire transfers are delivered to the Executive Director and CFO.¶
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6.0 ACCOUNTS RECEIVABLE MANAGEMENT (NON-GRANT)

H-GAC's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders required, based on allowed, incurred [expenses](#). (See below "Administration of Federal/State Awards")
- Fee-for-service income – billed according to contract requirements based on a predetermined fee schedule or fee structure.
- Local revenues – Income such as workshops, data sales and memberships are based on a fee structure.

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H-GAC's Accounting Department is responsible for the invoicing and the collection of outstanding [receivables](#).

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6.01 ACCOUNTS RECEIVABLE (H-GAC COOPERATIVE PURCHASING PROGRAM)

1. Invoices are generated from the H-GAC accounting system by the Accounting [Coordinator](#) based on the Purchase Order folder received from the Cooperative Purchasing Department.
2. The Accounting [Coordinator](#) prepares the receivable edit report form in the H-GAC accounting [system](#) after the invoices are generated and forwards [them](#) to the Accounting [Manager](#) for review and posting.
3. The Accounting [Coordinator](#) e-mails one copy of the invoice to the customer, mails an original invoice to the customer, and retains a copy for file in numerical sequence.
4. Each month, the [Accounting Manager updates and sends out](#) the accounts receivable report and meets with the [cooperative's](#) Program Coordinator [for the related grant](#) to go over outstanding invoices to determine if any follow-up or collection action is needed.

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6.02 ACCOUNTS RECEIVABLE (LOCAL REVENUES)

1. Invoices shall be generated from the H-GAC accounting system by the [Accounting Coordinator](#) based on the request for billing received from the various program departments.
2. The [Accounting Coordinator](#) prepares the receivable report from the H-GAC accounting system after the invoices are generated and forwards report to the Accounting [Manager](#) for review and posting.
3. The [Accounting Coordinator](#) mails an original invoice to the customer, one copy of the invoice to the department who requests the billing and retains a copy for file in numerical sequence.
4. The [Accounting Coordinator](#) will print out the accounts receivable report and meet with [corresponding](#) program staff periodically to determine if any collection action is needed.

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6.03 ACCOUNTS RECEIVABLE WRITE-OFF PROCEDURES

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the Accounting Department. If an account receivable is deemed uncollectible, the approval of the [Chief Financial Officer](#) is required before the write-off is processed.

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Once a write-off has been processed, appropriate individuals in the originating department will be advised so that further credit is not granted.

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If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or against the original account credited.
2. Invoices written off that are dated prior to the current year will be written off against the bad debt allowance account for Cooperative Purchasing receivables. The write-off will be charged against current year's revenue for local receivables. In the event that a bad debt exceeds the allowance, the residual amount will be an adjustment to current year's revenue.

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7.0 DIRECT, INDIRECT COSTS AND EMPLOYEE BENEFITS

7.01 DIRECT COSTS

Direct costs include those costs that are incurred and can be specifically identified as benefitting a specific program or function. The Houston-Galveston Area Council identifies and charges these costs exclusively to each award or program.

Each expense shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure.

H-GAC requires all employees to complete timesheets to support the payroll record. All time sheets include project codes to support the work performed or leave time taken by the employees. Employees may be required, under certain conditions, to notate on their timesheet specific tasks that were completed. H-GAC considers the electronic timesheet to be the personal activity report for each employee. Timesheets are submitted on a bi-weekly basis, reflecting employees' work and which programs directly benefited from their effort. Timesheets serve as the basis for charging salaries directly to federal awards and non-federal functions. Refer to the payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on a federal or state award and reimbursed by a federal or state agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated).

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7.02 INDIRECT AND MIXED CHARGES

Indirect costs are those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program. Indirect costs shall be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:

- The Executive Director's Office
- The Chief Financial Officer's Office
- The Procurement Department
- The Accounting Department
- The Human Resources Department
- The Internal Audit Department
- Printshop / Facility Operations
- Data Services / Network IT

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Mixed charges are applied to those cost centers that have positions that may charge their salary costs to both direct and indirect activities.

Examples of cost centers having mixed charges are:

- The Executive Director's Office
- Outreach and Governmental Affairs

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- [The Accounting](#) Department
- The [Internal Audit](#) Department

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Shared space¶
Purchasing cost¶
Personnel cost¶
Print Shop cost¶
Facility cost¶
Network administration cost¶
GIS cost...

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not directly charged to a particular funding source will be pooled and allocated across all funding streams, federal, state, and [local, on an equitable basis established during the budget process and approved by the H-GAC Board of Directors.](#)

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7.03 INDIRECT COST RATE

H-GAC maintains an annual indirect cost budget. Each year a new indirect cost budget is prepared in conjunction with the agency-wide annual budget and approved by the H-GAC's Board of Directors; it follows all applicable 2 CFR 200 guidance. The indirect cost allocation policy/plan and related rates are submitted to H-GAC's Cognizant Agency for approval at the beginning of each fiscal year.

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Examples of the types of expenditures normally included in the indirect cost pool are:

1. General administration (software, employee development, travel, office supplies, etc.)
2. Salaries and benefits of the executive officers, finance, accounting, facilities, data services, procurement, internal audit, and human resources personnel
3. Depreciation of equipment and buildings

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H-GAC reconciles the variance between the rate charged for indirect costs and the actual costs during the Annual Comprehensive Financial Report (ACFR) process. Adjustments over and under the calculated rate are carried forward to the indirect cost pool in the subsequent year, with the carryforward amount determined based on reasonableness in accordance with 2 CFR 200.

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These rates are submitted to H-GAC's Cognizant Agency for approval and are binding on all Federal and State agency agreements unless specifically excluded by statute or contract.¶

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7.04 COST POOLS

H-GAC uses a variety of methodologies to allocate costs to the various projects that it operates. Some allocations require that costs be distributed first at a departmental level and then at a project level. Other costs are distributed directly to the projects via an automated allocation program in the accounting system. The following describes each type of allocation, the basis, and whether it was a single or double allocation.

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RENT

1st Tier Basis: Direct Labor Hours

The monthly cost of leased space along with any adjustments imposed by the landlord for utility costs are allocated to the projects based on each project's labor hours as a percentage of total labor hours for the agency. When a facility or location is rented exclusively for a specific program, the rent associated with that location is charged directly to that program. When grantors staff (e.g., TWC and TVC staff occupying HGAC locations), or other personnel who are expected to work off-site (e.g., Quality Mentors), occupy HGAC main building, rent is allocated on a per-employee basis. The per-employee rate is calculated by dividing the total monthly rent by the total number of employees occupying the building. This rate is then multiplied by the number of grantor employees, and the resulting amount is directly charged to the grant. The remaining portion of HGAC's rent is assigned to the RENT project and allocated as part of the organization's rent allocation methodology.

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PERSONNEL 1st Tier Basis: Labor Hours¶

This pool of costs includes any cost incurred in a personnel or payroll related functions. Examples of this cost are salary and benefits of personnel and payroll staff, recruiting and supplies, etc. The pooled costs are allocated to the projects based on each project's labor hours as a percentage of total

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WORKFORCE ADMIN AND DATA SERVICES POOL

1st Tier Basis: Departmental Labor Hours

H-GAC has a large workforce program consisting of multiple funding streams and projects. The administrative and data services need of these projects is pooled monthly, and the costs are distributed to the various workforce projects based on the labor hours charged to that project monthly as a percentage of all labor hours for the department.

[all](#) labor hours for the [department](#).

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7.05 EMPLOYEE BENEFITS

H-GAC incurs costs for the following statutory and non-statutory employee benefits:

- FICA₁
- Unemployment insurance₁
- Worker's compensation₁
- Health insurance₁
- Contributions to 401(k) plan₁
- Accrued vacation₁
- Used sick leave₁
- Other leave₁ such as [holiday, jury duty](#), etc.
such as [holiday, jury duty](#), etc.

The total cost of all [the preceding employee benefits](#) _{js} expensed each month to a benefit pool. At the end of each month all salary costs for the month are totaled. Each project's salary cost is multiplied by the fixed [benefit](#) rate approved by the Cognizant Agency. The result is the benefit cost to that project for that month. This allocation is automated through the accounting software.

Like the indirect cost pool, the benefit pool is reconciled annually₁ and actual [allocated adjustments](#) are carried forward to the following budget year.

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Other Misc. benefit costs...

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8.0 PAYROLL AND RELATED POLICIES

8.01 PAYROLL ADMINISTRATION

H-GAC operates on a bi-weekly payroll. The objectives of the following payroll procedures are to ensure:

1. A timely and efficient processing of the staff payroll.
2. An accurate computation and recording of payroll expense, related liabilities, and net pay.
3. Payment for only authorized work actually performed.

8.02 PAYROLL TAXES

The accounting department is responsible for ensuring that all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. Withholding of federal income taxes shall be based on the most current Form W-4 prepared by each employee.

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8.03 PREPARATION OF TIMESHEETS

Each H-GAC employee must prepare an electronic timesheet no later than 12 p.m. on the Friday of the second week of each pay period. Timesheets shall be prepared in accordance with the following guidelines:

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1. Each timesheet shall reflect all hours worked during the pay period.
2. Errors are to be corrected electronically by notifying the Payroll Specialist.
3. Compensated absences (vacation, holiday, sick leave, etc.) shall be clearly identified.
4. Timesheets submitted electronically shall be considered signed by employee as accurate once submitted.

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After preparation, employees' supervisors or their designees shall approve timesheets. Corrections identified by an employee's supervisor for that timesheet shall be rejected until corrected by the employee.

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An H-GAC employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone or email timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate) or to the Payroll Specialist. If the Payroll Specialist has entered the employee's timesheet for that pay period, it must be approved by the employee's supervisor.

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8.04 PROCESSING OF TIMESHEETS

After all timesheets have been approved, the Payroll Specialist reviews the timesheets to verify charge codes and work hours and then transfers timesheets to the accounting system.

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Once the payroll is processed and calculated, the payroll reports are printed and reviewed/approved by the Accounting Manager. The direct deposit file is created and/or payroll checks are printed after the payroll reports are approved. Employee leave accruals are calculated and posted.

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The Payroll Specialist creates the direct deposit file which shall be transmitted to the bank and forwards it to the Accounting Manager. After it is approved by Executive Director and CFO, it is released by the Executive Director's Executive Assistant. The payroll is then posted after the direct deposit file is sent, and payroll taxes are calculated and paid.

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8.05 TIMESHEET CORRECTIONS

If an employee needs to make a change or a correction to a timesheet, the employee must contact the Payroll Specialist with detailed information needed to make the change. The Payroll Specialist will make the change/correction to the timesheet. A grant accountant will use the detailed information provided to make the necessary journal entries for the timesheet correction. Each timesheet correction must include a reason as to why the change was needed and must be approved by the Accounting Manager prior to posting.

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8.06 DISTRIBUTION OF PAYROLL

All employees are paid by direct deposit through ACH electronic data processing. Check stubs for electronic direct deposits can be accessed via the timesheet software once payroll has been completed. In the event it is necessary for an employee to receive an actual check, the check will be distributed by an individual who does not approve timesheets, is not responsible for hiring and firing, and does not control the preparation of payroll.

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8.07 CHANGES IN PAYROLL DATA

All of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate department director, the Chief Financial Officer and the Executive Director.

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Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Any changes that affect payroll processing will be forwarded to the Payroll Specialist in the accounting department once they have been entered into the automated master file by HR Personnel. The Payroll Specialist will update rates of pay or payroll deductions after receipt of the proper documentation. Documentation supporting any changes to the payroll status of an employee will be permanently maintained in the employee's personnel file.

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To ensure that changes are implemented accurately, the Payroll Specialist will distribute a preliminary

register to the Accounting Manager for review and approval before posting the payroll. The Accounting Manager will then submit the totals for the Direct Deposit for approval to the Executive Director and the Chief Financial Officer. Once approved, the Accounting Manager will submit the recommendation for disbursement of the payroll direct deposits to the Executive Director's Executive Assistant for release of payment.

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8.08 TAX REPORTING

The [Chief Financial Officer](#) shall be responsible for identifying and assuring that H-GAC is in [compliance](#) with all [filing](#) requirements. The organization will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

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- 1. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on [calendar](#)-year compensation, is prepared on a cash basis. The Accounting [Manager with the assistance of the Payroll Specialist](#), will gather the information from the accounting software and prepare the W-2 and 1099 forms before the due date. These information returns are due to employees and independent contractors by January 31 and to federal government by February 28.

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- 2. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. The [Payroll Specialist](#) will print a quarterly information [report](#) from payroll and prepare Form 941 before the due date. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

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8.09 RETIREMENT FUND REPORTING

[A report listing all 401-K deductions, loans, and agency matching for that particular pay period is run after payroll is completed. This report is then sent to Human Resources for verification. Human Resources will then submit a payment request to fund employee retirement accounts held in trust by third party.](#)

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9.0 TRAVEL

H-GAC has a separate policy manual that addresses the rules regarding business travel. The policy is available on the H-GAC intranet. It can be found here: [Travel Policy](#)

The following addresses the basic regulations for Travel.

The following addresses the basic regulations for Travel.

10.0 FOOD AND BEVERAGES

H-GAC has a public obligation to ensure that all food and beverage purchases are necessary and allowable, comply with the agency's goals and financial constraints, provide ethical standards, and adhere to applicable state and federal grantor requirements.

This policy applies to all H-GAC departments and employees when incurring food and beverage expenses, on behalf of the agency, for internal and external H-GAC related events.

10.01 GENERAL GUIDELINES

Food and beverage purchases should be appropriate and allowable for internal and external H-GAC events and utilize a cost savings approach to prevent the appearance of waste and abuse of resources. All food and beverage expenses must adhere to each department's approved food and beverage budget. This budget should be monitored on a regular basis to prevent overspending.

A. Agency Functions

Food and beverage purchases are to be used for agency functions such as the following:

- Meetings, Trainings, Community Events –
Meals and beverages may be provided during meetings, training sessions, and events when necessary for the success of the meeting or event.
- Employee Events –
Meals and beverages may be provided for internal employee events, such as the H-GAC Annual Picnic or H-GAC sponsored holiday events, as pre-approved by the Executive Director.

B. Event Catering

Catering services may be used for agency events, provided they are within budget, align with the agency's mission and are pre-approved by the director, chief, executive director, or applicable grantor agency.

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Follow the guidance in the H-GAC

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C. Approvals

All food and beverage purchases must be pre-approved by the department director, a Chief Officer, or the applicable grantor agency, if charging a grant. Approval must be obtained prior to incurring any costs. Department directors and Chief Officers act as stewards of their funds and must be able to support their purchases. Pre-approvals are required to ensure purchases are allowable and that funds are available.

H-GAC's "Pre-Approval for Food and Beverage Purchases" form, or prior written approval from the grantor agency, needs to be completed and included with the backup documentation for payment. This administrative rule applies whether the expense is paid through department purchasing cards, direct invoice, or employee reimbursement.

D. Expense Coding

Expenses that are pre-approved by a grantor agency are to be directly charged to the applicable grant/project. All other food and beverage expenses should be charged to each department's applicable Local project. All expenses should be coded to account code 55035 – Food and Beverage Expense.

E. Tax-Exempt

H-GAC is tax exempt within the State of Texas. Employee must provide all vendors with H-GAC's tax exemption certificate prior to making a purchase to ensure taxes are excluded when applicable. H-GAC's tax exemption certificate can be found on the H-GAC SharePoint page under "Finance, Helpful Documents."

F. Business Meals Charged to H-GAC's Department Credit Cards

- Definition –

A business meal is defined as two or more employees, board members, key officials, clients, or consultants who dine together at the same establishment conducting official H-GAC business.

- Grant funded business meals –

Pre-approval from a grantor agency is required prior to incurring any costs.

- Non-H-GAC employees –

Business meal expense must be charged to an applicable H-GAC local non-funded project unless prior approval was obtained from grantor agency to charge to a grant.

- Non-grant funded meals –

Must be charged to the applicable H-GAC local non-funded project. Exceptions listed below:

- o Enterprise Solutions or the Local Development Corporation meals –

If the business meal is related to Enterprise Solutions or the Local Development Corporation the meal can be charged directly to those projects.

- o Business Meals charged to H-GAC's Travel Credit Cards –

Please refer to H-GAC's Travel Policies and Procedures for specific guidelines related to business meals charged to H-GAC travel credit cards.

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Most airfare is purchased with the H-GAC credit card in advance. If the employee purchases airfare, then airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and boarding passes).¶

Mileage may be reimbursed at the standard Federal/State rates published by the Texas Comptroller.¶

The business purpose of each trip must be adequately explained on each report.¶ General ledger account coding must be identified for all expenditures.¶

All expense reports must be approved by the employee's manager.¶

Only one expense report form should be prepared for each out of region trip. In-region reimbursement can include multiple trips.¶

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the expense report results in a balance due to H-GAC the employee must reimburse H-GAC with a check or H-GAC will deduct the payment owed from the employee's paycheck.¶

¶

REASONABLENESS OF TRAVEL COSTS¶

H-GAC shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:¶

Suites and other upgraded rooms at hotels shall not be allowed. Travelers should stay in standard rooms.¶

Hotel reimbursement shall not exceed the lodging cost permitted under the Travel Policies and Procedures.¶

When utilizing rental cars, travelers should rent compact vehicles. Share rental cars whenever possible.¶

Tips for baggage handling, meals, etc. shall not be reimbursed.¶

Foreign travel charged to Federal grants must be approved in writing by the funding source prior to travel.¶

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SPECIAL RULES PERTAINING TO AIR TRAVEL¶

The following additional rules apply to air travel:¶

¶

Air travel should be at coach class or the lowest commercial discount fare at the time the ticket is purchased except when this fare would:¶

Require circuitous routing¶

Require travel during unreasonable hours¶

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10.02 DOCUMENTATION REQUIREMENTS

All food and beverage purchases should have sufficient backup documentation attached when submitting a check request or purchase requisition for payment. Below is the required backup documentation that should be attached to support a food and beverage purchase.

A. Pre-Approval for Food and Beverage Purchases Form

H-GAC's Pre-Approval for Food and Beverage Purchases form must be completed and approved by the Department Director or a Chief Officer prior to the event.

B. Grantor Pre-Approval (if applicable)

If charging food and beverage purchases to a grant, the grantor should pre-approve all purchases prior to incurring any cost. Please attach the grantor pre-approval letter with backup.

C. Event Agenda

An event agenda detailing the purpose, date, time, and activities of the event should be provided.

D. List of Attendees

A listing of names and agency relationships of individuals who will be participating in the event. For events open to the community, where specific names cannot be obtained, an estimate of the number in attendance will suffice.

E. Itemized Receipt

An itemized receipt showing a line-item breakdown of food and beverage purchased.

F. Credit Card Receipt

Credit card receipt detailing the date and approved amount of purchase if this information is not already included on the itemized receipt.

10.03 EXCLUSIONS AND LIMITATIONS**A. Alcohol**

Alcohol is not an allowable expense.

B. Tips and Gratuities

Tips and gratuities are not an allowable expense except for those incurred by the Enterprise Solutions department or the Local Development Corporation (LDC). In those cases, such costs may be charged to their respective projects.

C. Personal Expenses

Food and beverages may not be purchased for personal or routine, regularly scheduled, staff meetings. Food and beverages for meetings conducted for staff social functions, not related to H-GAC duties or approved organizational events are not allowable expenses.

10.04 EXCEPTIONS**A. Special Circumstances**

Any exceptions to this policy must be pre-approved by the Chief Financial Officer and Executive

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[Director and documented with a valid justification.](#)

10.05 COMPLIANCE AND REVIEW

A. Compliance Review

[Accounting will review backup documentation submitted for all food and beverage purchases to ensure compliance with this policy.](#)

11.0 PROPERTY AND EQUIPMENT

11.01 CAPITALIZATION POLICY

Physical assets acquired with unit costs in excess of \$10,000 are capitalized as fixed asset on H-GAC's general ledger. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over an estimated useful life of 60 months. The straight-line method of depreciation is used with no residual value at the end of the useful life.

Physical assets with unit costs in excess of \$10,000 will be reported as expensed for grants if they were so budgeted in the grant application. However, for the organization's financial statements, these assets will be capitalized and depreciated according to these policies.

11.02 EQUIPMENT AND FURNITURE PURCHASED WITH FEDERAL FUNDS

H-GAC occasionally purchases equipment and furniture that will be used exclusively on a program funded by a federal or state agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to federal and state awards will be subject to certain additional policies as described below.

All purchases of "equipment" with Federal funds shall be approved, in advance and in writing, by the federal awarding agency. H-GAC considers the approval to be received if the grantor agency approves the grant budget and the budget included the capital expense in sufficient detail to identify the asset acquired. In addition, the following policies shall apply regarding equipment purchased and charged to federal or state awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal or state awards.
2. For equipment with a remaining per unit fair market value of less than \$10,000, H-GAC shall retain the equipment without any requirement for notifying the federal or state agency at the conclusion of the award provided the decision is documented.
3. If the remaining per unit fair market value is \$10,000 or more, H-GAC shall gain a written under-

Deleted: Personal use of travel cards is strictly prohibited. Any personal use will subject the employee to H-GAC's disciplinary actions discussed earlier in this manual and in the Personnel Manual. Supervisors shall review and approve the expense report for employees they supervise.¶
 ¶
 Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company whose number appears on the back of the card as well as the Finance Department.¶
 ¶
REVOCAION OF TRAVEL CARDS¶
 Failure to comply with any of these policies associated with the use of H-GAC's travel cards shall be subject to possible revocation of credit card privileges. The CFO shall determine whether travel cards privileges are to be revoked.¶
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standing with the federal or state agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal/state agency, repurposing the equipment to another federal program, keeping the equipment and compensating the federal/state agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the federal/state agency.

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4. A physical inventory of all equipment purchased with federal or state funds shall be performed at least once every two years.

11.03 ESTABLISHMENT AND MAINTENANCE OF A FIXED ASSET LISTING

All capitalized property and equipment shall be recorded in a property log maintained by the accounting department. Assets that are IT in nature are maintained by the IT Data Services department. The property logs are to include the following information with respect to each asset:

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1. Date of acquisition
2. Cost
3. Description (including color, model, and serial or other identifying number)
4. Funding source of the equipment (including percentage of federal participation)
5. Location of asset
6. Federal award identification number
7. Use and condition of the equipment
8. Date of disposal/sale price

A physical inventory of all assets capitalized under the preceding policies will be taken at least biennially. Inventory shall be updated monthly to the property log. All adjustments resulting from this reconciliation will be approved by the Controller or Director of Data Services.

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11.04 DEPRECIATION AND USEFUL LIVES

All capitalized assets are maintained in the special property and equipment account group and are not included as an operating expense.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month.

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a monthly basis.

11.05 REPAIRS OF PROPERTY AND EQUIPMENT

Expenditures to repair capitalized assets shall be expended as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

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Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

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11.06 DISPOSITIONS OF PROPERTY AND EQUIPMENT

If equipment is sold, scrapped, donated, or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

11.07 WRITE-OFFS OF PROPERTY AND EQUIPMENT

The Chief Financial Officer shall approve the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Chief Financial Officer. If not located, this property will be written off the books with the proper notation specifying the reason.

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11.08 PROPERTY DISTRIBUTED TO EMPLOYEES

Laptops, computer monitors, and other miscellaneous computer equipment having a cost less than \$5,000 shall be maintained in an inventory listing kept by the Data Services department. When an employee separates from H-GAC, the computer equipment is to be returned. Facilities shall receive the returned equipment from the employee and then forward it to Data Services where it will be either refurbished or removed from inventory if no longer useful.

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12.0 LEASES

12.01 DEFINITION OF LEASES

A lease is defined as a contract allowing the right to use another entity's non-financial asset such as a building, land, or equipment. In conformity with GASB Statement 87, H-GAC classifies all leases in which the organization is a lessee under a single model. under a single model. under a single model.

12.02 REASONABLENESS OF LEASES

H-GAC is to assess the value of leases according to the requirements of 2 CFR 200 as follows:

- The rate is reasonable when compared to similar property in the same area,
- The rate of any alternatives, and
- The type, life expectancy, condition, and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and if other options are available.

12.03 ACCOUNTING FOR LEASES

Upon the inception of a capital asset, H-GAC shall record a lease liability and a lease asset at the beginning of the lease term. The lease liability should be measured at the present value of payments expected to be made during the lease term. The lease asset should be measured at the amount of initial measurement of the lease liability, plus certain direct costs and any payments made to the lessor at or before commencement of the lease term. H-GAC should reduce the lease liability as payments are made and recognize an outflow of resources for interest on the liability. H-GAC should amortize the lease asset over the shorter of the lease term or useful life of the asset. Notes to the financial statements should include a description on leasing arrangements, the amount of lease assets recognized, and schedule of future lease payments made. Credits for abatements that are material to the lease shall be amortized over the lease term.

When H-GAC is the lessor, H-GAC should recognize the lease receivable and deferred inflow of resources at the beginning of the lease term. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow should be measured at the value of the lease receivable plus any payments received at or before the beginning if the lease term relates to future periods. H-GAC should recognize interest revenue on the lease receivable and an inflow of resources from deferred inflows of resources over the term of the lease. Notes to financial statements should include the leasing arrangement and total amount of inflows of resources recognized from leases.

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Deleted: as either capital or operating leases. H-GAC shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:¶
The lease transfers ownership to H-GAC at the end of the lease term;¶
The lease contains...

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The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of H-GAC's incremental borrowing rate or, if known, the lessor's implicit rate).¶
All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.¶
¶

Deleted: All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that H-GAC shall recognize as monthly lease expense shall be the amount paid in the fiscal year. Credits for abatements that are material to the lease shall be amortized over the lease term.¶

¶
All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, H-GAC shall record a capitalized asset and a liability under the lease, based on the value of the minimum lease payments (or the fair value of the leased asset, if it is less than the value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The capitalized asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.¶
H-GAC shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.¶

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13.0 ADMINISTRATION OF FEDERAL/STATE AWARDS

13.01 DEFINITIONS

H-GAC may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the organization to carry out its programmatic purpose.

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Contract: A mutually binding legal agreement where the organization agrees to provide supplies or services and the funder agrees to pay for them.

Cooperative Agreement: A legal agreement where the organization implements a program with the direct involvement of the funder.

Throughout this manual, federal or state assistance received in any of these forms will be referred to as a federal or state "award."

13.02 COMPLIANCE WITH LAWS, REGULATIONS AND PROVISIONS OF AWARDS

H-GAC recognizes that as a recipient of federal and state funds, the organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the organization meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal or state agency:

1. For each federal or state award, an employee within the department responsible for administering the award will be designated as "program manager."
2. Each program manager shall attend all training required and conducted by the grantor on grant management prior to or during the course of administering the grant program.
3. The program manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and understand the key compliance requirements and references to specific laws and regulations including allowable costs and compliance requirements outlined in 2 CFR 200 (Subparts A-F).
 - b. Communicate grant requirements to those who will be responsible for carrying them out or impacted by them.
4. The accounting department shall maintain current copies of applicable laws and regulations for use by the program manager such as the 2 CFR 200, TxGMS (Texas Grant Management Standards) and any other pertinent regulations.
5. The program manager and/or the accounting department shall identify and communicate any special changes in policies and procedures necessitated by federal or state awards as a result of the review of each award.
6. The program manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals and communications with federal and state awarding agency personnel.
7. The program manager shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants.

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13.03 GRANT SUBAWARD PROPOSALS

Individual departments will work with [the procurement and contracts department](#) to prepare and post the notice to solicit proposals for grant projects that the department intends to pursue. The department will review the proposals, prepare the award recommendation list, and present the list to the [H-GAC](#) Board of Directors for approval. Final proposals shall be reviewed and approved in writing by the Executive Director. Proposals that have a strong [possibility](#) of being funded are included in the H-GAC budget.

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Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The accounting department shall review the terms, time periods, award amounts and expected [expenditure](#) associated with the award. A Catalog of Federal Domestic Assistance (CFDA) number shall be determined for each award.
2. All awards include the scope of the services and the deliverables required. The terms of billing and reimbursement is established in the contract agreements.
3. Each award is assigned to [a primary grant](#) accountant in the [accounting](#) department. The [grant](#) accountant is [responsible](#) for the monthly or quarterly review and process of billings from the award contracts.

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13.04 CRITERIA FOR ALLOWABILITY

All costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal/State award:

1. The cost must be "reasonable" for the performance of the award, considering the following factors:
 - a. Whether the cost is of [the](#) type that is generally considered as being necessary for the [operation](#) of the organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm's length bargaining, federal and state laws and regulations, and the terms and [conditions](#) of the award;
 - c. Whether the individuals concerned acted with prudence under the circumstances;
 - d. Consistency with established policies and procedures of the organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be "allocable" to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a federal/state award;
 - b. The cost benefits both the federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the organization, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 2 CFR 200 or the federal/state award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both federally and state financed activities and other activities of the organization.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.

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8. The cost must be adequately documented.

13.05 COST SHARING AND MATCHING (IN-KIND)

Overview

H-GAC values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution unless award documents or federal or state agency regulations identify specific values to be used.

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H-GAC shall claim contributions as meeting a cost sharing or matching requirement of a federal or state award only if all of the following criteria are met:

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1. They are verifiable from H-GAC records.
2. They are not included as contributions for any other federally assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under 2 CFR 200.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal or state awarding agency.
7. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal to establish its value.

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Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land, and equipment
- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- H-GAC shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public.

Buildings and Land

If the purpose of the contribution is to assist the organization in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, [Accounting & Financial Policies and Procedures Manual](#) [Page 45](#)

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depreciation or use charges (e.g., rent) may be claimed as matching, unless the awarding agency has approved using the full value as match.

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Equipment, buildings, or land are valued at its fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

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Space

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- Information on the date of donation and records from the appraisal will be maintained in a property file.
- If less than an arms-length transaction, it will be valued based on actual allowable costs not to exceed fair market value.

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Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in kind if the services are an integral and necessary part of the program.

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Volunteer services will be valued at rates consistent with those paid for similar work in the organization. For skills not found in the organization, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

H-GAC requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees or consistent with the practices of their organization. Each program that uses volunteers will provide the volunteers with a sign-in sheet which collects the following information:

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- Date service was performed.
- Volunteer name and address.
- Hours donated
- Service provided
- Signature of volunteer

13.06 FEDERAL/STATE AWARDS BILLING AND FINANCIAL REPORTING

H-GAC strives to provide management, staff, and grantors with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

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H-GAC shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the grant accountant assigned to the program subject to review and approval by Controller or Accounting Manager.

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The following policies shall apply to the preparation and submission of billings to federal/state agencies Accounting & Financial Policies and Procedures Manual Page 46

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under awards made to H-GAC:

1. The organization will request reimbursement after expenditures have been incurred, unless an award specifies another method.
2. H-GAC will strive to minimize the time between receipt and disbursement of grant funds by issuing payments within 3 business days of receipt of such funds.
3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that billing is made on a timely basis along with any other reporting that is required in addition to the financial reports.
4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
5. All financial reports required by each federal/state award will be prepared and filed on a timely basis. To the extent H-GAC's year-end audit results in adjustments to amounts previously reported to federal/state agencies, revised reports shall be prepared and filed in accordance with the terms of each federal/state award.

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H-GAC shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a timely basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of H-GAC by the grant accountant.

If a federal/state award authorizes the payment of cash advances to H-GAC, the Chief Financial Officer may require that a request for such an advance be made. Upon receipt of a cash advance from a federal/state agency, H-GAC shall reflect a liability equal to the advance. The liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred on a scheduled basis.

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At the end of each month, the grant accountant shall distribute monthly status reports to each program department for review by the respective program manager.

13.07 CLOSE OUT

Fiscal Procedures for Subrecipient Close-Out

All subrecipients and contractors must submit their final request for payment along with any adjustments to H-GAC in accordance with their contract terms and no later than 45 days after the contract has ended.

The Grant Accountant reviews the final billing for accuracy, performs a reconciliation to the program reports, prepares any necessary journal entries, and forwards billing to accounts payable for payment.

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Fiscal Procedure for Federal/State Award Close-Out

H-GAC shall follow the close out procedures described in 2 CFR 200 and in the grant agreements as specified by the granting agency.

The grant accountant compares the general ledger with the closeout documents for each component of the grant and prepares all grantor required forms for submission.

A copy of the closeout documents is forwarded to the program department for final review. Comments by the program department are required within five days.

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The grant accountant adjusts the closeout, if necessary, in accordance with the program department review and comment and prepares the final documents for review and approval by the [Controller Accounting Manager](#). Once approved, the packet is copied, and the original is submitted to the grantor.

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H-GAC shall liquidate all obligations incurred under the grant or contract within 60 - 90 days of the end of the grant or contract agreement unless a longer period is permitted by the awarding agency.

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14.0 SUBRECIPIENT GRANT ADMINISTRATION

14.01 MAKING OF SUBAWARDS

All subawards in excess of the small purchase threshold shall be subject to the same procurement [policies](#) described in the preceding section. In addition, all subrecipients must be approved in writing by the awarding agency and agree to the subrecipient monitoring provisions described in the next section.

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With respect to subrecipients with whom H-GAC has not recently had a subaward relationship, the program department shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable [assurance](#) that it is capable of complying with all applicable laws, regulations, and award provisions.

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14.02 MONITORING OF SUBRECIPIENTS

When H-GAC utilizes federal or state funds to make subawards to subrecipients, H-GAC is subject to a requirement to monitor subrecipients in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to subawards of federal or state funds made by H-GAC to subrecipients:

1. Subaward agreements shall include all information necessary to identify the funds as federal or state funding. This information shall include:
 - a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number if [applicable](#)
 - b. Award name
 - c. Name of federal or state agency
 - d. Amount of award
2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with 2 CFR 200, if the subrecipient meets the criteria for having to undergo such an audit.
3. Subawards shall include a listing of all applicable federal or state requirements that each [subrecipient](#) must follow.
4. Subawards shall require that subrecipients submit financial and program reports to H-GAC on a basis no less frequently than quarterly.
5. H-GAC will follow up with all subrecipients to determine whether all required audits have been completed. H-GAC will cease funding of subrecipients failing to meet the requirement to undergo an audit in accordance with federal or state requirements. For subrecipients that properly obtain an audit in accordance with regulations, H-GAC's shall obtain and review the resulting audit reports for possible findings.
6. H-GAC shall assign one of its employees the responsibility of monitoring subrecipients on an ongoing basis, during the period of performance by the subrecipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.

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7. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient, based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
 - c. Monitoring subrecipient budgets.
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - e. Offering subrecipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.
8. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.

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15.0 MONTH END CLOSING

15.01 OVERVIEW

H-GAC's fiscal year begins January 1 and ends December 31. H-GAC closes its books 5 days following the end of each calendar month.

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The policies and procedures for closing the books on a monthly basis are included in this section; however, these procedures will not always apply at the end of the fiscal year. See "Year-end Closing and Annual Audit" for information on the closing of the books at the end of the fiscal year.

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15.02 CLOSING PROCESS

The following closing process summarizes the monthly closing activities. Each month will be closed by the end of the first week of the following month.

1. Prepare and enter journal entries.
2. Prepare all cost allocation entries.
3. Recognize revenue – federal and state revenues are earned as expenses are incurred. Local dues and local revenues are earned as they are paid. Interest income is accrued through the various investments.
4. Prepare the monthly financial report.
5. Submit the monthly financial report to Chief Financial Officer for review.
6. Submit the monthly financial report to the Finance and Budget Committee of the H-GAC Board of Directors for review and approval. The report is then reviewed and approved by the entire H-GAC Board of Directors.

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Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested

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parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

H-GAC prepares monthly reports that are distributed both internally and to the [H-GAC](#) Board of Directors. The monthly report is a financial status report that reflects budget to actual comparisons of revenues and expenditures and changes in fund balances. Included is a footnoted variance analysis that provides explanatory information on material differences between budget and actual.

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16.0 H-GAC ANNUAL BUDGET AND SERVICE PLAN

16.01 OVERVIEW

H-GAC has a separate policy addressing the budget and service plan. Please refer to the following link for the most up-to-date version: [OpenBook](#)

Deleted: Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. It provides an opportunity to examine the composition and viability of the Organization's programs and activities simultaneously in light of the available resources.¶

¶
PREPARATION AND ADOPTION¶
 H-GAC will prepare an annual budget on the modified accrual basis of accounting. The Chief Operation Officer (COO) gathers proposed organization-wide budget information from all Department Directors and reviews budgets with Directors for explanation of variances from the prior year. After the initial review, the Accounting Assistant Director compiles the department budgets into an organizational budget. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds.¶

¶
 After appropriate revisions and a compilation of all department budgets by the Accounting Assistant Director with consultation from the CFO, a draft of the Organization-wide budget, as well as individual department budgets, is presented to the COO, CFO and the Executive Director for discussion, revision, and initial approval.¶

¶
 The draft budget is then submitted to the Finance and Budget Committee, and finally to the entire Board of Directors for adoption.¶

¶
 It is the policy of H-GAC to present the draft budget to the Board at the October and November Board meetings in draft and adopt a final budget for the upcoming fiscal year at the December Board meeting each fiscal year. After the budget has been approved by the Board, the Accounting Department uses the budget to establish appropriate accounting and reporting procedures to monitor budget versus actual expenditures once the year begins.¶

It is also the policy of H-GAC to revise the budget between June and August of each fiscal year to reflect revenues and expenditures that were not anticipated at the beginning of the year and to reduce the budget for anticipated revenues that did not materialize. The process of the preparation for the revised budget is the same as the annual budget.¶

¶
FINANCIAL PERFORMANCE¶
 H-GAC monitors its financial performance by comparing and analyzing actual results with budgeted re-sults. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.¶

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Accounting Department and distributed to each employee with budgetary responsibilities. These employees are responsible for reviewing the reports and discussing any errors noted and corrections that are needed with the Accounting ¶

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17.0 YEAR-END CLOSING AND ANNUAL AUDIT

17.01 YEAR-END CLOSING

H-GAC closes the books on a fiscal year end basis in connection with the annual audit. It is H-GAC's policy to perform all the work necessary to close the books and compute the year-end balances for the annual audit. The goals of the closing process are to:

- Identify material discrepancies.
- Review accuracy of data.
- Verify completeness of data.
- Correct classification of data.

During the closing process, the accounting department will notify each department of the deadlines for submitting any outstanding invoices or billings. The reconciliation of balance sheet accounts and year-end financial reports will be prepared after the closing of accounts payable, accounts receivable and payroll. [The following is a list of year-end journal entries:](#)

Year-End Journal Entries

Workforce ETA Compliance (WIOA)
Final A/R Recon
G/L Accounts Reconciliation

Audit Adjustments

- Component Unit Entries'(LDC, CRED, EDA, 911)
- Fixed Asset Entry
- GASB 87(leases)Entry
- Vacation Adjustment (GASB 101)
- Capital Leases Entry (if any)
- Record Benefit/Indirect Over and Under Recovery
- Any other needed allocations

Reconciliations

- Accounts Receivables
 - Other Receivables
 - Prepaids
 - Other Payables
 - Sec 125 Benefits
 - Leases
 - Deferred Accounts
- Ensure allocations have been fully completed
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17.02 PREPARATION FOR THE ANNUAL AUDIT

H-GAC shall be actively involved in planning for and assisting with the organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the accounting department shall provide assistance to the independent auditors in the following areas:

Planning - The Chief Financial Officer is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

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Involvement - Organizational staff will do as much work as possible in order to assist the auditors thereby reducing the cost of the audit. All financial statements, schedules and footnotes will be prepared by the accounting department. Throughout the audit process, H-GAC will make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

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Beginning in 2024, the annual audit is to be conducted in two phases. The first phase, or the interim audit will start in the Fall before the books are closed and will consist of auditing the periods encompassing January to the last complete fiscal month. The second phase will be done in the Spring after the books are closed and will consist of auditing the remainder of the year. The focus for each of the phases will be slightly different based on the external audit firm's planning and risk management activities.

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17.03 CONCLUSION OF THE AUDIT

H-GAC and the independent auditor will review the draft of the financial statements, footnotes, and required audit letters consisting of the following procedures:

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- Carefully read the entire report for typographical errors.
- Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of H-GAC.
- Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Chief Financial Officer.

It shall also be the responsibility of the Chief Financial Officer to review and respond in writing to all management letters or other internal control and compliance report findings and recommendations made by the independent auditor.

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Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm upon completion of the audit, after the financial statements have been reviewed and approved by the Audit Committee.

The Board will review and accept the audited Financial Statements no later than June to conclude the audit.

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H-GAC will send the Annual Comprehensive Financial Report (ACFR) which includes the audited financial statements to all state grantors 30 days after the completion of the audit and no later than September 30th of each year.

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In addition, the Single Audit Clearinghouse form shall be completed and a copy submitted with the audit report by the filing deadline.

17.04 SELECTION OF THE AUDITOR

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H-GAC will arrange for an annual audit of the organization's financial statements to be conducted by an independent accounting firm. The independent accounting firm approved by the H-GAC Board of Directors will be required to communicate with the H-GAC's Audit Committee upon the completion of their audit. In addition, members of the H-GAC Board of Directors are authorized to initiate communication directly with the independent accounting firm.

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H-GAC shall review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current firm.
2. When a fresh perspective and new ideas are desired.
3. Every 5 years to ensure competitive pricing and a high quality of service.

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Selection Process

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by H-GAC in selecting an accounting firm:

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1. The firm's reputation and familiarity with governmental audits.
2. The depth of the firm's understanding of and experience with Councils of Government and federal reporting requirements under 2 CFR 200 and the State of Texas Single Audit Act.
3. The firm's demonstrated ability to provide the services requested in a timely manner.
4. The ability of firm personnel to communicate with organization personnel in a professional manner.

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If H-GAC decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, etc.)
4. Identification of meetings requiring their attendance, such as staff or H-GAC Board of Director meetings
5. Organizational chart of H-GAC
6. Overview of H-GAC financial resources and obligations
7. Financial information about the organization
8. Copy of prior year's reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with federal and state requirements.
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due dates of proposals
13. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
14. Identification of criteria for selection

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The minimum proposal requirements from prospective CPA firms shall include:

1. The firm's background
2. Biographical information (résumés) of key firm members who will serve H-GAC
3. Client references
4. Information about the firm's capabilities
5. The firm's approach to performing an audit.
6. A copy of the firm's most recent quality/peer review report, including any accompanying letter of findings.
7. Other resources available within the firm.
8. Expected timing and completion of the audit.
9. Expected delivery of reports.
10. Expected man-hours for completion of work.
11. Rate-per-hour for each member of the audit team.
12. Other information as appropriate.

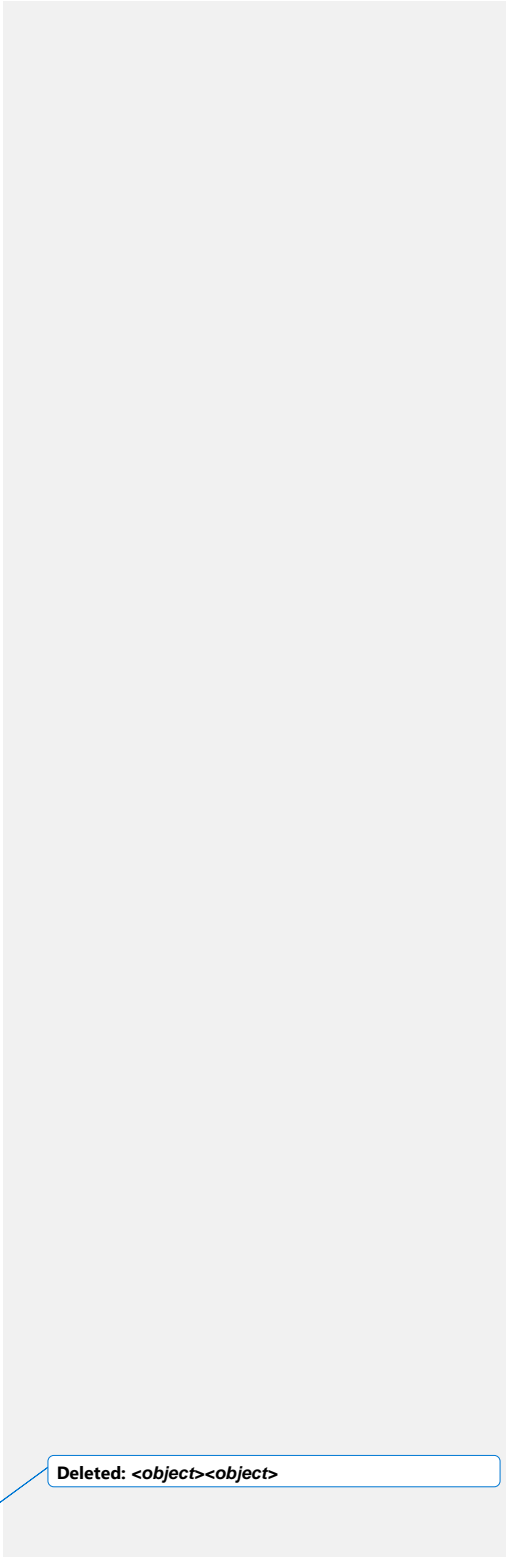
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An internal review team consisting of the Internal Auditor, the Executive Director, and the Chief Financial Officer will review all proposals and do an initial scoring of the proposals. The top three proposals will be asked to interview and present their plans with the review team and the Audit Committee of the Board of Directors. The final selection will be made after the interview, and the selected firm will be presented to the entire H-GAC Board for approval.

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| [determination.](#)



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19.0 POLITICAL INTERVENTION AND LOBBYING

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19.01 PROHIBITED EXPENDITURES

H-GAC shall not incur any expenditure for political intervention or lobbying. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state, or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Lobbying is defined as attempts to influence federal or state legislation by preparing, using, or distributing "publicity or propaganda" or by asking the general public or segments of the general public to contribute to, or participate in public events such as demonstrations or rallies or lobby campaign efforts such as letter writing or telephone banks. Lobbying is distinguishable from advocacy activities which involve efforts to advocate certain positions which may have legislative implications, provided a non-partisan analysis of the relevant facts is performed. H-GAC may not participate in lobbying activities, but may, in the course of its usual service, be required to perform advocacy activities that are in the best interest of the H-GAC region. Such advocacy work will require H-GAC Board approval.

19.02 ENDORSEMENTS OF CANDIDATES

H-GAC will not endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of H-GAC, when these individuals are acting on behalf of, or are otherwise representing, the organization.

19.03 PROHIBITED USE OF ORGANIZATION ASSETS AND RESOURCES

No assets or human resources of the organization shall be utilized for political activities, as defined above. This prohibition extends to the use of organization assets or human resources in support of political activities that are engaged personally by H-GAC Board members, members of management, employees, or any other representatives of H-GAC. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the organization), these individuals must always be aware that organization resources cannot at any time be utilized in support of political activities.

Deleted: Fidelity Bond¶
For all personnel handling cash, preparing or signing checks, H-GAC shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of H-GAC will determine the dollar limit of this coverage. Increases to this coverage may be required under certain grant agreements and will be charged directly to the program when that amount is determinable.¶
Comprehensive Liability¶
This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.¶
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20.0 BUSINESS CONDUCT

20.01 PRACTICE OF ETHICAL BEHAVIOR

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of H-GAC depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond [compliance](#) with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each employee is responsible for applying common sense in business decisions where specific rules do not provide all the answers.

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In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with H-GAC policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each director, manager and supervisor is responsible for the ethical business behavior of her/his [subordinates](#). Directors, managers and supervisors must carefully weigh all courses of action suggested in ethical, as well as economic terms, and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.

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The formal policy on ethical conduct is contained in the [Employee Handbook](#) that each employee receives upon hire. Employees should refer to this document for further guidance on ethical conduct. Any questions on meaning or interpretation should be directed to the Human [Resources Director](#).

Deleted: Personnel policies

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20.02 COMPLIANCE WITH LAWS, REGULATIONS AND ORGANIZATION POLICIES

H-GAC does not tolerate:

- The willful violation or circumvention of any federal, state, local, or foreign law by an employee during the course of that person's employment.
- The disregard or circumvention of H-GAC policy or engagement in unscrupulous dealings.

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Employees should not attempt to accomplish [it](#) by indirect means, through agents or intermediaries, which is directly forbidden.

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The performance of all levels of employees will be measured against implementation of the provisions of these standards.

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21.0 CONFLICTS OF INTEREST

21.01 INTRODUCTION

Please refer to the [HR policy as noted in the Employee Handbook for a discussion on conflicts of interest](#), [Employee Handbook for a discussion on conflicts of interest](#), [Employee Handbook for a discussion on conflicts of interest](#).

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All directors and employees have an obligation to:¶
Avoid

Deleted: , or the appearance of conflicts, between their personal interests and those of the Organization in dealing with outside entities or individuals,¶
Disclose real and apparent conflicts of interest to the Board of Directors, and¶
Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.¶
Additional guidance on what constitutes a conflict of interest and the reporting requirements for conflicts of interest or potential conflicts of interest can be found in the Personnel policy handbook. Employees should review this policy and direct any questions to the Human Resource Manager.¶
¶
DISCIPLINARY ACTION FOR VIOLATIONS OF THIS

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DISCIPLINARY ACTION FOR VIOLATIONS OF THIS

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22.0 POLICY ON FRAUD AND DISHONESTY

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22.01 INTRODUCTION

H-GAC is a governmental entity administering substantial taxpayer funds. H-GAC will therefore take all necessary measures to promote the wise and accountable use of its funds for their intended purpose. As a part of this effort, H-GAC is committed to early and aggressive deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for protection of innocent parties, action against offenders up to and including dismissal where appropriate, referral to law enforcement agencies when warranted, and recovery of assets.

H-GAC's goal is to establish and maintain an environment of fairness, ethics, and honesty within the organization and with any person or organization with whom H-GAC has a business relationship.

22.02 POLICY ON FRAUD

H-GAC will investigate any suspected or reported misuse or fraudulent application of H-GAC resources or property, as well as any reported violations of H-GAC policies, regulations, and laws.

Any individual found to have engaged in fraudulent conduct, as defined in this policy, is subject to disciplinary action by H-GAC, which may include dismissal, referral to appropriate law enforcement authorities for action, and civil recovery actions. Other procedural violations will be handled in accordance with H-GAC's disciplinary policies.

This policy sets out H-GAC's position on alleged fraudulent acts, and their investigation and resolution. It does not limit H-GAC's ability to investigate such acts or recover H-GAC funds.

Reporting obligations extend to acts or omissions of contractors and other third parties in addition to internal H-GAC activities.

22.03 DEFINITION OF FRAUD

For purposes of this policy, fraud generally involves a willful or deliberate act, or failure to act, with intention of obtaining unauthorized benefit. Such acts include, but are not limited to:

- Making or altering documents or computer files with intent to defraud.
• Purposely reporting inaccurate financial information.
• Misappropriation or misuse of H-GAC resources, such as funds, equipment, supplies, or other assets, including intangible assets.
• Improper handling or reporting of money transactions.
• Authorizing or receiving compensation for goods not received or services not performed.

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Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Organization or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken. Disciplinary action will be taken: Against any employee who authorizes or participates directly in actions that are a violation of this policy. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.

Against any director, manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

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- Authorizing or receiving compensation for hours not worked.
- Knowingly submitting false information in order to receive a benefit from the H-GAC.
- Accepting bribes or kickbacks in exchange for H-GAC business or other benefits.
- Creating or allowing inappropriate conflict of interest conditions to exist.

H-GAC specifically prohibits these and any other illegal activities in the actions of its employees, [managers](#), executives, and others responsible for carrying out the Organization's activities.

22.04 REPORTING RESPONSIBILITY

It is the responsibility of every employee to report suspected fraud and dishonesty to the Manager of Internal Audit or the Executive Director, if appropriate. Reprisals against any employee or other individual [reporting](#) because that individual [reported](#) a violation in good faith, are strictly forbidden.

The Internal Audit Department will investigate allegations of fraud with great care to avoid mistaken [accusations](#) or alerting suspected individuals that an investigation is under way. The Executive Director may assign others to perform or assist in investigations when conditions [are warranted](#). Investigative activity will be conducted without regard to length of service, position/title, or relationship to the Organization.

The Executive Director will immediately advise the Officers and the Chair of the Audit Committee of all fraud allegations, and will report regularly on the status of investigations, findings and resolution, and follow-up or corrective action.

22.05 WHISTLEBLOWER HOTLINE

[At H-GAC, we uphold the highest standards of ethics and accountability, ensuring compliance, due diligence, and integrity in all our operations to protect public trust and resources. The H-GAC Whistleblower Hotline demonstrates our commitment to open communication providing essential tools and support for fostering a productive and secure community. To initiate an incident report, follow this link: \[H-GAC Whistleblower Hotline | Houston-Galveston Area Council \\(H-GAC\\)\]\(#\)](#)

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23.0 DATA SECURITY

23.01 ACCOUNTING DEPARTMENT

The accounting department operates in a digital environment minimizing the use of paper files. File cabinets containing accounting records are locked and secured at the end of each workday. Only accounting staff have access to secured cabinets. Any files requested from the accounting department will be furnished as digital copy of the original document unless the original is required under law or audit requirements.

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23.02 ELECTRONICALLY STORED ACCOUNTING DATA

H-GAC utilizes Microsoft SharePoint as its primary documentation repository for its project and working files. SharePoint and other Microsoft services are protected through the use of Microsoft EntraID and Active Directory. Password complexity and password change requirements meet the guidelines specified under the NIST 800-53 security framework. Multi-factor authentication has been implemented as part of standard security practices.

The H-GAC accounting system resides in the cloud and is hosted by MIP Cloud. Account logins are protected by password complexity requirements and multi-factor authentication.

H-GAC utilizes passwords to restrict access to accounting software and data. Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every 90 days. Administration of passwords shall be performed by the Data Services department of H-GAC.

23.03 DATA BACK-UP AND STORAGE

H-GAC utilizes a 3-2-1 backup strategy on data stored on-premises and in our Microsoft environment, including SharePoint. This strategy ensures data copies, and restoration from these copies, are protected by storing offsite and is immutable.

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Deleted: on a daily basis. All back-up copies of electronic

Deleted: sent off-site to a secure, fire-

Deleted: environment.

MIP Cloud provides its own service level agreements on data backup and storage. H-GAC has reviewed MIP Cloud's SLA terms, and they are in-line with H-GAC security requirements defined in its IT Policy.

Access to back-up files shall be limited to individuals authorized by management. The data services department has responsibility for developing and maintaining the policy and procedures for data management in the agency, including financial data.

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23.04 GENERAL OFFICE SECURITY

During normal business hours, all visitors are required to check in with the receptionist. Each access door is protected by a proximity card access system. Access cards are issued only to employees or individuals who have reason to be in H-GAC offices for an extended period of time. All issued cards are tracked in a database which is administered by the Facilities Manager or his delegate.

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23.05 TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

H-GAC maintains a separate policy manual which addresses technology and electronic communications. This policy manual, entitled the Information Services Policy Manual, is developed and updated by the data services department of H-GAC. Employees can locate this manual on the H-GAC intranet. All employees are required to read and understand and adhere to these policies. Violations of these policies is cause for disciplinary action.

23.06 DISPOSAL OF DATA IN RETIRED COMPUTERS

H-GAC [security policy requires](#) all electronic media [that contains agency information to be deleted and destroyed in accordance with NIST 800-88 publication for Media Sanitization guidelines. These guidelines provide acceptable means of data sanitization for removable media](#), hard drives, [backup tapes, and any other common forms of media storage by H-GAC](#). This procedure shall be performed by the H-GAC Data Services department.

[backup tapes, and any other common forms of media storage by H-GAC](#). This procedure shall be performed by the H-GAC Data Services department.

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Deleted: prior to disposing of computer equipment. This software should perform low-level formatting or use a "wipe" utility that overwrites all areas of the computer's hard drive in a manner that makes it impossible for

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- WORKFORCE

Workforce Contractors Financial Reporting and Cash Draw Procedures

(1) Receiving/Checking Expenditure Reports from Contractors

For an organization reporting once per month, financial reports are due to H-GAC by Close of Business (COB) on the ninth calendar day of a month for the previous month's expenditures. If a contractor submits financial reports twice per month, reports are due to H-GAC by COB on the ninth of the month for expenditures through the end of the previous month, and the twenty-first of the month for expenditures through the fifteenth of the month.

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The Senior Financial Analyst with H-GAC's Human Services department and the contract manager are responsible for reviewing expenditure reports from contractors. Contractor expenditure reports are posted on SharePoint. (*finance\workforce\Financial Reports*). The contract manager reviews expenditures against the contract line-item budget. The Senior Planner reviews expenditures against individual funding streams and cost categories. The contract manager and the Senior Financial Analyst both work with a contractor to resolve issues identified in financial reports.

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*Note - Invoices for pay for performance contracts, financial monitoring contracts, and consulting service contracts are routed in a different manner. Invoices are submitted to the contract manager for approval and then routed to the Human Services Administrative Assistant to set up a payment request in the accounting system. If the Administrative Assistant needs guidance on which grant/project code to charge an invoice to, she contacts the Senior Financial Analyst for guidance.

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(2) Checking or Authorizing Financial Reports to our Grantors

TWC expenditure reports are due on the 20th of the month for the prior month's expenditures. The Senior Planner reviews and approves reports once prepared by the Grant Accountant in Finance. TWC monthly expenditure reports are posted on SharePoint. (*finance\workforce\TWC CDER Monthly Expenditure Reports\Expenditure Reports to be Reviewed*). If the Senior Financial Analyst is unavailable, the department Manager will approve expenditure reports. TWC requires an individual other than the preparer to certify expenditure reports in the CDER system. The Accounting Manager certifies expense reports to TWC.

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(3) Cash Draws from our Grantors

Cash draws are routinely conducted once or twice per week. The Accounting Manager is responsible for approving cash draw requests which are prepared by the Grant Accountant. If the Accounting Manager is unavailable, the Controller will approve the cash draws. TWC requires an individual other than the preparer to submit draw requests in the CDER system. The Accounting Manager submits cash draw requests to TWC.

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1.Contract Expenditure Reporting

- 1.1. H-GAC Workforce contractors report expenditures once or twice a month to H-GAC Accounting. For contractors that report once a month, expenditure reports are due to H-GAC via extranet submission close of business on the ninth day of the month following the month for which the expenditures are being reported.
- 1.2. For contractors that report twice a month, expenditure reports are due to H-GAC via extranet submission by close of business (a) on the tenth day of a month for the second half of the prior month and (b) on the 21st day of a month for the first half of that month. This email address is the contract manager assigned for management of that contract.
- 1.3. H-GAC Accounting posts all contractor expenditure reports in SharePoint.
- 2. H-GAC Workforce staff review each expenditure report
 - 2.1. First: The assigned Workforce staff Senior Financial Analyst reviews and approves reports for the contracts she or he manages against those contracts' line-item budgets.
 - 2.2. Second: The Workforce contract manager reviews and approves reports for all contracts (EXCEPT pay-for-performance youth project contracts, financial monitoring contracts, public information/outreach contracts, and other consultant contracts) against funding streams/cost categories.
 - 2.3. The assigned Human Services Financial Specialist creates payment requests for pay-for-performance youth project contracts, financial monitoring contracts, public information/outreach contracts, and other consultant contracts that contract managers have approved.
 - 2.4. Workforce Contract managers and the Workforce Senior Financial Analyst work together to resolve any problems or issues about a particular expenditure report before approving the report for payment through the H-GAC Accounting department or the Human Services Finance Specialist.

Grant Expenditure Reporting

- 1. The H-GAC Accounting department prepares regular and required expenditure reports to all H-GAC Workforce grantors.
- 2. The H-GAC Accounting department posts the regular and required expenditure reports to grantors on SharePoint.
- 3. The H-GAC Accounting department submits grantor expenditure reports according to the schedules and in the manner each grantor specifies for its financial reporting.
 - 3.1. An H-GAC finance staff member, other than the staff member who prepared the expenditure report, certifies the report when submitting reports to the grantor.

Cash Draws

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Deleted: <#>The Workforce Senior Planner reviews and approves the expenditure reports to grantors as they are posted.¶
The Workforce Senior Planner and the responsible staff member in the H-GAC Finance department will resolve any questions about grantor financial reports arising from the re-view.¶
If the Workforce Senior Planner is not available to review and approve grantor expenditure reports, the Workforce Manager will review and approve these reports.¶
The Workforce Senior Planner and the responsible staff member in the H-GAC Finance department will resolve any questions about grantor financial reports arising from the re-view.¶
If the Workforce Senior Planner is not available to review and approve grantor expenditure reports, the Workforce Manager will review and approve these reports.¶
If the Workforce Senior Planner is not available to review and approve grantor expenditure reports, the Workforce Manager will review and approve these reports.¶
If the Workforce Manager is not available, the Workforce Grants Management Coordinator will review and approve these reports.¶
The H-GAC Finance...

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1. The H-GAC Accounting department draws cash from grants in accordance with H-GAC's obligations to pay contractors.
 - 1.1. The H-GAC Accounting department draws cash at least once every week and may, if needed, draw twice during the same week.
 - 1.2. The H-GAC Accounting department draws cash for cash advances and/or expenditure reimbursements to contractors.
2. The responsible H-GAC Accounting staff member prepares each cash draw.
3. The Grant Accountant reviews and signs off on each cash draw.
 - 3.1. If the Grant Accountant is not available, the Accounting Manager reviews and signs off on cash draw.
 - 3.2. If the Accounting Manager is not available, the Controller will review and approve a cash draw.
4. The H-GAC Accounting department submits grantor cash draw requests according to the schedules and in the manner each grantor specifies.
 - 4.1. An H-GAC accounting staff member, other than the staff member who prepared the expenditure report, certifies the report when submitting reports to the grantor.
5. External invoice due dates with various contractors are negotiated at the time of contracting and may vary depending on size, scope, and nature of the contract and workflow by the contractor and H-GAC.

invoice due dates with various contractors are negotiated at the time of contracting and may vary depending on size, scope, and nature of the contract and workflow by the contractor and H-GAC.

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H-GAC TRAVEL POLICY UPDATE

Background

The current H-GAC Travel Policy needs revision to ensure compliance with GSA regulations and clarify rules and allowable expenses.

Current

The H-GAC Travel Policy has been updated to ensure compliance with GSA regulations and provide clarity for allowable/ non-allowable expenses under grant funding. The following items are a summary of changes within the policy:

Situation

1. Mileage calculation
2. H-GAC Headquarters as a starting location.
3. Expense Submission deadlines
4. Separated employees' responsibilities for submission of expenses.
5. Enterprise rental car drop-off location fees
6. Vehicle upgrades on rental cars
7. Travel adjustment approvals
8. Employee Travel Card
9. Tipping / gratuities – defines optional vs mandatory

Funding Source

Not Applicable

Budgeted

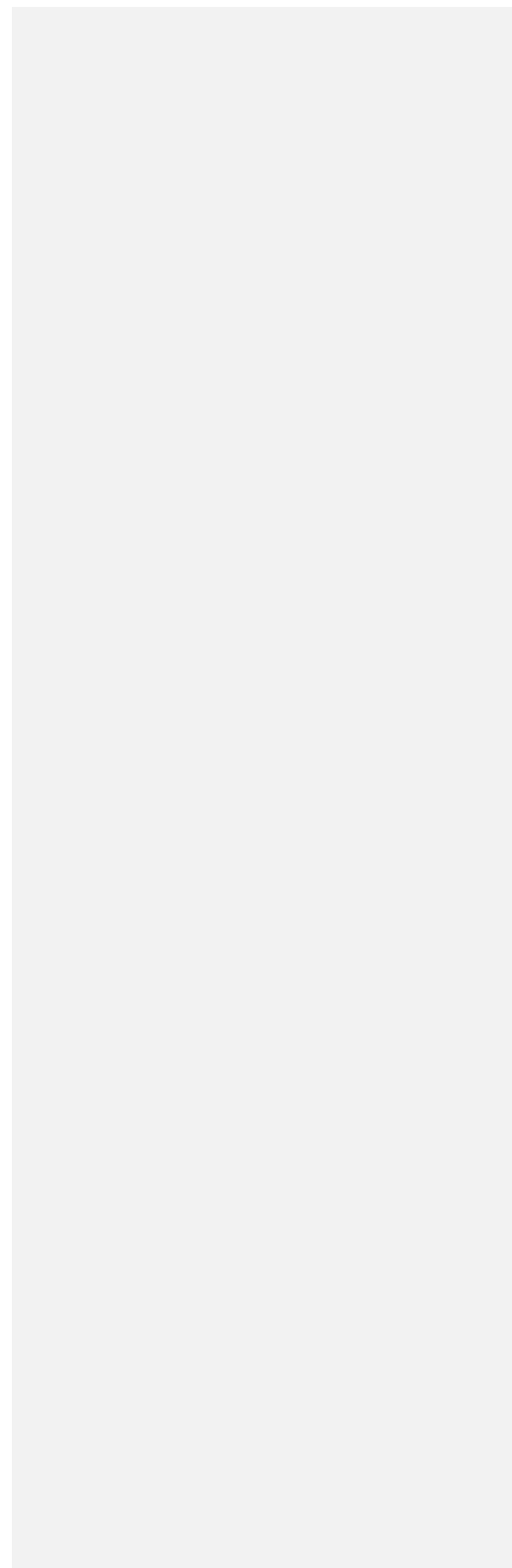
Not Applicable

Action Requested

Request approval on second reading of the updates to the H-GAC travel policy. (Staff Contact: Matt Handy)

H-GAC TRAVEL POLICIES

Revised February 2025



HOUSTON-GALVESTON AREA COUNCIL

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I. OVERVIEW

From time to time, the agency may require H-GAC employees to travel away from an employee's normally scheduled place of work to conduct agency business, including off-site meals and meetings. The agency has written the 'H-GAC Travel Policies' as guidance for employees who travel and incur expenses on behalf of the agency, as well as supervisors and department directors who are responsible for approving those expenses.

H-GAC reserves the right to change, correct, and update these policies as needed. The agency will exercise good faith in giving employees reasonable advance notice of any such changes, corrections, and updates; however, there may be occasions when providing such notice is not feasible. An employee who violates any of the rules referenced in these travel policies or is insubordination of agency policies. A supervisor or department director who knowingly, or should know, an employee reporting to him or her is violating these travel policies is also insubordination of agency policies.

These policies are also applicable to the H-GAC Board of Directors, committee members, and third-party individuals who have received special preapproval from the H-GAC Executive Director, to travel to conduct official H-GAC business.

The words 'agency' and 'H-GAC' are used interchangeably in these policies.

A. GENERAL TRAVEL REQUIREMENTS

An agency employee may be reimbursed for a travel expense only if the purpose of the travel clearly involves official agency business, is consistent with the agency's legal authority, and is in alignment with 'H-GAC Travel Policies' and other rules and guidance referenced herein. All agency travel and incurred expenses submitted for reimbursement must have been preapproved by employee's direct supervisor, and the H-GAC Executive Director as applicable.

B. CONSERVATION OF FUNDS

Employees must minimize the amount of travel expenses reimbursed by ensuring that each travel arrangement is the most cost-effective considering all relevant circumstances.

Employees must utilize teleconferencing and other telecommunication technologies to the maximum extent possible to reduce the agency travel expenditures.

Travel must be planned well in advance to achieve maximum economy and efficiency (i.e., the most economical form of transportation over the shortest practical route).

C. AGENCY AND EMPLOYEE OBLIGATIONS TO ACT AS GOOD STEWARDS OF THE AGENCY FUNDS AND PROGRAM FUNDING

Employees are acting as fiscal agents of H-GAC when incurring travel expenses on behalf of the agency. As such, employees are obligated to act as good stewards of agency funds and program funding.

Employees may not take advantage of agency travel and reimbursements at the financial detriment of the agency.

D. APPLICABLE RULES, LAWS, AND OTHER GUIDELINES

It is the responsibility of every employee to familiarize themselves with H-GAC's travel policies and other applicable rules, laws, and guidelines as described below prior to traveling and incurring expenses. Ignorance of these policies will not be treated as exceptions to allow the reimbursements. In the event that any policy, guidance, or law is in conflict deference will be given in the following order:

- The most stringent policy, unless a federal or state law prohibits such policy;
- Federal law;
- State law;
- H-GAC policy.

An employee's failure to read and adhere to the H-GAC travel policies and any applicable rules, laws, and guidelines described in this section risk:

- A delay in the employee's reimbursement;
- A denial of a reimbursement;
- A performance of employee insubordination;
- An indirect breach of contract with a partner, government, agency, grant, or program; or,
- A violation of a law(s).

1. Texas Comptroller of Public Accounts

H-GAC is a regional planning commission created under and governed by Chapter 391 of the Texas Local Government Code and as described in section 391.003 (c), it is a political subdivision of the State of Texas. Section 391.0115 requires that H-GAC follows state policies on mileage reimbursement, per diem and lodging reimbursement rates.

a. **Mileage Rates**

H-GAC has adopted the mileage rates for personal vehicles established and updated annually by the Texas Comptroller.

2. **Texas Code**

As a political subdivision and an employer and corporation in Texas, H-GAC is subject to the laws of Texas. [See Texas Local Government Code Chapter 391.](#)

3. **U.S. General Services Administration (“GSA”)**

H-GAC receives funding from the federal government and several federal agencies. As such, H-GAC is subject to guidance related to travel expenses that the U.S. General Services Administration provides to those authorized to travel at the government’s expense. [See the Federal Travel Regulation page on the GSA website and eCFR Title 41.](#)

a. **Per Diem Rate Maximums**

H-GAC does not pay employees per diem. H-GAC has adopted the per diem rate maximums for lodging and meals established and updated annually by the GSA. [See Per Diem Rates | GSA.](#)

4. **Internal Revenue Service Regulations**

H-GAC employees and H-GAC, as an employer, are subject to Internal Revenue Service Regulations. [See IRS website.](#)

5. **Government Funding, Grants, and Contracts**

H-GAC receives a large portion of its funding from local, state, and federal government, agencies, partnerships with third party entities, and grants. The majority of H-GAC departments, programs, and H-GAC related entities are funded the same, including travel and expense reimbursements charged against these grants and programs. As such, the Agency and its employees are required to adhere to the guidelines, requirements, and clauses as provided and can be found in program grants, contracts and agreements, and funding applications.

E. OBTAINING TRAVEL AND EXPENSE APPROVALS

Employees must request and obtain appropriate preapprovals as soon as the employee knows their intended travel date(s) to take advantage of lowest cost travel accommodations. These expenses include, but are not limited to airfare, lodging, rental cars, and conference registration fees.

1. Required Approval for Travel

Employees must obtain preapproval from direct supervisor for any of the following travel:

- 1) Travel that takes an employee off premise for six (6) hours or more, and/or
- 2) Any out-of-region travel.

Exceptions: Mileage Reimbursements for in-region travel. Mileage reimbursement requests for in-region travel do not require preapproval.

The phrase “off premise” as used in these travel policies refers to an employee working somewhere other than: H-GAC’s headquarters; an employee’s teleworking residence; or, one of H-GAC’s recognized satellite offices.

2. Expenses Requiring Special Approval by H-GAC Executive Director

The following expenses require special preapproval by the H-GAC Executive Director. This is not an exhaustive list.

- 1) Expenses that may not be charged to a program or grant funds, therefore must be paid from local agency funds.
- 2) Expenses that exceed maximum allowable GSA Rates.
- 3) Any extraordinary expenses that have the potential to raise special inquiry from a funder, an auditor, a Public Information Act request, a department director, the accounting department, the H-GAC Chief Financial Officer or the H-GAC Executive Director.

F. RESPONSIBILITIES

1. Responsibility of Agency to Employees

H-GAC staff holding supervisory positions are responsible for ensuring that their employees are aware of and have been trained on the agency's most up-to-date travel policies. Further, H-GAC staff approving and/or signing off on employee expense reimbursement requests are responsible for ensuring that all employee travel reimbursements are diligently examined. Staff must comply with all applicable regulations and limitations prior to approving and/or signing reimbursement request.

In the event that an agency staff member does not train one of their employees on the current travel policies, the employee is not excused from complying with the agency travel policies and all other applicable rules and laws. It remains the employee's ultimate responsibility to be informed of and adhere to the agency's current travel policies and applicable travel rules and laws.

2. Fiscal Responsibilities of Agency

In effort to practice fiscal responsibility, an employee's direct supervisor and or the accounting department staff member in charge of charged with reviewing an expense reimbursement request, may require additional information or documentation as needed. The accounting department, under the direction of the H-GAC Chief Financial Officer, bears the responsibility for the final approval of an employee's expense reimbursement.

3. Responsibilities of H-GAC Employees

Employees shall ensure that their travel complies with applicable state and federal laws and with these policies. Employees may not seek payment or reimbursement for a travel expense that the employee knows or knows that is not reimbursable or payable. An employee shall immediately reimburse H-GAC for any overpayment or a mistakenly paid travel expense.

4. Employee Travel Cards

~~H-GAC participates in the State of Texas travel card program. This program allows H-GAC employees to request a travel related credit card to use for allowable travel related expenses while traveling out of region. The employee may request the card no later than seven (7) calendar days prior to departure.~~

~~H-GAC employees may request a business travel credit card to use for allowable travel related expenses while traveling out of region. The~~

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employee may request the card no later than seven (7) calendar days prior to departure.

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Employees are responsible for safeguarding their travel cards from loss or theft and any unauthorized expenses made on the travel card. Employees may only incur expenses on the travel card in alignment with the agency's current travel policies and applicable rules and laws. Employees will be required to sign an 'Employee Credit Card Acknowledgement Form' prior to receiving travel card.

~~Employees are required to properly reconcile charges to the travel card and submit that information to the agency within 45 days of completion of their travel or end date of the project, whichever occurs first.~~

Employees are required to properly reconcile charges to the travel card and submit that information to the agency within 45 days of completion of their travel, closing date of project, or Accounting year-end close deadline, whichever occurs first. If an employee does not submit expense details for their travel, they will be notified, and the following staff will also be notified:

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- o The employee's direct supervisor,
- o The accounting manager in charge of travel, and
- o The Controller.

This reimbursement request will also be subject to denial.

In addition, if an employee has not submitted employee's expenses charged to a travel card, the following penalties will be applied:

- 1) Submission between 45-60 days from end of travel: travel card will not be activated until expense report has been submitted.
- 2) Submission between 61-75 days from end of travel: after submission, the travel card will be suspended. No funds or activation will occur even after submission of the report. The employee, along with their direct supervisor, must make a formal request to reinstate the card with the Controller.
- 3) Submission after 75 days from end of travel: the travel card will be revoked from the employee and the employee will be payroll deducted the amount spent on travel via the expense report. Re-issuing of the card will only occur after a formal request from the employee and the employee's direct supervisor to the Chief Financial Officer.

Reinstatement is at the sole discretion of the finance division and will be considered on a case-by-case basis.

An employee is liable, financially, and otherwise, to H-GAC for any expenses made on a travel card that are not preapproved and in alignment with the agency's current travel policies and applicable rules and laws. Employees agree that any such unallowable charges will be reimbursed by the employee by payroll deduction.

Employees are entitled to use their own personal money (credit cards, cash, checks, etc.) for travel expenses during business related travel. Should an employee submit a reimbursement request for such expenses and the submission date is beyond the 45-day threshold, the reimbursement request will be denied.

All reimbursement requests are managed on a case-by-case basis.

II. GENERAL INFORMATION REGARDING EXPENSE REIMBURSEMENTS

A. EXPENSES

1. Generally Reimbursable Expenses

An H-GAC employee is entitled to be reimbursed for the following expenses if they are incurred for an official agency business reason. This is not an exhaustive list.

- Hotel occupancy or similar taxes for which an employee is entitled to be reimbursed.
- Internet, with restrictions.
- Gasoline charges when rented motor vehicles are used.
- Toll charges.
- Mandatory charges by a commercial lodging establishment other than the room rate.
- Books or documents purchased for and while attending a seminar or conference that are applicable to the job.
- Sales and use taxes if either the applicable law does not provide an exemption from those taxes or the procedure for claiming a legally available exemption is not honored by the person collecting the taxes. Per GSA, taxes are included in the daily GSA M & IE (meal and incidental) rate.
- Parking.
- Attendant care and related expenses.
- Baggage charges only to the extent that the airlines charges for the first bag.

2. Prohibited Expenses for Requested Reimbursement

This is not an exhaustive list.

- Alcohol.
- Entertainment.
- ~~Optional tips~~ and gratuities
- Dry cleaning and laundry.
- Expenses not approved by appropriate authorized agency representative.
- Expenses that have or will be reimbursed by another person or entity.
- Anything provided to an employee for free.
- Expenses paid on behalf of other employees (employees must incur and request reimbursement for their own expenses).
- Expenses paid on behalf of relatives, friends, or spouses of H-GAC employees.
- Expenses related to the operation or breakdown of a personally owned or leased vehicle.
- Expenses used to commit a crime; and,
- Moving violations and parking citations.

B. DEFINING H-GAC HEADQUARTERS AS IT RELATES TO DETERMINING TRAVEL ARRANGEMENTS AND EXPENSES

~~The H-GAC headquarters is at 3555 Timmons Lane in Houston, Texas. Employees must use the H-GAC headquarters' address or their satellite H-GAC office's address as the starting and ending origin when calculating mileage for reimbursement. Employees may not use employee's home address for mileage reimbursement calculations, unless business travel is required outside of H-GAC's core working hours as established by the employee handbook (6:00 AM—7:00 PM CST) or is necessitated by extraordinary circumstances as determined by the H-GAC Executive Director.~~

H-GAC headquarters is 3555 Timmons Lane in Houston, Texas. Employees must use the H-GAC headquarters' address or their satellite H-GAC office's address as the starting and ending origin when calculating mileage for reimbursement. Employees may not use employee's home address for mileage reimbursement calculations, unless the following applies:

- Home address is the most cost-effective route
- Business travel is required outside of H-GAC's core working hours as established by the employee handbook (6:00 AM – 7:00 PM CST)
- Travel is necessitated by extraordinary circumstances as determined by the H-GAC Executive Director.

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Mileage reimbursements are not fringe benefits nor is it the agency's intent to reimburse employees for mileage to and from their place of residence.

C. PER DIEM

Per diem is an amount of money that someone is given for daily expenses, such as food and lodging, like a set allowance. Employees may not abuse meals and lodging reimbursements for their own benefits and would be considered a misuse of agency funds.

H-GAC only reimburses employees actual cost not to exceed the maximum specified per diem amount per location. H-GAC employees must claim the actual expenses incurred for meals and lodging, not to exceed the rates established by the GSA. It is the employee's responsibility to confirm employee is using the most recent GSA maximum allowable rates when incurring travel expenses on behalf of the agency.

GSA maximum allowable rates for meals and lodging are per day. Any difference between actual expenditure and the maximum allowable rate does not get carried over to or from another day.

Per Diem Rates can be found at [Per Diem Rates | GSA](#).

D. CANCELLATION CHARGES

H-GAC may reimburse an employee for a cancellation charge related to a travel expense, but only if the charge is incurred:

- For a reason related to agency business;
- or a reason related to agency business that could not be conducted because of a natural disaster; or
- For transportation that was purchased in advance to utilize a cost savings, but the employee was unable to travel due to illness or personal emergency.

1. Supporting Documentation for Cancellation Charges

The supporting documentation for the payment or reimbursement of a cancellation charge must satisfy the following requirements:

- The supporting documentation must specify the reason for the cancellation;
- The supporting documentation must include proof that the cancellation charge has been paid by the individual receiving the reimbursement if the charge is being reimbursed instead of paid directly;
- The supporting documentation must include the original, unused airline ticket, if the charge relates to an unused airline ticket; and,
- The supporting documentation must include a registration that supports the intended purpose of the travel had it not been canceled.

E. PREPAID TRAVEL CREDITS IN EMPLOYEE'S NAME

In the event H-GAC has paid for, or reimbursed an employee for prepaid travel expenses, and the employee must cancel said travel expenses but receives a credit in employee's name instead of a refund, employee may only use said issued credits for travel related to H-GAC business.

If an employee separates from employment with H-GAC prior to using any outstanding credits, the employee is financially liable to H-GAC to reimburse this expense. This expense will be deducted from the employee's final paycheck.

F. LOST RECEIPTS

Employees are responsible for ensuring tickets purchased or obtained while conducting business on behalf of H-GAC are properly safeguarded from loss or theft. Whenever possible, employees should utilize digital tickets for any form of transportation, admission to events, and parking. If lost, the employee is subject to no reimbursement of said expense or may be required to repay the agency at the cost of the expense. All reimbursements or repayments will be managed on a case-by-case basis.

G. TRAVEL INSURANCE

H-GAC does not reimburse for any form of insurance purchased for travel purchases.

1. Personal Vehicle
H-GAC does not reimburse employees for personal vehicle insurance.
2. Rental Car
H-GAC does not reimburse employees for rental car insurance. H-GAC participates in the State of Texas Contract for Rental Vehicles. As part of H-GAC's corporate account, a damage waiver, and Supplemental Liability Protection (SLP) insurance are already included with all rental vehicles.

3. All Other Forms of Transportation
H-GAC does not reimburse for any form of insurance purchased for forms of transportation.

H. ARRIVING A DAY EARLY OR DEPARTING A DAY LATER TO OR FROM BUSINESS TRAVEL

Employees are eligible to depart the day before or the day after conducting official H-GAC business. To qualify for an early departure or late arrival, the employee's official itinerary must see them depart from, or return to, H-GAC Headquarters outside of H-GAC's core business hours (6:00 AM-7:00 PM CST) relative to the business travel schedule. Provided the event cannot be rescheduled, early arrivals or late departure expenses would be reimbursable provided expenses fall in line with policy guidelines.

Travel Expenses incurred due to arriving more than one day in advance of official H-GAC business are only reimbursable under the following circumstances:

- o The expenses are incurred to qualify for discounted airfare.
- o Traveling to, and from, the destination requires more than one day.

All travel requiring an employee's arrival more than one day prior to the start of a meeting requires a written pre-approval from their direct supervisor.

I. COMBINING PERSONAL TRAVEL WITH AGENCY TRAVEL

1. Combining Personal Travel with agency Travel
If an employee travels for the dual purpose of conducting H-GAC business and attending to personal business H-GAC will reimburse those expenses that would have been incurred had the employee not combined personal business in the trip.
Examples: #1 Employee travels to Florida on H-GAC business. Cost of airfare to Florida is \$250. The plane has a scheduled stop in Atlanta. Employee stays overnight in Atlanta to visit family. There is no additional cost imposed by the airline to fly the next day from Atlanta to Florida. H-GAC will reimburse the total trip.
#2 Same facts as in the above example, however, the airline imposes additional fare of \$75. The additional cost will not be reimbursed by H-GAC.
2. Traveling With Personal Companions (Non-H-GAC Employees)
If an employee brings a personal companion or guest during agency business related travel, the agency is not liable to employees or an employee's personal companion(s) or guest(s).

Employees may not use travel card or ask for reimbursement for expenses incurred or spent on behalf of employee's companion or guest.

J. CUSTOMER TRAVEL REWARDS, POINTS, AND DISCOUNTS

Employees may keep frequent flyer points and rewards earned while traveling on behalf of the agency so long as the points and rewards were earned and not paid for by H-GAC.

Example:

Employee travels on Southwest Airlines to Dallas for a conference on behalf of H-GAC. Employee stays at Marriott Hotels while in Dallas for conference. Employee participates in both Southwest's and Marriott's reward programs, where employee earns points for every flight and overnight stay. Employee may use and keep any points employee earned for this travel.

Example:

Employee travels on Southwest Airlines to Dallas for a conference on behalf of H-GAC. Employee stays at Marriott Hotels while in Dallas for conference. Employee participates in both Southwest's and Marriott's reward programs, where employee earns points for every flight and overnight stay. Marriott allows reward program participants to purchase extra points with cash to upgrade to a larger hotel room. Employee may not use agency funds to purchase reward points for anything. However, employee may elect to use employee's money to purchase points to upgrade hotel room. H-GAC will not reimburse employee to purchase reward points for any travel programs or vendors.

III. REIMBURSEMENT SUBMISSION REQUIREMENTS

A. REQUIRED RECEIPTS AND DOCUMENTS

1. Required Supporting Documentation

The supporting documentation for a travel expense must provide sufficient detail or justification to demonstrate that:

 - employee received preapproval from direct supervisor to conduct travel and incur expenses; and
 - the expense was incurred while conducting official agency business

2. Receipts

Receipts are required for all expenses. Submitted receipts must be itemized reflecting each item included in total amount charged. Receipts must also show confirmation of payment and form of payment (such as last four (4) digits of credit card used). Condensed or incomplete receipts will not be accepted. Lost or missing receipts will result in no reimbursement or having to pay funds back. In lieu of a missing receipt, employees can submit a bank statement (with all private information redacted) reflecting the charge in question. Reimbursement requests are managed on a case-by-case basis.

3. Documentation Requirements

Employee must submit all supporting documentation with each reimbursement request.

 - Complete itemized receipts for the following:
 - Meals
 - Airfare
 - Baggage Fees
 - Taxi/Uber/Lyft Services
 - Parking
 - Fuel
 - Lodging
 - Tolls
 - Three (3) total quotes (including the airfare chosen) and a justification document to prove the airfare chosen was the least expensive airfare given all relevant circumstances – quotes must be timestamped on the day of purchase.
 - Conference agendas showing daily schedule, including meals provided.

- Employee Development Request (EDR) Form signed by authorized parties (if required by department)
- TxDOT Out-of-State Approval Form signed by authorized parties (if required by department)
- Approved timesheets for period reimbursement expenses incurred (if required by department)

This is not an exhaustive list. The accounting department reserves the right to ask for additional documentation, if needed. All expense report documentation is managed on a case-by-case basis.

4. Missing Receipts or Documentation

Failure to submit itemized receipts reflecting all required information, or any other applicable documentation as stated above risks denial of your reimbursement request.

B. DEADLINE FOR EXPENSE REIMBURSEMENT REQUESTS

Employees must submit expense reimbursement requests to the H-GAC accounting department within 45 days from the completion date of travel or 30 days prior to project close date, whichever is sooner. Requests must be time stamped to reflect timely submission. Multiple trips may not be combined with one expense report to extend this deadline. Each trip must be submitted on a separate expense voucher.

The 45 days expense reimbursement request deadline and policy apply to board members, committee members, and anyone else authorized by the H-GAC Executive Director to travel on behalf of H-GAC.

Failure to submit expense reimbursement requests on a timely basis or submitting a request improperly and/or without the required or accurate supporting documentation may result in any or all the following:

- A forfeiture of claim for reimbursement;
- A denial of future travel requests;
- Suspension of travel card until late reports have been submitted; or,
- No activation of travel card until late reports have been submitted.

If expense reimbursement includes a non-reimbursable expense charged to the travel card these requests will be returned to the employee for adjustment or for removal from the report. If an employee overspent their per diem, the overage will be taken from any personal expenses incurred. If no personal expenses were incurred, the re-payment to H-GAC will be processed as a payroll deduction.

C. CONCUR TRAVEL SOFTWARE

H-GAC uses Concur travel software to request permission and report expenses by H-GAC employees who travel to conduct agency business. Many of H-GAC's travel policy and regulations are incorporated into Concur, including the GSA federal maximum per diem and mileage rates as the GSA updates them. Concur is available to staff through the ['Travel and Expenses' page on SharePoint](#).

Employees may also access short training videos and step-by-step desk aids that guide employees through making travel requests and reporting travel expenses on SharePoint.

D. TRAVEL ARRANGEMENTS REQUEST

The Travel Arrangements Request Form must be utilized for all out-of-region travel. This form, exclusively delivered via Asana, is to be used by the accounting department to assist with booking air, hotel, and rental cars at the most cost-efficient rates, all things considered. The Travel Arrangements Request Form will only be distributed after accounting receives the employee's approved travel request via Concur.

IV. MEALS AND LODGING DURING TRAVEL

Employees must have preapproval from employee's direct supervisor to travel and incur expenses on behalf of the agency. An agency employee may be reimbursed for meals and lodging expenses incurred while traveling on behalf of and to conduct agency business, subject to rules provided throughout these policies.

Definitions:

In-Region: work within any of the thirteen (13) counties H-GAC serves.

Out of Region: work done outside any of the thirteen (13) counties H-GAC serves.

A. SAME-DAY OR NON-OVERNIGHT TRAVEL (IN-REGION/OUT-OF-REGION)1. Meals

Employees are not eligible for same-day meal reimbursements unless they are required to attend a training, seminar, or conference and spend six (6) or more hours away from H-GAC headquarters. Same-day travel meals are capped at the maximum allowable in-state or out-of-state non-overnight amount as established by the GSA based on the current fiscal year. H-GAC will reimburse the actual cost of the meals not to exceed the maximum allowable in-state or out-of-state non-overnight amount. This reimbursement is considered income and must be submitted via payroll.

Meals provided by the conference, training, or event are not eligible for reimbursement. Non-mandatory continental breakfasts provided by hotels or conferences do not qualify as a provided meal.

Employees must include documentation of the meeting, conference, or event indicating detailed event agenda for each day of event, start and end times of event for each day, and whether meals were or were not provided for each day.

2. Lodging Expenses

Employees are not eligible for reimbursements on same-day or non-overnight lodging when traveling on behalf of the agency.

3. Exceptions

The H-GAC Board Directors and the H-GAC Executive Director are exempted from the six-hour requirement and gratuitous meals exception. The H-GAC Board Directors and the H-GAC Executive Director may be reimbursed for the actual cost of meals for that day, not to exceed the current maximum daily rate as it applies to Board Directors and Executive Directors. *See VII A 3-4 in these travel policies.*

B. OVERNIGHT TRAVEL1. In-Regiona. Lodging

Employees are not eligible for overnight lodging in-region unless it meets the following condition: Lodging is mandatory and connected with a training, seminar, or conference.

In-region lodging expenses must be approved in advance by their division Chief.

The supporting documentation (along with all other required supporting documentation) must show how lodging was mandatory and that it was connected with a training, seminar, or conference. The division's chief approval must also be included.

b. Meals

If an employee is required, and receives approval, to stay overnight in-region then their meal expenses are reimbursable. Their meal per diem would go in accordance with the rates established by the GSA. The employee will be reimbursed for actual cost of meals for each day of travel, not to exceed the current maximum overnight daily rate.

2. Out-of-Region

a. Lodging

Employees may be reimbursed for actual out-of-region lodging expenses incurred if the travel is required to conduct Agency business. Lodging expenses may not exceed current GSA rates.

b. Meals

In the event an employee is required, and approved, to travel out-of-region overnight, the employee may be reimbursed for the actual cost of meals for each day of travel, not to exceed the current maximum overnight daily rate, and subject to grant or program allowances. Furthermore, meal expenses cannot be carried forward from day to day.

c. Meals Not Eligible

Meals provided by the conference, training, or event are not eligible for reimbursement. Continental breakfasts provided by hotels or conferences that are not mandatory do not qualify as a provided meal.

3. Exceptions

The H-GAC Board Directors and the H-GAC Executive Director are exempted from the gratuitous meals' exception. The H-GAC Board Directors and the H-GAC Executive Director may be reimbursed for the actual cost of meals for that day, not to exceed the current maximum daily rate as it applies to Board Directors and Executive Directors. *See VII A 3-4 in these travel policies.*

V. MEALS AND LODGING LIMITATIONS

A. MEALS

1. Optional Expenses

- a. Valet
Valet at restaurants is not reimbursable.
- b. Parking
Parking fees at restaurants are not reimbursable.

2. Business Meals

- a. Definition
A business meal is defined as when two or more employees (which must include board members and/or key officials) dine together at the same dining establishment resulting in the meal being paid for by only one person during official H-GAC business.
- b. Practice
Employees should ask the dining establishment to split the overall receipt into itemized receipts to allow each employee to pay separately.
- c. Solution
In the event the dining establishment is unable (or unwilling) to split the overall receipt resulting in one singular payment, the following must occur:
 - 1) During the reimbursement request, the employee who paid for the meal must list all employees, key officials, and/or board members who attended the meal and had their meal paid for by the employee.
 - 2) The employee's individual meal will be marked against each employee's project and per diem via an allocation in Concur.
 - 3) Any funds owed by an employee for exceeding their specific GSA Maximum allowable meal per diem will be collected via payroll deduction or reduction in reimbursement request.
 - 4) This practice applies to all H-GAC employees including the H-GAC Executive Director, board members, and key officials.

B. LODGING

1. Inability to Obtain Lodging at Travel Destination Point Under Maximum Allowance
Employees should utilize the Travel Arrangements Request Form to assist with their travel to take advantage of the most availability and best rates

for all travel accommodations.

If the Travel Arrangements Request Form cannot produce a positive result in finding lodging within the maximum allowable lodging rates as established by the GSA, the employee may exercise one of two options.

a. **Option 1 - Reduce Meal Reimbursement Rate to Increase Lodging Rate**

An employee may reduce the maximum meal reimbursement rate and use the amount of reduction to increase the lodging reimbursement rate. This provision is allowable for each day of travel; however, each day is calculated individually. An employee may not carry forward any credit to subsequent travel days.

b. **Option 2 - Request a Higher Maximum Lodging Reimbursement Rate**

Employee must submit a formal written request to reserve lodging more than the maximum allowed lodging rate. The request must contain the *Request for Higher Maximum Lodging Rate* form signed by the employee and Lead Travel Coordinator to attest that lodging at, or below, the per diem was not attainable.

The employee must receive preapproval from the Executive Director prior to travel expense being incurred. Failure to obtain approval prior to travel will result in the lodging reimbursement being limited to the maximum allowed lodging rate for that area of travel. Seeking approval to increase the lodging reimbursement rate after travel has occurred will be declined. Approval is not guaranteed and is handled on a case-by-case basis.

2. **Hotel Occupancy Taxes**

H-GAC is not exempt from paying hotel occupancy taxes.

3. **Hotel Valet and Parking**

Hotel valet and parking fees, such as optional covered parking, are reimbursable. Employees must utilize lowest cost option when considering parking option as noted in section IB – Conservation of Funds.

4. Other Optional Expenses and Fees

All upgrades and optional fees related to lodging are not reimbursable, including but not limited to:

- Early/late checkout,
- Entertainment,
- Concierge fees,
- Optional tips and gratuities,
- Upgraded rooms,
- Added bedding,
- Cleaning fees.

VI. TRANSPORTATION

When required to travel to conduct agency business, in determining whether to travel by automobile, public transit, car service/taxi/rideshare, or by airplane, an employee must consider both cost efficiency and best use of employee's time.

A. GENERAL INFORMATION

1. **Coordination of Travel - "Four-Per-Car-Rule"**

When employees are traveling via automobile on the same dates, the same itinerary, and same business purpose, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. Employee may be reimbursed for mileage used to travel to pick up employees.

a. In-Region

- If all employees are working at H-GAC headquarters on the day of travel and possess the same schedule and itinerary, they must coordinate travel.
- If all employees are working remotely on the day of travel, coordination of travel is not required.

H-GAC employees should make their best attempts to coordinate travel when realistically feasible.

b. Out-of-Region

- Employees should utilize coordination of travel for all out-of-region travel in accordance with section IB – Conservation of Funds.

Coordination of travel is not required if the manager of the department

employing traveling employees determines, in advance, that coordination of travel is not reasonably feasible.

B. PERSONAL VEHICLE

H-GAC may reimburse employees for mileage driven in employee's personal vehicle to conduct agency business off-premises if the travel has been preapproved by employee's direct supervisor.

C. RENTAL VEHICLE

H-GAC participates in the [State Travel Management Program \(texas.gov\)](http://www.texas.gov) for rental cars to maximize savings as negotiated by the state through the program. For in-region rental requests, employees must contact their department administrative assistant. For out-of-region rental requests, employees must submit the request to the Lead Travel Coordinator via the 'Travel Arrangements Request Form.'

Employees may not rent cars directly from vendors. All cars rented through H-GAC and the state provided vendor include a Damage Waiver and Supplemental Liability Protection for the vehicle.

H-GAC will only pay for and reimburse mandatory rental car charges. If an itemized charge is optional, it is not a mandatory charge.

1. Eligibility for Renting a Car

- a. Employees can rent a car only when it is the least expensive means of transportation.
- b. Employees must be 21 years old at the time of travel to be eligible to rent a vehicle.
- c. Employees may only rent compact cars. Should an employee need a vehicle larger than a compact car, the employee must obtain a written pre-approval from their direct supervisor that a larger vehicle was necessary for the employee's travel.

2. Optional Expenses Limitations

- a. Vehicle Upgrades
H-GAC may only reimburse employees for a compact vehicle. In the event an employee opts to upgrade vehicle, employee must pay the daily rate difference between the compact vehicle and the rented upgraded vehicle.

~~If the vehicle rented is not available at the time of pick-up, and the rental car agency upgrades the vehicle, the employee must confirm the compact car rate before taking possession of the upgraded vehicle.~~

If the vehicle rented is not available at the time of pick-up, and the rental car agency upgrades the vehicle, the employee must confirm the compact car rate before taking possession of the upgraded vehicle. In the event the employee does not confirm the compact car rate, and Enterprise will not honor said rate, the employee will be responsible for the difference between the upgraded rate and compact rate.

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- b. Optional Vehicle Accessories
Employees must pay for all optional items (vehicle accessories, etc.) purchased with rental car. Rental vehicle optional items are not reimbursable.
- c. Prepaid Fuel
Employees may not purchase the prepaid fuel option. Employees are responsible for ensuring the rental vehicle is returned with the required fuel level.

d. Separate Drop-Off Location

Employees may not be reimbursed the fee for returning the vehicle to a separate location from where the reservation originated. If such an incident occurs, this cost would be the employee's responsibility unless employee receives written pre-approval from department Director.

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D. COMMERCIAL AIRLINES

H-GAC may reimburse employees for standard expenses to travel by commercial airlines if this form of travel has been preapproved by employee's direct supervisor and determined to be the most cost and time effective option for travel.

H-GAC will only reimburse employees for the lowest fare available and mandatory airline charges. If an itemized charge is optional, it is not a mandatory charge. Employee must submit a receipt showing the name of the airline, name of employee, date and time of travel, airports traveling to and from each flight, and

itemization of all fees charged, and confirmation of payment showing last four digits of credit card used.

1. Seat Fee Limitations

If complimentary/free seats are available, those seats must be selected. Fees charged by airlines to select an upgraded seat are not eligible for reimbursement unless the employee receives prior approval.

If no free seats are available, the employee is allowed an upgraded seating option. The employee must provide documentation that no free seats were available at the time of booking. This documentation must be attached to the expense report. Failure to provide the proper documentation will result in a denial of the reimbursement claim for that expense.

2. Baggage Fee Limitations

H-GAC may reimburse an employee for one standard sized check-in baggage per flight. H-GAC will not reimburse an employee for:

- o two or more standard sized check in and one carry-on baggage.
- o over-sized baggage; or
- o other special baggage fees unless the added baggage is for H-GAC equipment, supplies, or materials.

3. Other Airline Fees

a. VIP Services and Priority Boarding

H-GAC will not reimburse employees for optional airline fees, including but not limited to:

- o VIP services,
- o private lounge fees,
- o priority boarding, and
- o early check in fees.

b. Wi-Fi, Entertainment, Alcohol

Wi-Fi, entertainment, and alcohol purchased during air travel or at the airport are not reimbursable.

c. Meals and Beverages

H-GAC may reimburse an employee for meals and beverages purchased on airlines as meal expenses incurred during travel. These meals and beverages must be included in calculating employee's daily maximum allotment for meals.

d. Optional Flight Adjustments

Employees need written approval from their department Director for an optional flight change that results in an increased cost from the original flight reserved. Approval must be included as part of the travel backup documentation. The H-GAC Board of Directors and H-GAC Executive Director are exempt from the written approval requirement.

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E. TRAVEL BY RAILWAY, BOAT, PRIVATE SHUTTLE BUSES

H-GAC may reimburse employees for standard expenses to travel by railway, boat, or private shuttle if this form of travel has been preapproved by employee's direct supervisor. H-GAC will only reimburse employees for the lowest fare available within a time frame that allows an employee to arrive four hours or less at first destination point or departs no later than four hours after the end of the event at the final destination point. H-GAC will only reimburse mandatory railway, boat, or private shuttle bus charges. If an itemized charge is optional, it is not a mandatory charge. Employee must submit a receipt showing the name of the company, name of employee, date, and time of travel, pick up and drop off points, and itemization of all fees charged.

1. Seat Fee Limitations
H-GAC may only reimburse employees for standard seating. H-GAC will not reimburse employees for optional and or upgraded seating.
2. Baggage Fee Limitations
H-GAC will not reimburse employees for baggage fees unless the baggage is for H-GAC equipment, supplies, or materials.
3. Other Fees
 - a. Wi-Fi, Entertainment, Alcohol
Wi-Fi, entertainment, and alcohol purchased during travel are not reimbursable.
 - b. Meals and Beverages
H-GAC may reimburse an employee for meals and beverages purchased on railway, boat, or private shuttle as meal expenses incurred during travel but must be included in calculating employee's daily maximum allotment for meals.

F. TRAVEL BY MASS PUBLIC TRANSIT (BUS, SUBWAY)

H-GAC may reimburse employees for standard expenses to travel by mass public transit.

G. STANDARD VEHICLE OR ELECTRIC BICYCLE TRANSPORTION**1. Rideshare**

H-GAC may reimburse employees for standard expenses to travel by rideshare such as Lyft or Uber. H-GAC will only reimburse mandatory rideshare charges. If an itemized charge is optional, it is not a mandatory charge. Employee must submit a receipt showing the name of rideshare company, date and time of travel, and itemization of all fees charged.

a. Optional Fee Limitations

H-GAC will not reimburse employees for optional fee purchases on rideshare apps, including but not limited to:

- priority pick up.
- late fee.
- Optional tips and gratuities
- ride cancellation.
- luxury vehicle.
- extra comfort vehicle; or,
- VIP style vehicle.

2. Taxis and Shuttles

H-GAC may reimburse employees for standard expenses to travel by taxi. Employee must submit receipt showing the name of transportation company, date and time of travel, and itemization of all fees charged. H-GAC will not pay for optional tips or gratuities.

3. Private Car Service and Limousines

H-GAC does not reimburse employees for private car service or limousines.

4. Electric Bicycles

H-GAC may reimburse employees for standard expenses to travel by electric bicycle. Employee must submit a receipt showing rental charge.

H. MILEAGE**1. Reimbursable Mileage****a. Eligibility**

An agency employee may be reimbursed for mileage incurred to

conduct preapproved written agency business in writing. The reimbursement may not exceed the total of the number of miles traveled for business multiplied by the maximum mileage reimbursement rate as established by the Texas Comptroller.

The mileage reimbursement rate is inclusive of all expenses associated with the employee's use of his or her vehicle, such as maintenance and vehicle insurance.

b. Limitations

Only one employee may claim the mileage reimbursement for use of a personal car, regardless of number of employees riding in same car. Names of all employees traveling in the same vehicle must be noted in reimbursement request.

c. Mileage Reimbursement Rate

H-GAC has adopted the mileage rates for personal vehicles established and updated annually by the Texas Comptroller.

2. **Calculating Mileage**

a. General Calculations

Pursuant to employees may not be reimbursed for mileage incurred in traveling between the employee's residence and place of employment in a personally owned or leased motor vehicle, with exception to special circumstances.

i. Starting Origin

~~Subject to section pertaining to "Travel Outside of Normal Working Hours," employees must calculate mileage using the address of the agency headquarters or satellite office as a starting point of origin.~~

Subject to section pertaining to "Travel Outside of Normal Working Hours", employees must calculate mileage using the most cost-effective route that provides the shortest distance from starting point of origin to destination point.

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ii. Ending Origin

~~Subject to section pertaining to "Travel Outside of Normal Working Hours," employees must calculate mileage using~~

~~the address of the agency headquarters or satellite office as final origin for travel.~~

Subject to the section titled “Travel Outside of Normal Working Hours,” employees must calculate mileage using the most cost-effective route that provides the shortest distance to their final ending point.

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b. Route Determination

The number of reimbursable miles may not exceed the number of miles of the safest and most cost-effective route between the origin of the employee’s travel and the employee’s final destination, and any agency business related stopping points in between. The shortest route between points is presumed to be the most cost-effective route. A map showing distance in miles should accompany the employee’s reimbursement request.

A longer route may be considered the most cost-effective route if the employee provides a justification statement containing a reasonable explanation for why the longer route was taken instead.

c. Travel Between Employee Residence and H-GAC Headquarters or Employee’s Regular H-GAC Satellite Office

Employees may not be reimbursed for mileage incurred traveling between the employee’s residence and place of employment, with exception to extraordinary circumstances, pre-approved in writing by the Executive Director.

d. Travel Between Employee Residence and an Airport

An employee traveling outside of H-GAC’s core hours (6:00 AM – 7:00PM CST) or anytime on the weekend to or from the airport may be reimbursed mileage calculated using employee’s residence as starting or ending points of origin instead of using H-GAC’s headquarters or employee’s satellite office.

e. Travel Outside of Normal Working Hours

An employee required to travel before 6:00am or after 7:00pm, H-GAC’s core working hours as per the H-GAC employee handbook, may be reimbursed mileage calculated using employee’s residence as starting or ending points of origin instead of using H-GAC headquarters or employee’s regular H-GAC satellite office worksite.

I. PARKING, TOLLS, AND MISCELLANEOUS TRANSPORTATION EXPENSES

1. Parking Fees
 - a. Airport Parking
 - o Airport valet and premium parking is not reimbursable.
 - o Employees are encouraged to utilize offsite and economy lots as this is the most economical expense when choosing airport parking.

H-GAC may reimburse employees for standard overnight airport parking for each night of preapproved agency travel. Employees must select the safest, least expensive parking option.

- b. Hotel Parking
See the 'Hotel Valet and Parking' section in these policies.
- c. Lost Parking Ticket

See 'Lost Tickets' section in these policies.

2. Tolls
H-GAC may reimburse an employee for toll expenses incurred for conducting agency preapproved business, so long as the mileage driven, or car rented for travel is also reimbursable.
3. Moving Violations and Parking Citation
Moving violations and parking citations incurred by an employee are not reimbursable expenses, regardless of the circumstances.
4. Vehicle Breakdown
Expenses related to the operation or breakdown of a personally owned or leased vehicle are not reimbursable.

VIII. MISCELLANEOUS PROVISIONS

A. SPECIAL EXCEPTIONS

1. H-GAC Employees Who Have a Disability
For purposes of these policies, a disability is a physical or mental impairment of an individual that limits one or more major life activities of the individual.

H-GAC may reimburse an employee with a disability for attendant care and other necessary expenses incurred when the employee travels to conduct agency business and the Executive Director has preapproved this expense in writing. Attendant care and related expenses are classified as incidental travel expenses.
 - a. Required Supporting Documentation

- Documentation that employee receiving care has a disability, meeting the aforementioned definition, and that the attendant care was necessary for employee's travel.
- Full name and contact information for attendant.
- Cost of attendant care for employee during agency travel.
- Itemized receipts for all expenses to be reimbursed accompanied with detailed descriptions of reason for expense.

b. Reimbursement

When reimbursing the attendant of a disabled state employee, a single reimbursement may cover the expenses incurred by one or more individuals. The following conditions must be met for reimbursement:

- Expenses must be charged to the Texas identification number (or social-security-number) of the employee's attendant(s) incurring expenses.
- If there is more than one attendant, each attendant who incurred the expenses must be listed on a separate detail line.
- The Texas identification number (or social security number) and name of the payee must be listed on the address line.

If reimbursement is for first class airfare when another fare was available, the supporting documentation must state that the first-class airfare was medically necessary for the state employee.

If reimbursement is for business class airfare when a lower fare was available, the supporting documentation must state that the business class airfare was medically necessary for the state employee.

2. Prospective, ~~and~~ Temporary, and Separated H-GAC Employees

a. Prospective Employees

At the discretion of the H-GAC Executive Director, H-GAC may elect to pay for or reimburse travel expenses for a job candidate who lives farther than one hundred (100) miles from H-GAC headquarters or H-GAC satellite office to travel to H-GAC for an in-person interview. The reimbursed or directly paid travel expenses made to or on behalf of the job candidate are limited to the same rules and maximum allowances H-GAC employees are subject to. H-GAC may not issue job candidates per diem or a travel advance. Reimbursements may be made for the exact cost of the expense up to allowed maximums.

b. Temporary Employees

Temporary employees must abide by current H-GAC travel policy. All applicable reimbursement requests and documentation must be submitted to the temporary staffing agency for reimbursement. H-GAC does not reimburse temporary staff directly for travel.

c. Separated Employees

Employees who voluntarily resign are required to submit expense reports to Accounting prior to their last working day as designated by Human Resources. Any unsubmitted expenses will not be processed by Accounting after the employee's departure and are not subject to reimbursement.

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3. Travel for H-GAC Board Members

The H-GAC Board Directors may be reimbursed for meal and lodging expenses incurred while performing the duties of a H-GAC board director. Board director meal and lodging reimbursement rates are equal to twice the maximum amount that could be reimbursed to agency employees.

Example:

Current GSA Meal Rate x 2 = Board of Director Reimbursement Rate

Current GSA Lodging Rate x 2 = Board of Director Reimbursement Rate

4. Travel for H-GAC Executive Director

The H-GAC Executive Director may be reimbursed for meal and lodging expenses incurred while performing the duties of the H-GAC Executive Director. The H-GAC Executive Director meal and lodging reimbursement rates are equal to twice the maximum amount all other Agency employees are allowed.

Example:

Current GSA Meal Rate x 2 = Executive Director Reimbursement Rate

Current GSA Lodging Rate x 2 = Executive Director Reimbursement Rate

5. Other Persons Traveling on Behalf of H-GAC

The H-GAC Executive Director has the discretion to approve non-employees to travel on behalf of H-GAC. The reimbursed or directly paid travel expenses made to or on behalf of the non-employee are limited to the same rules and maximum allowances H-GAC employees are subject to. H-GAC may not issue non-employees per diem or a travel advance. Reimbursements may be made for exact cost of the expense up to allowed maximums.

B. EXPENSES NOT DIRECTLY RELATED TO AGENCY BUSINESS BUT INCURRED DURING AGENCY TRAVEL

1. Medical Care for Employees While Traveling on Agency Business
H-GAC will not pay for employee's medical care while traveling on agency business.
2. Lost or Damaged Personal Items and Property
Employees are responsible for their personal items and property, even while traveling on behalf of the agency. H-GAC will not pay for or reimburse an employee for personal items and property the employee lost or must repair, even if the employee lost or damaged the item while traveling on behalf of the agency.
3. Lost or Damaged H-GAC Items and Property
Employees are responsible for agency items and property entrusted to employee's care while traveling on behalf of agency. Employees that lose or damage H-GAC items or property may be held financially liable to H-GAC for replacing or repairing lost, stolen, or damaged H-GAC items and property.

The agency may opt to reimburse an employee or pay directly for replacing or repairing reimburse an employee for a H-GAC item or property that has been lost, stolen, or damaged only if the agency determines that the loss, theft, or damage occurred despite the employee's exercise of reasonable care to safeguard it.

2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Background

The Houston-Galveston Area Council conducts an annual independent audit. Whitley Penn is H-GAC's public accountancy firm. The annual comprehensive report reflects H-GAC's commitment to advancing sustainable, resilient communities throughout our region.

Current

The Audit Committee of the H-GAC Board, Chaired by Councilmember Sally Branson of Friendswood, is the body responsible for reviewing and making recommendations to the board regarding the independent audit report. On May 14, the committee will receive reports from H-GAC staff and Whitley Penn representatives and may make any recommendations to the H-GAC Board. A presentation will be delivered at the full board meeting on May 19.

Situation

Funding Source

Not applicable

Budgeted

Not Applicable

Action Requested

Request approval of recommendations from the Audit committee regarding the 2025 Annual Comprehensive Financial Report. (Staff Contact: Chuck Wemple)

**HOUSTON
GALVESTON
AREA
COUNCIL**

ANNUAL COMPREHENSIVE

FOR THE YEAR ENDED
DECEMBER 31, 2025
HOUSTON, TX



FINANCIAL REPORT

SERVING TODAY ■ PLANNING FOR TOMORROW

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
of the
HOUSTON-GALVESTON AREA COUNCIL
Houston, Texas

For the year ended
December 31, 2025

VACANT
Chief Financial Officer
Member of the Government Finance Officers Association
of the United States and Canada

Accounting Staff:

Arathi Nayak
Charsie Fosha
Daisy Hernandez
David Waller
Dawn Debolt
Javier Garcia
Jose Rivera
Judy Alexander

Marcia Porter
Marivic Keenan
Matthew Handy
Shaun Downie
Treebie Vasquez-Vilchez
Vicki Rosborough
Yolanda Tan

**HOUSTON-GALVESTON AREA COUNCIL
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended December 31, 2025**

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**HOUSTON
GALVESTON
AREA
COUNCIL**

INTRODUCTORY SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW



May 11, 2026

Pattison Councilmember Joe Garcia
and Members of the Board of Directors
Houston-Galveston Area Council
Houston, TX

Dear H-GAC Board Chair and Pattison Councilmember Joe Garcia, members of the H-GAC Board of Directors & citizens of H-GAC's 13-county region:

The Annual Comprehensive Financial Report (ACFR) for the Houston-Galveston Area Council (H-GAC) for the fiscal year ended December 31, 2025, is hereby presented. This report reflects H-GAC's continued commitment to advancing sustainable, resilient communities throughout our region through collaborative initiatives and strategic planning.

H-GAC's Finance Division has meticulously prepared this report, assuming full responsibility for its accuracy, completeness, and fairness. We are pleased to report that Whitley Penn, H-GAC's public accountancy firm, has issued an unmodified, or "clean," opinion on the H-GAC financial statements.

Additionally, management discussion and analysis immediately follow the independent auditor's report, providing an introduction, overview, and analysis of the basic financial statements. This analysis is intended to complement this letter of transmittal and should be read in conjunction with it.

THE HOUSTON-GALVESTON AREA COUNCIL

H-GAC is one of the largest regional councils of government in the country serving Texas's Gulf Coast Region, which consists of 13 counties, 187 cities and places, 78 independent school districts, and nearly eight million people. As a regional planning commission, H-GAC bridges local, state, and federal governments, ensuring that regional challenges, from public safety to digital equity, are met with coordinated, data-driven solutions.

H-GAC streamlines problem-solving by housing multiple initiatives under one roof, maximizing funding, reducing costs, and improving efficiency. By consolidating administrative functions, it eliminates duplication and ensures strategic resource allocation. This centralized approach allows residents and businesses to access essential services, such as workforce assistance, economic development programs, and transportation solutions, in one place.



REGIONAL ECONOMIC PROFILE & BOARD PRIORITIES

H-GAC’s strategic initiatives are deeply integrated with the economic health of the Gulf Coast region, as detailed in Acting Texas Comptroller Kelly Hancock’s 2025 Regional Report. The region remains a primary engine for the Texas economy, producing a Gross Domestic Product (GDP) of \$707.1 billion in 2023, representing 27.4 percent of the entire state’s GDP. Our work is guided by specific board priorities designed to sustain this momentum.

Economic Development & Workforce Support

The regional economy continues to expand, with employment surpassing 3.3 million people in 2024, a 13.9 percent increase over the last decade. To support this growth, H-GAC focuses on:

Industry Specialization: Workforce programs support sectors like Space Research, Basic Chemical Manufacturing, and Energy, which are seven to 16 times more concentrated here than the national average.

Housing and Wages: While the average annual wage reached approximately \$82,600 in 2024, H-GAC’s housing and economic development initiatives work to ensure that regional infrastructure keeps pace with the needs of a workforce that grew by nearly 14 percent.

Healthcare & Aging Services

Demographic shifts are reshaping our regional priorities. The 65 or older age group grew by 56.3 percent over the last decade. This shift directly informs our commitment to healthcare access and senior-focused services, ensuring the region’s oldest residents have the support and transportation options necessary to age in place.

Water, Broadband & Environmental Stewardship

Spanning 12,100 square miles from Huntsville to Galveston, our region requires robust physical and digital infrastructure.

Water & Environment: H-GAC supports local governments in managing water quality and environmental sustainability as industrial development expands.

Broadband: With 85.1 percent of residents having earned at least a high school diploma and 35.1 percent bachelor’s degrees, high-speed internet is a necessity. H-GAC’s broadband initiatives ensure that the 35 to 49 age group, which grew by 21.9 percent, and all residents have the digital equity required for modern employment.

Customer Service & Regional Efficiency

At the core of all H-GAC operations is a commitment to customer service. By serving as a vital link between local communities and higher levels of government, H-GAC ensures that taxpayer dollars are optimized, and that regional planning, from transportation to disaster preparedness, remains transparent and effective.

H-GAC’s work is deeply interconnected with Texas’ Gulf Coast region’s economic growth and demographic shifts. By addressing our board’s key priorities, H-GAC ensures the Houston-Galveston region remains competitive, resilient, and prepared for the future.





H-GAC IMPACT & ACTIVITY SUMMARY

As we examine H-GAC’s financial landscape, we remain mindful that each dollar represents a commitment to progress and empowerment. Our stewardship of public funds reflects our dedication to delivering results that benefit communities across our region.

This report highlights the transformative impact of H-GAC’s work, made possible by our dedicated staff, committed board of directors, and passionate volunteers. Through transparency, fiscal responsibility, and strategic planning, we remain committed to building a stronger, more resilient future for generations to come.

The following 2025 key performance measures and accomplishments for each H-GAC service area are detailed below and demonstrate the measurable progress and regional impact of H-GAC and its service to our community.

Administration, Finance, Communications, and Program Operations

With 128 key performance measures, this group of departments oversees H-GAC’s financial management, administrative compliance and oversight, legislative affairs, board activities, communications, facilities management, and program execution.

2025 Accomplishment Highlights:

- Received recognition for excellence in financial reporting from the Government Financial Officers Association.
- The finance division received the Government Treasurer's Organization of Texas' Certificate of Distinction for its 2025 Investment Policy in April 2025 which speaks to the commitment of this division of good stewardship and accountability.
- Actively engaged with the finance workgroups for the Texas Association of Regional Councils (TARC) and the National Association of Regional Councils (NARC). The CFO assumed officer roles in both.
- Improved fiscal transparency internally and externally.
- Evaluated and automated document retention and purge files.
- Received a unmodified "clean" opinion for the FY24 audit of the Annual Comprehensive Financial report (ACFR) in May 2025. Additionally, there were no audit findings or questioned costs.
- Modified floor space to accommodate hybrid work schedules and increase space for collaboration.
- With the implementation of the Questica budgeting tool, the finance division modernized H-GAC's financial management processes, provided timely insights and improved decision-making and efficiency.
- Completed a full assessment of agency-supported boards and committees, resulting in improved representation, updated bylaws, and standardized branding and governance practices.
- The finance division created the Interest Reinvestment Fund which funded the Funding Development Program; this program had great success and impact in our communities in 2025.
- The Procurement and Contracts Department advanced the agency’s contract management practices by implementing a robust, full lifecycle contract management system that improves oversight, consistency, and accountability.
- The Procurement and Contracts Department improved strategic procurement planning by aligning procurement forecasting and timelines with the agency’s budgeting process through the implementation of a centralized agency planning calendar.





- Launched a pioneering agency-wide AI initiative, positioning our organization as a national leader among peer agencies.
- Strengthened interagency coordination on transportation priorities in preparation for federal surface transportation reauthorization.
- Maintained active engagement with legislative bodies during the 89th Texas Legislative Session, advancing regional interests.
- Led a national workgroup to support peer agencies in adapting to federal regulatory changes and efficiency mandates under the new administration.
- Reactivated and mobilized board committees to drive progress on the board's "Strategic 7" priorities.
- Evaluated and negotiated healthcare benefits.
- Provided administration for H-GAC 401K plan, 125 Cafeteria Plan, and Health Savings Account.
- Provide ongoing training on HR related topics.

Community & Environmental Planning

With 68 key performance measures, this department supports local governments by providing planning services, technical assistance, and environmental initiatives to promote public safety and orderly growth. It also provides infrastructure for 27 Public Safety Answering Points across the Gulf Coast Regional 9-1-1 Emergency Communications District and serves the region's older adult population through elder justice and Area Agency on Aging services.

2025 Accomplishment Highlights:

- Completed 2024 Basin Highlights Report which summarizes water quality conditions and trends in water bodies throughout the region. The report also included updates on regional watershed-based planning projects and an overview of public outreach activities.
- Received National Environmental Protection Agency approval of Clear Creek Watershed Protection Plan and was awarded a new watershed protection plan agreement for Brays and Sims Bayous from the Texas Commission on Environmental Quality.
- Hosted a series of stakeholder meetings to discuss training, apprenticeships and marketing for people that are looking to get jobs in the water and wastewater industry.
- Successfully competed and received Water Quality Outreach Implementation for Vulnerable Rural Populations grant.
- Produced a Regional Solid Waste Management Report highlighting the work of the program over the last 40 years.
- Held two debris management workshops with 125 attendees focusing on best practices, debris from wildfires and waterways, and strategies for dealing with common challenges. Three Livable Centers studies were selected for recognition in the American Planning Association (APA) 2024 Planning Achievement Awards. The city of Prairie View Livable Centers Study earned the Silver Planning Achievement Award for Public Outreach from both the state and local chapters of the APA. The city of Clute Livable Centers Study earned the Silver Planning Achievement Award for Urban Design, and the city of South Houston Livable Centers Study earned the Silver Planning Achievement Award for Transportation from the Houston Section of APA.
- Delivered 1,024,367 meals to 9,861 older Texans.
- Provided 104,880 medical and errand trips for 1,317 clients.



- Made 2,556 long-term care facility visits and resolved 84 percent of facility complaints.
- Provided 383 units of durable medical supplies for older people.
- Provided 12,204 older persons and their families with access to information and service assistance.
- Provided 37,223 hours of home health care services to assist older persons to remain independent in their homes.

Enterprise Solutions

With 23 key performance measures, this department enhances economic development through cooperative purchasing, small business financing, and public service coordination.

2025 Accomplishment Highlights:

- On pace to process more than \$2 billion in cooperative purchasing orders for 2025.
- On pace to conduct energy purchasing for local governments of over 22,000,000 kWh.
- Received two 504 loan program approvals from the Small Business Administration for project amounts of nearly \$11 million combined.
- Participated in a \$500,000 tandem loan leveraging Economic Development Association and banking partner funding.
- Managed a portfolio of more than 140 small business loans.
- Awarded a \$300,000 technical assistance grant by the Community Development Financial Institution (CDFI) Fund to build the Local Development Corporation’s capacity in preparation for full CDFI certification.
- Applied for full CDFI certification.
- Awarded a \$100,000 grant from Wells Fargo to expand our small business technical assistance program.
- Awarded a \$50,000 contract from the Houston Housing Authority to provide coaching and technical assistance to housing residents who are aspiring entrepreneurs.
- Awarded a capacity building grant from Guaranty Bank to continue developing our housing sustainability model.
- Conducted regional broadband roadshow to provide updates about broadband developments and listen to broadband related concerns.



Workforce Solutions

Workforce Solutions serves as the administrative arm and funding steward of the Gulf Coast Workforce Board, driving implementation of the board’s mission across the 13-county region. With 14 key performance measures, this department focuses on:

- Workforce development and job training
- Economic opportunity expansion

2025 Accomplishment Highlights:

- Met or exceeded most state and federal performance standards.
- Assisted over 48,000 individuals with employment.
- Served over 32,500 employers.
- Provided childcare scholarships for over 55,000 children.
- Provided adult education services to over 20,000 students.
- Provided workforce services to over 20,000 young people.





- Board Administration:
 - Ensure workforce system meets or exceeds Workforce Board, federal, and state performance measures.
 - Support business-forward strategies to fuel the regional economy.
 - Improve service delivery utilizing technology and innovative solutions.
 - Serve as convener and forge strategic partnerships.
 - Increase awareness of services and opportunities.
- Early Education:
 - Provide professional development for early education providers through virtual and in-person options.
 - Develop and sustain partnerships with high-quality early learning providers.
 - Strengthen outreach and engagement with quality early learning centers.
- Career Services:
 - Search Engine Optimization (SEO) to prioritize visibility of career opportunities.
 - Expand the training provider network to better align with the needs of local employers.
 - Develop online tutorials to guide users in utilizing Workforce Solutions resources.
- Employer Engagement:
 - Prioritizing employer outreach to demand industries and occupations that drive regional economic development.
 - Strengthen collaboration among industry leaders, workforce partners, and economic development stakeholders to align workforce strategies with employer needs.
 - Enhance employer service efficiency by leveraging technology to provide real-time support, training, and feedback mechanisms.

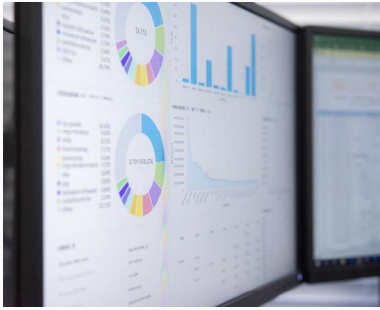
Transportation/Metropolitan Planning Organization (MPO)

With 33 key performance measures, the MPO works to support a safe, efficient, and environmentally conscious transportation system by:

- Reducing traffic congestion and vehicle emissions
- Promoting balanced transportation and land use development

2025 Accomplishment Highlights:

- The completion of subregional plans and studies that identify priorities to address local transportation issues and align with regional goals:
 - Chambers County Thoroughfare Plan
 - Old Sixth Ward/TIRZ Mobility Plan
 - Pearland Mobility Plan
 - Washington Avenue Corridor Study
 - Pearland FM 518 Corridor Study
 - Cemetery Rd. Corridor Study
 - Friendswood Lake Corridor Study
- The completion and implementation of various MPO programs such as the following:
 - Free Fare Fridays for Ozone Action Month
 - Regional Transit Information Study
 - Dayton Transit Feasibility Study
 - Congestion Management Dashboard
 - Title VI Trainings
 - Commute Solutions for the region
- Completed activities for the Regional Multimodal projects include:
 - RTP public meetings, outreach, and engagement activities
 - Bike/Pedestrian Plan for the city of Friendswood
 - Regional bike month activities



- Planning Projects and Development team were able to complete the following projects:
 - Fiscal years 2027-2030 TIP
 - 2045 RTP project listing
 - 2050 RTP project listing
 - Monthly TIP amendments
 - 10-year plan
- The Project Delivery team were able to complete the items below:
 - Quarterly meeting minutes for each sponsor with projects listed in the TIP
 - Refine the project readiness smart form
 - Project development and delivery milestone policy
 - Risk registers and baseline schedules as working tools for sponsors
- Administration and MPO management completed the following:
 - Development and approval of the fiscal years 2026-2027 UPWP
 - 2024 Annual Performance and Expenditure Report (APER)
 - Various reports for FTA and FHWA
 - Monthly TAC and TPC meetings, including public engagement.
- Air Quality was able to implement the Clear Air Action Plan.

Technology & Data Services

With 17 key performance measures, this department provides IT support and data management services for H-GAC and in support of Workforce Solutions’ career offices throughout the 13-county region.

2025 Accomplishment Highlights:

- Developed and began implementing the agency's artificial intelligence initiative and roadmap.
- Developed business intelligence (BI) roadmap and began executing the plan to implement a formal BI program for the agency.
- Began formalization of IT and cybersecurity processes including project management, change management, and consolidation of shadow IT.
- Developed roadmap for our application rationalization and modernization initiative to drive cross functional collaboration over our enterprise technology platforms.
- In support of Workforce Solutions:
 - Revised the information security standards and guidelines to set the foundation for the secure IT operations of Workforce Solutions and its contractors.
 - Conducted a biannual cybersecurity assessment in conjunction with Texas Workforce Commission to identify the cybersecurity maturity of the program and identify gaps and opportunities for improvement.
 - Manage enterprise infrastructure technologies including systems access, network connectivity, and cybersecurity training and compliance activities.



FINANCIAL PLANNING AND POLICIES

Each December, the H-GAC Board of Directors approves a comprehensive financial plan that includes both restricted and unrestricted revenue sources. With more than 120 grants spanning 18 state and federal revenue streams, H-GAC leadership forecasts expenditures and revenue needs across all service areas.

The 2025 budget was initially approved in December 2024 and revised in July 2025, reflecting \$591,425,161 in total funding, a 9.17 percent increase over the revised 2024 budget of \$541,744,411.

AWARDS AND ACKNOWLEDGEMENTS

H-GAC was awarded the Certification of Investment Policy by the Government Treasurers Organization of Texas and the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for FY2024, recognizing H-GAC's high standards in financial reporting, transparency, and accountability.

We encourage the public to stay engaged by exploring our website, following @HouGalvAreaCOG on social media, and attending public meetings. Together, we are building a sustainable, thriving future for our region.

Sincerely,

Charles Wemple (Apr 28, 2026 16:41:20 EDT)

Chuck Wemple
Executive Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Houston-Galveston Area Council
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

HOUSTON-GALVESTON AREA COUNCIL

PRINCIPAL OFFICIALS

OFFICERS OF THE BOARD OF DIRECTORS 2025

CHAIR
County Judge Jay Knight
Liberty County

VICE CHAIR
County Judge Ty Prause
Colorado County

CHAIR ELECT
Mayor Pro Tem Joe Garcia
City of Pattison

ADMINISTRATIVE STAFF

| | |
|---|-----------------|
| Executive Director | Chuck Wemple |
| Chief Financial Officer | <i>VACANT</i> |
| Chief Innovation Officer | <i>VACANT</i> |
| Chief Outreach and Government Affairs Officer | Rick Guerrero |
| Chief Transportation Officer | Ron Papsdorf |
| Chief Workforce Officer | Juliet Stipeche |
| Director of Internal Audit | Charles Hill |

H-GAC MEMBER GOVERNMENTS**Counties**

| | | | |
|----------|-----------|------------|---------|
| Austin | Fort Bend | Matagorda | Wharton |
| Brazoria | Galveston | Montgomery | |
| Chambers | Harris | Walker | |
| Colorado | Liberty | Waller | |

Cities over 25,000 Population*

| | | |
|-------------|---------------|------------|
| Alvin | Huntsville | Pearland |
| Baytown | La Porte | Rosenberg |
| Conroe | Lake Jackson | Sugar Land |
| Friendswood | League City | Texas City |
| Galveston | Missouri City | |
| Houston | Pasadena | |

Home Rule Cities

| | | | |
|-----------|----------------|--------------|-----------------------|
| Angleton | Galena Park | Manvel | Stafford |
| Bay City | Hempstead | Mont Belvieu | Sweeny |
| Bellaire | Hitchcock | Nassau Bay | Tomball |
| Cleveland | Humble | Palacios | Webster |
| Clute | Iowa Colony | Prairie View | West University Place |
| Dayton | Jacinto City | Richmond | Wharton |
| Dickinson | Jersey Village | Richwood | Willis |
| El Campo | Katy | Santa Fe | |
| Freeport | La Marque | Seabrook | |
| Fulshear | Liberty | Sealy | |

General Law Cities

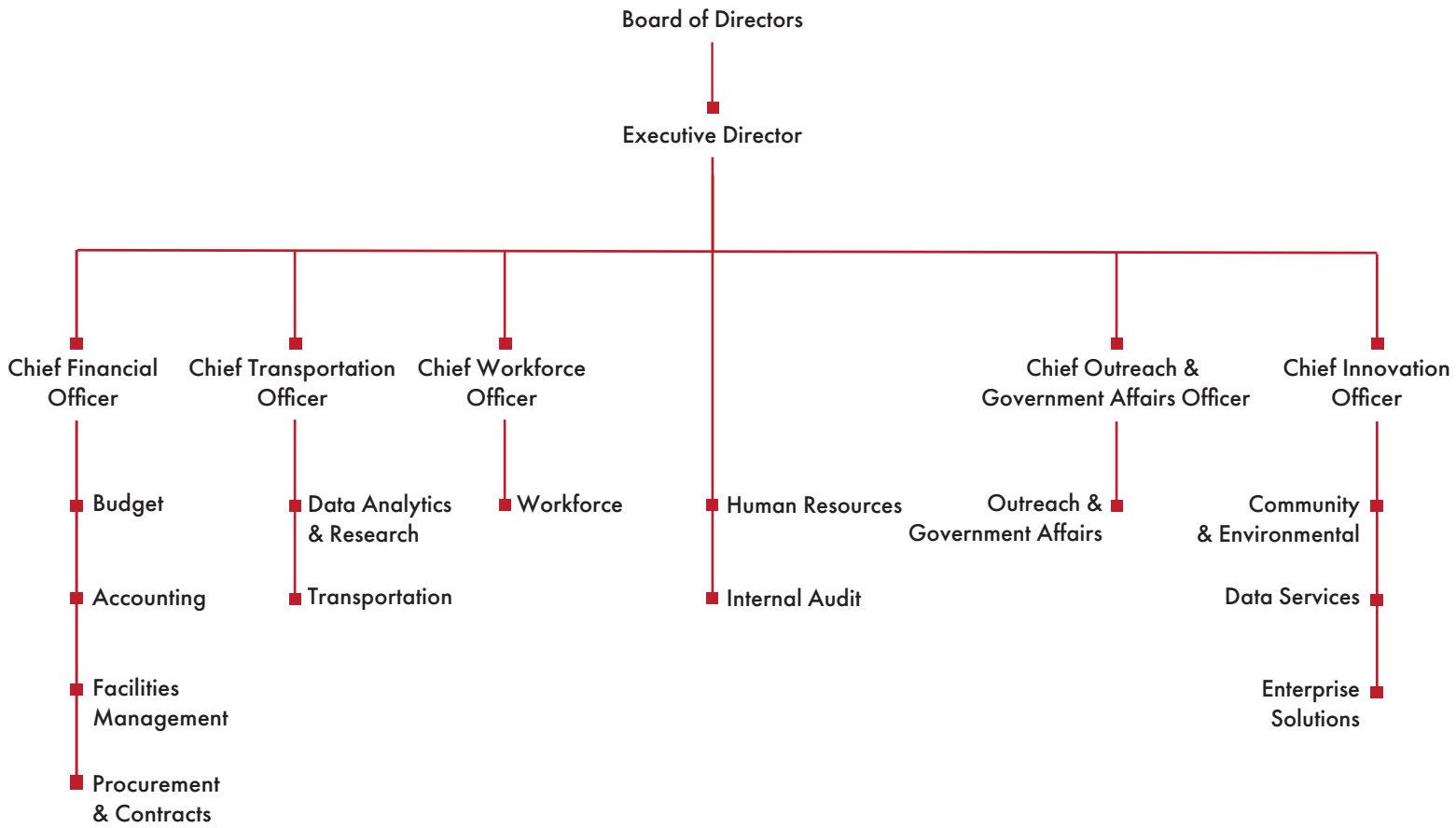
| | | | |
|---------------------|-----------------------|---------------------|-----------------------|
| Ames | East Bernard | Oak Ridge North | Spring Valley Village |
| Anahuac | El Lago | Old River Winfree | Stagecoach |
| Arcola | Hedwig Village | Oyster Creek | Surfside Beach |
| Bayou Vista | Hillcrest Village | Panorama Village | Taylor Lake Village |
| Beach City | Town of Holiday Lakes | Pattison | Thompsons |
| Bellville | Hunters Creek Village | Piney Point Village | Tiki Island |
| Brazoria | Jamaica Beach | Pleak | Waller |
| Brookshire | Jones Creek | Riverside | Wallis |
| Brookside Village | Kemah | Roman Forest | Weimar |
| Bunker Hill Village | Kendleton | San Felipe | West Columbia |
| Clear Lakes Shores | Magnolia | Shenandoah | Weston Lakes |
| Columbus | Meadows Place | Shoreacres | |
| Daisetta | Montgomery | South Houston | |
| Danbury | Morgan's Point | Southside Place | |
| Eagle Lake | New Waverly | Splendor | |

Independent School Districts

| | | |
|-----------------------|----------------|-----------------|
| Alief ISD | Houston ISD | New Waverly ISD |
| Columbia-Brazoria ISD | Huntsville ISD | Pearland ISD |
| Deer Park ISD | Magnolia ISD | Waller ISD |
| Fort Bend ISD | Needville ISD | |
| Hempstead ISD | | |
| Hitchcock ISD | | |

*based on 2020 Census

Houston-Galveston Area Council Overview



**HOUSTON
GALVESTON
AREA
COUNCIL**

FINANCIAL SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW



Houston Office
 3737 Buffalo Speedway
 Suite 1600
 Houston, Texas 77098
 713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
 Houston-Galveston Area Council
 Houston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston-Galveston Area Council (the "Council"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Council, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
Houston-Galveston Area Council
Houston, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Houston-Galveston Area Council
Houston, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The schedule of indirect costs and the schedule of H-GAC employee benefits are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Texas Grant Management Standards (TxGMS) and are also not a required part of the basic financial statements.

The schedule of indirect costs, schedule of H-GAC employee benefits and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indirect costs, schedule of fringe benefits, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2026 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Houston, Texas
May 7, 2026

HOUSTON-GALVESTON AREA COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Houston-Galveston Area Council (“H-GAC” or “the Council”) for the year ended December 31, 2025. This analysis is prepared by the Finance division of the H-GAC and is intended to expand the reader’s understanding of the attached financial statements and the effect of certain events on those financial statements.

1. FINANCIAL HIGHLIGHTS

- The assets of H-GAC exceed its liabilities and deferred inflows of resources by \$52,762,360 of which \$32,834,077 is available to meet the Council’s ongoing obligations to local governments and creditors.
- H-GAC’s net position increased by \$7,307,427 during the year ended December 31, 2025.
- At the end of the year, the nonspendable fund balance, restricted fund balance and unassigned governmental fund balance are \$14,119,894, \$15,224,139, and \$20,379,348, respectively.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

The H-GAC financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information that is not a required part of the financial statements themselves.

Government-wide financial statements. Included in this report are the Statement of Net Position and the Statement of Activities. These statements present the results of operation on a comprehensive basis utilizing the full accrual accounting methodology. This methodology requires that changes in net position be reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in these statements for some

items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both government-wide financial statements distinguish functions of H-GAC that are principally supported by grants (governmental activities) from other functions that are supported by user fees (business-type activities). The governmental activities include the activities of the general government, general government overhead, and all grant related activities. The business-type activities include the Cooperative Purchasing program. The Energy Purchasing Corporation, Gulf Coast Economic Development Corporation and the Local Development Corporation are presented as discretely presented component units to H-GAC. The H-GAC Energy Purchasing Corporation's purpose is to serve as a licensed aggregator of electricity for local governments in the state of Texas by negotiating and administering electricity service contracts. Local governments pay an administrative fee to participate in the contracts. The Houston-Galveston Area Local Development Corporation ("LDC") was established to further economic development and social welfare by promoting and assisting growth and development of business concerns in the region. The LDC is a certified development company by the U.S. Government Small Business Administration and assists small businesses in securing loans for the purpose of construction, conversion, or expansion, including the acquisition of land, existing buildings, and leasehold improvements. The LDC receives a residual fee for its services on all funded loans. The H-GAC Gulf Coast Economic Development Corporation ("EDC"), a 501(C)(3) Corporation, was established in 1988 to address the regional needs of distressed economic growth areas. The EDC originally received economic development grants from the Federal Economic Development Administration to promote coordination among local economic development efforts on a region wide basis. All component units of H-GAC's governing bodies consist of members of H-GAC's Board of Directors or are appointed by H-GAC's Board of Directors.

The statement of net position presents information on all H-GAC's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of H-GAC is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

Fund financial statements. A fund is a grouping of related accounts that have been segregated to maintain control over resources and achieve specific objectives. H-GAC uses fund accounting to identify resources that have specific compliance requirements,

such as grant programs, and demonstrate adherence to finance-related legal requirements. H-GAC maintains three fund types: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds. Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements, except that they are presented on the modified accrual basis of accounting which requires that revenues be recorded when measurable and available. Expenditures are recorded when the services or goods are received, and the liabilities incurred. Thus, the focus of these statements is on the near-term inflows and outflows of spendable resources and the balances of spendable resources available at the end of the year.

Comparison between the governmental activities in the government-wide financial statements and the information presented in the governmental funds statements allows the reader to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

H-GAC maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the grant fund, the Corporation for Regional Excellence, and the Gulf Coast 911 Regional District. Both the Corporation for Regional Excellence and the Gulf Coast 911 Regional District are blended component units presented as governmental funds.

H-GAC adopts an annual budget for its general fund and component units in December of each year. Grant fund budgets are reviewed and approved by the Board of Directors within the context of the annual budget. Throughout the year the budget is amended as grant funds become available or lapse. Although the budgets are reviewed and approved by H-GAC's Board, they are not considered legally adopted budgets or appropriations.

Proprietary Funds. H-GAC had only one type of proprietary fund during fiscal year 2025. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Unlike governmental funds, enterprise funds are maintained on the full accrual basis of accounting as are the government-wide financial statements, therefore, no reconciliation between the

statements is necessary. H-GAC records the activities of its Cooperative Purchasing program in the enterprise fund.

Fiduciary Funds. The fiduciary funds administered by H-GAC consist of the pension plan fund for H-GAC's employee retirement plan and a custodial fund for the Air Emission Reduction Credit Organization ("AERCO"). AERCO was created to promote the coexistence of air quality improvement and economic development within the region. H-GAC serves as the custodian of funds received due to air emission credits and uses those funds to offset new emission requirements for major industrial modifications, economic development, or to reduce emissions to meet federal reduction requirements. These funds, like the proprietary funds, are presented on the full accrual basis of accounting. Fiduciary funds are not presented in the government-wide financial statements as these funds are restricted and are not available to support the programs of H-GAC. The pension plan is audited separately, and a copy of this report is available by request from H-GAC, P.O. Box 22777, Houston, TX 77227-2777.

Notes to the financial statements. The notes to the financial statements are an integral part of understanding both the government-wide financial statements and the fund financial statements.

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

H-GAC's assets exceed liabilities and deferred inflows of resources by \$52,762,360 at the close of the most recent year, 2025, which is an increase over 2024. Approximately 8.92% of H-GAC's net position is net investment in capital assets. These capital and lease assets are within the office facilities of H-GAC to provide service and do not represent funds available for future spending. Increase to net position came from increased revenues over expenses in the governmental activities from the prior year. There was restricted net position of \$15,224,139 at the end of the year. The balance of unrestricted net position in 2025 of \$32,834,077 may be used to meet H-GAC's ongoing obligations.

HOUSTON-GALVESTON AREA COUNCIL
CONDENSED STATEMENT OF NET POSITION – PRIMARY GOVERNMENT

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|--------------------------------|---------------------|---------------------------------|--------------------|---------------------|---------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Assets | | | | | | |
| Current and Other Assets | \$91,969,515 | \$74,456,529 | \$3,496,567 | \$3,400,015 | \$95,466,082 | \$77,856,544 |
| Capital & Lease Assets, Net | 15,891,992 | 10,674,029 | - | - | 15,891,992 | 10,674,029 |
| Total Assets | 107,861,507 | 85,130,558 | 3,496,567 | 3,400,015 | 111,358,074 | 88,530,573 |
| Liabilities | | | | | | |
| Current and Other Liabilities | 41,641,341 | 29,762,208 | 240,366 | 301,108 | 41,881,707 | 30,063,316 |
| Long-Term Liabilities | | | | | | |
| Lease Obligations | 11,187,848 | 8,148,633 | - | - | 11,187,848 | 8,148,633 |
| Other Long-Term Liabilities | 4,921,366 | 4,104,341 | - | - | 4,921,366 | 4,104,341 |
| Total Liabilities | 57,750,555 | 42,015,182 | 240,366 | 301,108 | 57,990,921 | 42,316,290 |
| Deferred inflows of Resources | | | | | | |
| Lease | 604,792 | 759,349 | - | - | 604,792 | 759,349 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 4,704,144 | 2,525,395 | - | - | 4,704,144 | 2,525,395 |
| Restricted for: | | | | | | |
| EPA RLF Program | 740,586 | 731,132 | - | - | 740,586 | 731,132 |
| Corporation for Regional Excellence | 1,052,797 | 1,010,071 | - | - | 1,052,797 | 1,010,071 |
| Gulf Coast 911 Reg District | 13,430,756 | 10,272,784 | - | - | 13,430,756 | 10,272,784 |
| Unrestricted | 29,577,876 | 27,816,644 | 3,256,201 | 3,098,907 | 32,834,077 | 30,915,551 |
| Total Net Position | \$49,506,159 | \$42,356,026 | \$3,256,201 | \$3,098,907 | \$52,762,360 | \$45,454,933 |

Statement of Activities

H-GAC’s net position increased by \$7,307,427 for the year. This reflects an increase in net position for governmental activities of \$5,382,917 and an increase in net position in business-type activities of \$1,924,510 before transfers. The change in net position in governmental activities represents a 12.7% increase of net position for governmental activities and the change in net position in the business-type activities represents a 62.10% increase in net position for this activity. Overall, H-GAC increased net position by 16.08%. Key elements of the increase along with percentage analysis are as follows:

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF ACTIVITIES – PRIMARY GOVERNMENT**

| | Governmental Activities | | Business-Type Activities | | Total | | Percent | |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|----------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Program Revenues | | | | | | | | |
| Charges for Services | \$2,379,169 | \$5,473,725 | \$7,964,962 | \$6,288,216 | \$10,344,131 | \$11,761,941 | 1.97% | 2.21% |
| Operating Grants and Contributions | 512,714,917 | 518,089,969 | - | - | 512,714,917 | 518,089,969 | 97.63% | 97.21% |
| General Revenues | | | | | | | | |
| Interest Income | 1,162,282 | 1,492,716 | - | - | 1,162,282 | 1,492,716 | 0.22% | 0.28% |
| Lease Interest | 7,970 | 9,556 | - | - | 7,970 | 9,556 | 0.00% | 0.00% |
| Other Income | 947,676 | 1,623,205 | - | - | 947,676 | 1,623,205 | 0.18% | 0.30% |
| Total Revenues | 517,212,014 | 526,689,171 | 7,964,962 | 6,288,216 | 525,176,976 | 532,977,387 | 100.00% | 100.00% |
| Expenses | | | | | | | | |
| General Government | 3,973,267 | 6,472,951 | - | - | 3,973,267 | 6,472,951 | 0.77% | 1.22% |
| Workforce Programs | 447,441,439 | 467,193,474 | - | - | 447,441,439 | 467,193,474 | 86.40% | 88.30% |
| Transportation | 32,333,146 | 26,099,294 | - | - | 32,333,146 | 26,099,294 | 6.24% | 4.93% |
| Community and Environmental | 7,818,578 | 3,370,035 | - | - | 7,818,578 | 3,370,035 | 1.51% | 0.64% |
| Criminal Justice | 1,589,971 | 2,381,867 | - | - | 1,589,971 | 2,381,867 | 0.31% | 0.45% |
| Aging Services | 15,524,928 | 15,647,213 | - | - | 15,524,928 | 15,647,213 | 3.00% | 2.96% |
| Reg Excellence Corp | 23,600 | 21,659 | - | - | 23,600 | 21,659 | 0.00% | 0.01% |
| Gulf Coast 911 Reg Dist | 3,029,275 | 2,615,272 | - | - | 3,029,275 | 2,615,272 | 0.58% | 0.49% |
| Interest Expense | 94,893 | 98,355 | - | - | 94,893 | 98,355 | 0.02% | 0.02% |
| Cooperative Purchasing | - | - | 6,040,452 | 5,180,275 | 6,040,452 | 5,180,275 | 1.17% | 0.98% |
| Total Expenses | 511,829,097 | 523,900,120 | 6,040,452 | 5,180,275 | 517,869,549 | 529,080,395 | 100.00% | 100.00% |
| Change in net position before transfers | 5,382,917 | 2,789,051 | 1,924,510 | 1,107,941 | 7,307,427 | 3,896,992 | | |
| Transfers | 1,767,216 | 17,653,664 | (1,767,216) | (17,653,664) | - | - | | |
| Change in net position | 7,150,133 | 20,442,715 | 157,294 | (16,545,723) | 7,307,427 | 3,896,992 | | |
| Net Position-Beginning of Year | 42,356,026 | 21,913,311 | 3,098,907 | 19,644,630 | 45,454,933 | 41,557,941 | | |
| Net Position-End of Year | \$49,506,159 | \$42,356,026 | \$3,256,201 | \$3,098,907 | \$52,762,360 | \$45,454,933 | | |

Overall, changes in expenditures and program activity were driven by a mix of reduced grant-related spending and operational transitions. General Government expenditures declined due to lower pass-through funding, reduced consultant costs, and decreased loan disbursements compared to the prior year. Workforce expenditures decreased primarily due to the transition of service providers and challenges with the new state childcare system, which slowed enrollments and related spending. In contrast, Transportation expenditures increased due to higher personnel costs and the utilization of previously budgeted consultant services. Community and Environmental program revenues increased due to additional funding received under the Community Development Block Grant through the Texas General Land Office. Criminal Justice expenditures declined due to the non-recurrence of a prior-year grant. H-GAC operates primarily from grant and contract revenues; therefore, increases in expenses closely parallel with increases in grant and contract funding for services.

Business-type activities

The Cooperative Purchasing program was established in 1973 to assist local governments in their purchasing and procurement needs. Through aggregation of individual purchases into a single procurement, volume discounts can be achieved.

The program is influenced by market conditions. The Cooperative Purchasing program deals primarily in the acquisition of capital assets for participating governmental and non-profit entities. In 2025 and 2024, revenue in this program was \$7,964,962 and \$6,288,216, respectively. During the year, operating expenses for the program increased 16.60% and revenues increased 26.66%. The combined result was an increase in net position of \$157,294, or 5.08%, after a transfer out of \$1,767,216. By comparison, the net position decrease was \$16,545,723 or 84.23%, in 2024.

| Business-Type Expenses | 2025 Amount | 2024 Amount | Increase (Decrease) from 2024 | Increase (Decrease) |
|-------------------------------|--------------------|--------------------|--|--------------------------------|
| Personnel and Benefits | \$4,826,517 | \$4,199,396 | \$627,121 | 14.93% |
| Consultant and Contract Svcs | 244,068 | 221,563 | 22,505 | 10.16% |
| Equipment Rental and Leases | 50,373 | 37,160 | 13,213 | 35.56% |
| Rent | 143,809 | 176,739 | (32,930) | (18.63%) |
| Travel | 161,456 | 88,615 | 72,841 | 82.20% |
| Other | 614,229 | 456,802 | 157,427 | 34.46% |
| Total Expenses | \$6,040,452 | \$5,180,275 | \$860,177 | 16.60% |

4. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As stated previously, H-GAC uses fund accounting to ensure and demonstrate compliance with legal requirements imposed by grantors. The following is a discussion of the funds used at H-GAC and key elements in each fund.

Governmental Funds

Governmental funds are presented on the modified accrual basis of accounting. This measurement focus emphasizes the inflows, outflows, and available resources in the near term. This information is desirable in evaluating H-GAC's financing requirements. Specifically, the unassigned balance represents H-GAC's available resources at the end of the year.

H-GAC's general fund fund balance for year 2025 is \$34,499,242, of which \$14,119,894 is classified as nonspendable for prepaid items. This includes approximately \$12.5 million in advance payments to a subrecipient for expenditures applicable to 2026. The balance of \$20,379,348 is available for use at H-GAC's discretion.

The general fund balance of H-GAC increased by \$2,578,257. This is primarily due to transfers from the Enterprise Fund and 2025 lease addition recorded under other financing sources. The general fund is the primary operating fund for H-GAC. The grant fund, used to account for grant programs and other revenues restricted for specific purposes, had a fund balance of \$740,586 in 2025 compared to \$731,132 in 2024. The change was primarily due to a deficit of revenues over expenditures of approximately \$3.9 million related to capital outlay for right-of-use lease assets recognized under GASB 87, offset by transfers out of \$206,000 and lease activity reported under other financing sources.

Also included in the governmental funds is the Regional Excellence Corporation, a blended component unit of H-GAC established in 2004 to support programs and initiatives of the organization through private sector contributions. All board members of the Corporation serve in a dual capacity as both a board member of H-GAC and a board member of the Corporation. In 2025, the Corporation reported cash and pledged

contributions of \$66,326 to support activities associated with the HGAC's program. The change in fund balance for the year was an increase of \$42,726. The increase in fund balance was primarily attributable to increased revenues, driven by higher investment-related activity and the implementation of a new program with the City of Bellaire for the collection of donations toward the City's Evergreen Park & Pool Project initiative, which contributed to a 21.87% increase. The Corporation incurred expenditures of \$23,600 during the year. The use of these funds is restricted in accordance with the Corporation's bylaws.

Additionally, in February 2016, H-GAC's Board of Directors established the Gulf Coast 911 Regional District, a blended component unit of H-GAC, to provide administrative support and coordination of emergency communications in Brazoria, Chambers, Colorado, Liberty, Matagorda, Walker, Waller, and Wharton counties including all cities therein. All board members of the District serve in a dual capacity as both a board member of H-GAC and a board member of the District. In 2025, the District reported revenues of \$8,709,837 and expenditures of \$5,551,868, resulting in an increase in fund balance of \$3,157,969. The increase in revenues above normal operating levels was primarily attributable to funding received for capital asset replacement related to 9-1-1 call forwarding equipment completed during the year. The District intends to use the excess funds to enhance the infrastructure and resiliency of 9-1-1 services in the region through continued investments in equipment, technology, and software improvements. The use of these funds is restricted in accordance with the District's bylaws.

Proprietary Funds

The proprietary fund of H-GAC is composed of the Cooperative Purchasing enterprise fund. As mentioned previously, the measurement focus on the fund statements is identical to the government-wide statements. It is the H-GAC's policy to associate net position with the activities that generate it. The H-GAC maintains a reserve in the Enterprise Fund based on a multiple of historical average annual operating results to ensure financial stability. Any excess net position may be transferred to the General Fund to support operations, subject to approval in accordance with established policies.

5. CAPITAL ASSET ADMINISTRATION

H-GAC's capital assets for governmental activities amount to \$15,891,992 (net of depreciation and amortization) for fiscal year ended December 31, 2025. This investment in capital assets includes equipment, furniture, and fixtures, & leases.

Additional information on H-GAC's capital assets can be found in footnote 6 of this report. H-GAC does not own any real property.

During 2025, H-GAC acquired a variety of assets. H-GAC maintains a \$5,000 capitalization threshold in accordance with its approved accounting policy. Federal regulations under Uniform Guidance allow for a capitalization threshold of up to \$10,000. The following table identifies the additions and retirements of depreciable assets for governmental activities. Beginning balances are net of depreciation/amortization. The accumulated depreciation/amortization column below reflects the net effect of depreciation/amortization expense for the year and the recovery of depreciation/amortization upon retirement of assets.

**HOUSTON-GALVESTON AREA COUNCIL
CAPITAL ASSET ANALYSIS**

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Net Accumulated Depreciation Amortization</u> | <u>Ending Balance</u> |
|--------------------------------------|-------------------------------------|---------------------------|---------------------------|---|----------------------------------|
| Governmental Activities | | | | | |
| Equipment, furniture and fixtures | \$2,525,395 | \$2,863,561 | \$ - | \$(684,812) | \$4,704,144 |
| Leases | 8,148,633 | 4,731,505 | - | (1,692,290) | 11,187,848 |
| Totals | <u>\$10,674,028</u> | <u>\$7,595,066</u> | <u>\$ -</u> | <u>\$(2,377,102)</u> | <u>\$15,891,992</u> |

6. DEBT ADMINISTRATION

Debt is considered a liability of governmental activities and consists of long-term lease obligations. Additional information on the long-term leases can be found in Note 8 of the footnotes.

Other long-term liabilities, including compensated absences such as vacation and sick leave, had a beginning balance of \$4,104,332. During 2025, the net increase was \$817,022, resulting in an ending balance as of December 31, 2025, of \$4,921,366.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

H-GAC membership dues are based on the federal 10-year census and are calculated on population. For 2026, the per-capita membership revenue is estimated at \$466,583. This budget is based on the most recent census and is consistent with the budgeted amount in 2025.

H-GAC increased estimated revenues and corresponding expenditures by \$8,771,920 for 2026. The budget reflects increases in Transportation programs of \$23,176,472 and Local Programs of \$1,923,180, offset by decreases in Workforce of \$4,169,998, Community and Environmental programs of \$1,373,676, Enterprise Solutions of \$3,798,547, Aging programs of \$5,120,647, and Shared Services of \$1,864,864. These changes are primarily attributable to adjustments in funding allocations across the respective programs.

8. REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of H-GAC's finances for those with an interest in the Council's finances. Questions or comments regarding this report should be directed to Finance Division, Houston-Galveston Area Council, P.O. Box 22777, Houston, TX 77227-2777.

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

| | Primary Government | | Component Units | | | |
|---------------------------------------|-------------------------|--------------------------|-----------------|-------------------------------|----------------------------------|-------------------------------|
| | Governmental Activities | Business-type Activities | Total | Energy Purchasing Corporation | Economic Development Corporation | Local Development Corporation |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 33,498,573 | \$ - | \$ 33,498,573 | \$ 556,961 | \$ 1,362,162 | \$ 1,076,412 |
| Investments | 9,717,660 | - | 9,717,660 | - | - | - |
| Receivables | 32,758,563 | 4,472,706 | 37,231,269 | - | 31,113 | 68,713 |
| Notes receivable | 115,803 | - | 115,803 | - | 3,506,123 | - |
| Lease receivable | 644,894 | - | 644,894 | - | - | - |
| Due from component units | 137,989 | - | 137,989 | - | - | - |
| Internal balances | 976,139 | (976,139) | - | - | - | - |
| Prepaid Items | 14,119,894 | - | 14,119,894 | - | - | - |
| Capital assets, net | 4,704,144 | - | 4,704,144 | - | - | - |
| Lease asset, net | 11,187,848 | - | 11,187,848 | - | - | - |
| Total Assets | 107,861,507 | 3,496,567 | 111,358,074 | 556,961 | 4,899,398 | 1,145,125 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued expenses | 6,392,288 | 87,650 | 6,479,938 | - | - | - |
| Unearned revenues | 17,961,272 | 152,716 | 18,113,988 | - | - | - |
| Due to grantee agencies | 17,287,782 | - | 17,287,782 | - | - | - |
| Due to primary government | - | - | - | - | 68,548 | 69,441 |
| Long term liabilities | | | | | | |
| Compensated Absences | 2,668,802 | - | 2,668,802 | - | - | - |
| Due within one year | 2,252,564 | - | 2,252,564 | - | - | - |
| Due more than one year | - | - | - | - | - | - |
| Lease Liability | 2,300,129 | - | 2,300,129 | - | - | - |
| Due within one year | 8,887,719 | - | 8,887,719 | - | - | - |
| Due more than one year | - | - | - | - | - | - |
| Total Liabilities | 57,750,556 | 240,366 | 57,990,922 | - | 68,548 | 69,441 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Leases | 604,792 | - | 604,792 | - | - | - |
| Total Deferred Inflows of Resources | 604,792 | - | 604,792 | - | - | - |
| NET POSITION | | | | | | |
| Net investment in capital assets | 4,704,144 | - | 4,704,144 | - | - | - |
| Restricted for: | | | | | | |
| EPA RLF Program | 740,586 | - | 740,586 | - | - | - |
| Corporation for Regional Excellence | 1,052,797 | - | 1,052,797 | - | - | - |
| Gulf Coast 911/Regional District | 13,430,756 | - | 13,430,756 | - | - | - |
| EDA RLF Program | - | - | - | - | 4,830,850 | - |
| Local Development Corporation | - | - | - | - | - | 1,075,684 |
| Unrestricted | 29,577,876 | 3,256,201 | 32,834,077 | 556,961 | - | - |
| Total Net Position | \$ 49,506,159 | \$ 3,256,201 | \$ 52,762,360 | \$ 556,961 | \$ 4,830,850 | \$ 1,075,684 |

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units | | | |
|---|------------------|-----------------------------|------------------------------------|---|-------------------------|---|-----------------|-------------------------------|----------------------------------|-------------------------------|
| | Expenses | Indirect Expense Allocation | Operating Grants and Contributions | Charges for Services | Governmental Activities | Primary Government Business-type Activities | Total | Energy Purchasing Corporation | Economic Development Corporation | Local Development Corporation |
| | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,518,508 | (4,545,241) | \$ - | \$ 2,379,169 | \$ (1,594,098) | \$ - | \$ (1,594,098) | \$ - | \$ - | \$ - |
| Workforce programs | 445,560,552 | 1,880,887 | 447,060,791 | - | (380,648) | - | (380,648) | - | - | - |
| Transportation | 30,989,331 | 1,343,815 | 32,308,535 | - | (24,611) | - | (24,611) | - | - | - |
| Community and environmental | 7,559,326 | 259,252 | 7,824,060 | - | 5,482 | - | 5,482 | - | - | - |
| Criminal justice | 1,479,812 | 110,159 | 1,566,778 | - | (23,193) | - | (23,193) | - | - | - |
| Aging services | 15,079,600 | 445,328 | 15,178,590 | - | (346,338) | - | (346,338) | - | - | - |
| Corporation for Regional Excellence | 23,600 | - | 66,326 | - | 42,726 | - | 42,726 | - | - | - |
| Gulf Coast 911 Regional District | 3,029,275 | - | 8,709,837 | - | 5,680,562 | - | 5,680,562 | - | - | - |
| Interest Expense | 94,893 | - | - | - | (94,893) | - | (94,893) | - | - | - |
| Total governmental activities | 512,334,897 | (505,800) | 2,379,169 | 512,714,917 | 3,264,989 | - | 3,264,989 | - | - | - |
| Business-type activities: | | | | | | | | | | |
| Cooperative purchasing | 5,534,652 | 505,800 | 7,964,962 | - | - | 1,924,510 | 1,924,510 | - | - | - |
| Total business-type activities | 5,534,652 | 505,800 | 7,964,962 | - | - | 1,924,510 | 1,924,510 | - | - | - |
| Total primary government | \$ 517,869,549 | \$ - | \$ 10,344,131 | \$ 512,714,917 | \$ 3,264,989 | \$ 1,924,510 | \$ 5,189,499 | \$ - | \$ - | \$ - |
| Component units: | | | | | | | | | | |
| Energy Purchasing Corporation | 3,409 | - | 105,568 | - | - | - | - | 102,159 | - | - |
| Gulf Coast Economic Development Corporation | 711,223 | - | 645,042 | - | - | - | - | - | (66,181) | - |
| Local Development Corporation | 612,572 | - | 368,969 | - | - | - | - | - | - | (243,603) |
| Total component units | \$ 1,327,204 | \$ - | \$ 474,537 | \$ 645,042 | \$ - | \$ - | \$ - | \$ 102,159 | \$ (66,181) | \$ (243,603) |
| General revenues: | | | | | | | | | | |
| Interest income | | | | | 1,170,252 | - | 1,170,252 | - | - | - |
| Miscellaneous income | | | | | 947,676 | - | 947,676 | - | - | - |
| Transfers | | | | | 1,767,216 | (1,767,216) | - | - | - | - |
| Total general revenues and transfers | | | | | 3,885,144 | (1,767,216) | 2,117,928 | - | - | - |
| Change in net position | | | | | 7,150,133 | 157,294 | 7,307,427 | 102,159 | (66,181) | (243,603) |
| Net position - beginning | | | | | 42,356,026 | 3,098,907 | 45,454,933 | 454,802 | 4,897,031 | 1,319,287 |
| Net position - ending | | | | | \$ 49,506,159 | \$ 3,256,201 | \$ 52,762,360 | \$ 556,961 | \$ 4,830,850 | \$ 1,075,684 |

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

| | <u>General</u> | <u>Grant Fund</u> | <u>Corporation for Regional Excellence</u> | <u>Gulf Coast 911 Regional District</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|----------------------|-----------------------|--|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 16,175,723 | \$ 811,392 | \$ 1,052,797 | \$ 15,458,661 | \$ 33,498,573 |
| Investments | 9,717,660 | - | - | - | 9,717,660 |
| Receivables | 788,076 | 28,608,286 | - | 3,362,201 | 32,758,563 |
| Lease receivable | 644,894 | - | - | - | 644,894 |
| Due from other funds | 8,031,329 | 9,185,434 | - | - | 17,216,763 |
| Due from component unit | 137,989 | - | - | - | 137,989 |
| Notes receivable | - | 115,803 | - | - | 115,803 |
| Prepaid items | 14,119,894 | - | - | - | 14,119,894 |
| Total assets | <u>\$ 49,615,565</u> | <u>\$ 38,720,915</u> | <u>\$ 1,052,797</u> | <u>\$ 18,820,862</u> | <u>\$ 108,210,139</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 4,535,020 | 1,857,268 | - | - | 6,392,288 |
| Unearned revenue | - | 15,394,919 | - | 2,566,353 | 17,961,272 |
| Due to grantee agencies | - | 17,287,782 | - | - | 17,287,782 |
| Due to other funds | 9,976,511 | 3,440,360 | - | 2,823,753 | 16,240,624 |
| Total liabilities | <u>14,511,531</u> | <u>37,980,329</u> | <u>-</u> | <u>5,390,106</u> | <u>57,881,966</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Lease | 604,792 | - | - | - | 604,792 |
| Total deferred inflow of resources | <u>604,792</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>604,792</u> |
| Fund balances | | | | | |
| Nonspendable | 14,119,894 | - | - | - | 14,119,894 |
| Restricted for: | | | | | |
| EPA RLF Program | - | 740,586 | - | - | 740,586 |
| Corporation for Regional Excellence | - | - | 1,052,797 | - | 1,052,797 |
| Gulf Coast 911 Regional District | - | - | - | 13,430,756 | 13,430,756 |
| Unassigned | 20,379,348 | - | - | - | 20,379,348 |
| Total fund balance | <u>34,499,242</u> | <u>740,586</u> | <u>1,052,797</u> | <u>13,430,756</u> | <u>49,723,381</u> |
| Total liabilities and fund balances | <u>\$ 49,615,565</u> | <u>\$ 38,720,915</u> | <u>\$ 1,052,797</u> | <u>\$ 18,820,862</u> | <u>\$ 108,210,139</u> |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 4,704,144 |
| Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 11,187,848 |
| Long-term liabilities excluding compensated absences, are not due and payable in the current period and therefore, are not reported in the funds. | (11,187,848) |
| Compensated absences of governmental activities are not due and payable in the current period and, therefore, are not reported in the funds | (4,921,366) |
| Net position of governmental activities | <u>\$ 49,506,159</u> |

See accompanying notes to the financial statements

HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

| | <u>General</u> | <u>Grant Fund</u> | <u>Corporation for Regional Excellence</u> | <u>Gulf Coast 911 Regional District</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-----------------------|--|---|---|
| Revenues | | | | | |
| Interest income | \$ 1,170,252 | \$ - | \$ - | \$ - | \$ 1,170,252 |
| Membership dues | 466,414 | - | - | - | 466,414 |
| Interlocal contracts | 1,289,697 | - | - | - | 1,289,697 |
| Data services and imaging | 623,058 | - | - | - | 623,058 |
| Miscellaneous income | 947,676 | - | - | - | 947,676 |
| Other local revenue | - | - | - | 5,388,729 | 5,388,729 |
| From grantor agencies | - | 503,938,754 | 66,326 | 3,321,108 | 507,326,188 |
| Total revenues | <u>4,497,097</u> | <u>503,938,754</u> | <u>66,326</u> | <u>8,709,837</u> | <u>517,212,014</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 1,801,494 | - | - | - | 1,801,494 |
| Workforce programs | - | 446,783,432 | - | - | 446,783,432 |
| Transportation | - | 32,124,925 | - | - | 32,124,925 |
| Community and Environmental | - | 7,767,602 | - | - | 7,767,602 |
| Criminal Justice/Homeland Security | - | 1,550,526 | - | - | 1,550,526 |
| Aging services | - | 15,459,226 | - | - | 15,459,226 |
| Corporation for Regional Excellence | - | - | 23,600 | - | 23,600 |
| Gulf Coast 911 Emergency District | - | - | - | 3,029,275 | 3,029,275 |
| Capital outlay: | 880,550 | 4,191,922 | - | 2,522,593 | 7,595,065 |
| Debt service: | | | | | |
| Principal | 1,692,290 | - | - | - | 1,692,290 |
| Interest | 94,893 | - | - | - | 94,893 |
| Total expenditures | <u>4,469,227</u> | <u>507,877,633</u> | <u>23,600</u> | <u>5,551,868</u> | <u>517,922,328</u> |
| Excess (deficiency) of revenues over expenditures | <u>27,870</u> | <u>(3,938,879)</u> | <u>42,726</u> | <u>3,157,969</u> | <u>(710,314)</u> |
| Other Financing Sources | | | | | |
| Transfers in | 1,973,353 | - | - | - | 1,973,353 |
| Transfers out | - | (206,137) | - | - | (206,137) |
| Leases (as lessee) | 577,034 | 4,154,470 | - | - | 4,731,504 |
| Total other financing sources | <u>2,550,387</u> | <u>3,948,333</u> | <u>-</u> | <u>-</u> | <u>6,498,720</u> |
| Change in fund balances | 2,578,257 | 9,454 | 42,726 | 3,157,969 | 5,788,406 |
| Fund balances - beginning | <u>31,920,985</u> | <u>731,132</u> | <u>1,010,071</u> | <u>10,272,787</u> | <u>43,934,975</u> |
| Fund balances - ending | <u>\$ 34,499,242</u> | <u>\$ 740,586</u> | <u>\$ 1,052,797</u> | <u>\$ 13,430,756</u> | <u>\$ 49,723,381</u> |

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHARGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Net change in fund balances-total governmental funds \$ 5,788,406

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital and lease assets is allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are:

| | |
|---|------------------|
| Capital outlay | 7,595,065 |
| Amortization expense | (1,692,290) |
| Depreciation expense | (684,812) |
| Excess of capital outlay over depreciation/amortization expense | <u>5,217,963</u> |

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

This activity consists of -

| | |
|---|-----------|
| Increase in compensated absences - Vacation | (443,629) |
| Increase in compensated absences - Sick | (373,393) |

The repayment of the principal of long-term debt (i.e., leases) requires the use of current financial resources of governmental funds, however, are not reported as expenses in governmental activities. In the current period, these amounts include:

| | |
|--------------------------|------------------|
| Lease issued | (4,731,504) |
| Principal paid on leases | <u>1,692,290</u> |

Change in net position of governmental activities \$ 7,150,133

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025**

| | <u>Cooperative Purchasing</u> |
|---------------------------------------|--|
| ASSETS | |
| Current assets | |
| Accounts receivable | \$ 4,472,706 |
| Total assets - current | <u>4,472,706</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable and accrued expenses | 87,650 |
| Due to general fund | 976,139 |
| Unearned revenues | 152,716 |
| Total liabilities - current | <u>1,216,505</u> |
| NET POSITION | |
| Unrestricted | 3,256,201 |
| Total net position | <u>\$ 3,256,201</u> |

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>Cooperative Purchasing</u> |
|----------------------------------|-----------------------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 7,964,962 |
| Total operating revenues | <u>7,964,962</u> |
| OPERATING EXPENSES | |
| Personnel and benefits | 4,826,517 |
| Consultant and contract services | 244,068 |
| Equipment rental | 50,373 |
| Leases | 143,809 |
| Travel | 161,456 |
| Other | 614,229 |
| Total operating expenses | <u>6,040,452</u> |
| Operating Income | 1,924,510 |
| Transfers out | <u>(1,767,216)</u> |
| Change in net position | 157,294 |
| Net position - beginning | <u>3,098,907</u> |
| Net position - ending | <u>\$ 3,256,201</u> |

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>Cooperative Purchasing</u> |
|---|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 7,805,257 |
| Cash payments to employees for services | (4,826,517) |
| Cash payments to suppliers for goods and services | (241,657) |
| Cash payments for operating expenses | (969,867) |
| Cash provided by operating activities | <u>1,767,216</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfer to General Fund | (1,767,216) |
| Net cash used by noncapital financing activities | <u>\$ (1,767,216)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>-</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating income | \$ 1,924,510 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Increase in customer receivable | (2,261,112) |
| Decrease in interfund receivable | 1,188,421 |
| Increase in accounts payable and accrued expenses | 978,550 |
| Decrease in unearned revenue | (63,153) |
| Net cash provided by operating activities | <u>\$ 1,767,216</u> |

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025**

| | <u>Pension Trust Fund - Retirement Plan</u> | <u>Custodial Fund - Area Emission Reduction Credit Organization</u> |
|---|--|--|
| ASSETS | | |
| Cash | \$ - | \$ 1,088,553 |
| Investments - at fair value: | | |
| Mutual funds | 61,653,443 | - |
| Money market funds | 3,179,483 | - |
| Total investments, at fair value | <u>64,832,926</u> | <u>-</u> |
| Receivables: | | |
| Notes receivables from participants | 1,121,519 | - |
| Total receivables | <u>1,121,519</u> | <u>-</u> |
| Total assets | <u>65,954,445</u> | <u>1,088,553</u> |
| LIABILITIES | | |
| Due to other government | - | 1,889 |
| Total liabilities | <u>-</u> | <u>1,889</u> |
| NET POSITION RESTRICTED FOR: | | |
| Pension | 65,954,445 | - |
| Individual, organizations and other governments | - | 1,086,664 |
| Total net position | <u>\$ 65,954,445</u> | <u>\$ 1,086,664</u> |

See accompanying notes to financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | Pension Trust Fund - Retirement Plan | Custodial Fund - Area Emission Reduction Credit Organization |
|---|---|---|
| Additions: | | |
| Investment Income | | |
| Net Appreciation in fair value of investments | \$ 7,285,186 | \$ - |
| Dividends | 2,659,962 | - |
| Interest | - | 12,370 |
| | <hr/> | <hr/> |
| Net Investment Income | 9,945,148 | 12,370 |
| | <hr/> | <hr/> |
| Contributions | | |
| Employer | 2,521,362 | - |
| Participants | 2,818,253 | - |
| State SEP Fund | - | 159,114 |
| | <hr/> | <hr/> |
| Total contributions | 5,339,615 | 159,114 |
| | <hr/> | <hr/> |
| Total Additions | 15,284,763 | 171,484 |
| | <hr/> | <hr/> |
| Deductions: | | |
| Benefit paid to participants | 5,400,747 | - |
| Deemed Distributions of Participant Loans | 45,640 | - |
| Investment expenses | 3,421 | - |
| State SEP expenses | - | 36,948 |
| Federal SEP expenses | - | 3,264 |
| | <hr/> | <hr/> |
| Total deductions | 5,449,808 | 40,212 |
| | <hr/> | <hr/> |
| Change in net position | 9,834,955 | 131,272 |
| Net Position, Beginning of Year | 56,119,490 | 955,392 |
| | <hr/> | <hr/> |
| Net Position, End of Year | \$ 65,954,445 | \$ 1,086,664 |
| | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to financial statements.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. REPORTING ENTITY

The Houston-Galveston Area Council (“H-GAC”) is a voluntary association of local governments that administers planning and action programs from various federal, state, and local agencies for the benefit of citizens in a 13-county region in southeast Texas. H-GAC is governed by a 37-member Board of Directors (the “Board”) which has governance responsibilities over all activities of the organization. Members of the Board are selected to serve by elected officials from the various governmental entities belonging to H-GAC. The Board has the authority to make decisions and appoint administrators and managers. H-GAC is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) Statement Nos. 14, 39, 61 and 80. H-GAC is a political subdivision of the State of Texas, created pursuant to state enabling legislation.

H-GAC’s financial statements include the accounts of all H-GAC functions and activities, including five component units: The H-GAC Energy Purchasing Corporation, the Houston-Galveston Local Development Corporation, the Gulf Coast Economic Development Corporation, the Corporation for Regional Excellence, and the Gulf Coast 9-1-1 Regional District.

The accompanying financial statements present H-GAC and its component units.

Blended Component Units:

The Corporation for Regional Excellence was established by H-GAC in 2004. The purpose of the organization is to receive contributions that support the programs and services of H-GAC from entities that will only contribute to 501(C)(3) organizations. All board members of the Corporation serve in a dual capacity as both a board member of H-GAC and a board member of the corporation. The Corporation is reported as a Special Revenue Fund.

On February 16, 2016, H-GAC’s Board of Directors established the Gulf Coast 9-1-1 Regional District as permitted under Chapter 772, Subchapter H, of the Texas Health and Safety Code. The District is governed by a Board of Managers consisting of at least one member from each county within the district, and each Board member serves conterminously as members of H-GAC’s Board of Directors. The District is a political subdivision of the State of Texas and carries out essential governmental functions by providing high quality 9-1-1 emergency communications services to the eight participating jurisdictions within the District. Those participating counties include Brazoria, Chambers, Colorado, Liberty, Matagorda, Walker, Waller, and Wharton counties and all cities therein, except for any city served by another emergency communications district. The District is supported by mandatory fees charged and remitted from communication companies in the jurisdictions such as telephone companies and voice over internet providers, and revenues are used exclusively to provide support for the regional 9-1-1 system in the participating counties. The

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

District is reported as a Special Revenue Fund. Neither of these component units issue separate financial statements.

Discretely Presented Component Units:

The H-GAC Energy Purchasing Corporation's purpose is to serve as a licensed aggregator of electricity for local governments in the state of Texas by negotiating and administering electricity service contracts. Local governments pay an administrative fee to participate in the contracts. The Board of Directors is comprised of elected officials selected by H-GAC's Board of Directors who annually approve its budgets and obligations.

The Houston-Galveston Area Local Development Corporation ("LDC") was established to further economic development and social welfare by promoting and assisting growth and development of business concerns in the region. The LDC is a certified development company by the U.S. Government Small Business Administration and assists small businesses in securing loans for the purpose of construction, conversion, or expansion, including the acquisition of land, existing buildings, and leasehold improvements. The corporation receives a residual fee for its services on all funded loans. The twenty-seven-member Board of Directors is comprised of representatives from local government, lending institutions and private business organizations selected by H-GAC's Board of Directors. The LDC's bylaws further state that all assets of the Corporation revert to the Houston-Galveston Area Council upon dissolution.

The H-GAC Gulf Coast Economic Development Corporation ("EDC"), a 501(C)(3) Corporation, was established in 1988 to address the regional needs of distressed economic growth areas. The EDC originally received economic development grants from the Federal Economic Development Administration to promote coordination among local economic development efforts on a region wide basis. The 28-member board is comprised of county government and city government appointees as well as private sector appointees nominated by H-GAC. Developing plans that include the key strategies of promoting economic growth, increasing employment opportunities, and developing a regional Comprehensive Economic Development Strategy is the primary mission of the organization. In 2010, the EDC received a revolving loan grant from the EDA to further the economic development of the distressed areas of the region. H-GAC has primary responsibility for the EDC's assets including its cash assets, and the use of those assets benefits the constituency that H-GAC serves. Additionally, the EDC has signed a management agreement with H-GAC that conveys management of the EDC financial records to H-GAC. Finally, the agreement also stipulates that any financial match requirements imposed by the federal grantor will be provided by H-GAC.

Since H-GAC receives funding from local, state, and federal government sources, it must comply with the requirements of these funding sources. None of the component units issue separate financial statements.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Fiduciary Component Unit: H-GAC includes its Retirement Plan for the Employees of Houston-Galveston Area Council defined contribution retirement plan as a fiduciary component unit because management believes it would be misleading to exclude the plan from its financial statements. Separate financial statements are not issued for the Plan.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: Government-wide and Fund Financial Statements - The government-wide financial statements consist of the statement of net position and the statement of activities. These statements exclude interfund activity, and report information on all the non-fiduciary activities of the primary government. Interfund services provided and used are not eliminated in the process of consolidation. In December 2023, the GASB issued Statement No.102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide the users of financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not materially impact on the financial statements.

The statements segregate governmental activities from business-type activities. Governmental activities are normally supported by intergovernmental revenues and grants while business-type activities are supported by service fees or sales that are intended to recover all or a significant portion of their costs.

The statement of activities compares the direct expenses of a given function with the corresponding program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods services, or privileges provided by a function or segment and 2) contracts, grants and contributions that are restricted to meeting the operational requirement of a function or segment. Items not classified as program revenues are reported as general revenues.

Additional financial statements are presented for governmental, proprietary, and fiduciary funds, although fiduciary funds are not included in the government-wide financial statements. These statements are organized based on funds that function as a separate entity with their own self-balancing accounts that comprise their assets, deferred inflows of resources, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

H-GAC reports the following major governmental funds:

The *General Fund* is H-GAC's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The *Grant Fund* is a special revenue fund used to account for grant proceeds provided by various grantor agencies and is restricted in use by the awarding entity.

The *Corporation for Regional Excellence* is a blended component unit established to support programs and initiatives of H-GAC. The Corporation's bylaws restrict the use of these funds.

The Gulf Coast 9-1-1 Regional District is a blended component unit established to support 9-1-1 emergency communications services to the seven participating jurisdictions within the District. The District's bylaws restrict the use of these funds.

H-GAC reports the following major enterprise fund:

The *Cooperative Purchasing Fund* is used to account for the administrative fees derived from the assistance provided to other governments in acquiring capital assets and supplies.

Included in this report but not as part of the government-wide financial statements are the fiduciary fund statements for the Retirement Plan for Employees of Houston-Galveston Area Council (discussed above) and the Air Emission Reduction Credit Organization ("AERCO") custodial fund. The retirement plan trust fund accounts for the retirement plan for H-GAC employees. The AERCO promotes the coexistence of air quality improvement and economic development within H-GAC's region.

Basis of Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, H-GAC considers revenues to be available if they are collected within 90 days of the end of the year. Revenues susceptible to accrual are interest income, membership dues, interlocal contracts, and revenues from grantor agencies. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. However, expenditures related to compensated absences are recorded only when payment is due.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Net Position Flow Assumptions - Sometimes H-GAC will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are applied. It is H-GAC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions - When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, H-GAC considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, H-GAC considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which H-GAC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by H-GAC's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

H-GAC's *major sources of revenues* are discussed below:

Federal and State Contracts - Revenues are recognized when program expenditures are incurred in accordance with program guidelines. Local matching may exceed budgeted amounts. Such excess would be used to further fund the applicable program but does not represent a budget deviation.

Member Government Dues - Member governments are required to pay dues to H-GAC. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Dues are reported in the general fund and transferred to the special revenue funds as needed to meet matching requirements of grantor contracts.

Locally Contributed In-kind Services - Local contributions, which include contributed services provided by individuals, private organizations, and local governments, are used to match federal funding on various programs. Contributed services are, therefore, reflected as both revenues and expenditures in accordance with legal requirements of the individual contracts. Such services are recorded in the accompanying financial statements at the amount expended by the contributor in providing the matching services, which approximates the fair value of the services at the date of contribution.

Pass-Through and Administrative Fees - The Cooperative Purchasing Program, the Energy Purchasing Corporation, and the Local Development Corporation record revenues in the form of pass-through and administrative fees. H-GAC assists other governments primarily in Texas by providing expertise in acquiring capital assets and supplies and by aggregating the needs of several governments into larger purchases, providing negotiating advantages as well as assisting small businesses with financing and improving economic development.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivery of goods in connection with the fund's principal operations. The principal operating revenues of the Cooperative Purchasing enterprise fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

of resources, represents an acquisition of net assets that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets and Long-Term Liabilities - Capital assets, which include furniture, fixtures, equipment, and right-to-use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by H-GAC as assets with an initial, individual cost of \$5,000. Such assets are recorded at historical cost, net of accumulated depreciation. Depreciation is charged to operations over the estimated useful life using the straight-line method.

H-GAC has also entered into long-term leases for building space and has subleased a portion of that space to a grantor partner. The lease assets, consistent with GASB 87, are amortized over the life of the lease using the effective interest method. H-GAC has no public domain assets.

Compensated Absences – It is H-GAC’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. H-GAC implemented GASB 101 in 2024, which adds accumulated sick leave as a liability. The Council determined its estimated leave liability based on the accumulated sick leave that is more likely than not to be used as time off. Sick leave has a maximum accrual of 480 hours at the end of the year. All vacation pays a maximum of 256 hours is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Due to the nature of the obligation for accrued vacation and accrued sick, annual requirements to amortize such obligations are not determinable and have not been presented. The salary-related payments have also been accrued with the vacation and sick leave liabilities.

Vacation:

| Balance | | | Balance | Due Within | Due Beyond |
|-------------------|------------------|------------------|-------------------|-----------------|-----------------|
| <u>12/31/2024</u> | <u>Increases</u> | <u>Decreases</u> | <u>12/31/2025</u> | <u>One Year</u> | <u>One Year</u> |
| \$ 1,959,358 | \$ 2,231,423 | \$ 1,787,787 | \$ 2,402,994 | \$ 1,787,787 | \$ 615,207 |

Sick:

| Balance | | | Balance | Due Within | Due Beyond |
|-------------------|------------------|------------------|-------------------|-----------------|-----------------|
| <u>12/31/2024</u> | <u>Increases</u> | <u>Decreases</u> | <u>12/31/2025</u> | <u>One Year</u> | <u>One Year</u> |
| \$ 2,144,974 | \$ 1,254,413 | \$ 881,015 | \$ 2,518,372 | \$ 881,015 | \$ 1,637,357 |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Subscription-Based Information Technology Arrangements (SBITA). In May 2020, the GASB issued Statement No.96, Subscription-Based Information Technology Arrangements. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. HGAC examined the impact of its information technology arrangements for applicability of this statement and determined that the agreement met the definition of a short-term subscription-based information technology arrangement, few agreements are maintenance and support contracts and others are below the threshold limit of \$100,000. Therefore, no intangible asset or corresponding liability was recorded.

Interfund Transfers - Interfund transfers arise from transactions between funds or the distribution of local (general fund) cash resources to grant projects requiring cash match in accordance with the terms and conditions of the grant contract. Matching funds are derived primarily from H-GAC dues paid by member governments and local in-kind contributions.

Allocation of Employee Benefits and Indirect Costs - H-GAC employee benefits and indirect costs are allocated based upon a plan reviewed and approved by H-GAC's federal cognizant agency. The plan requires H-GAC to charge a fixed rate for indirect and benefit costs to all grants in accordance with the Uniform Guidance (2 CFR 200). An annual reconciliation between allocated costs and fixed costs is completed and the variance is included in the indirect and benefit rates for the following year. Employee benefits are allocated to grant projects as a percentage of H-GAC's labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs and employee benefits charged to grant projects.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include highly liquid investments with an original maturity of ninety days or less.

Investments - H-GAC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments of H-GAC are Level 1 and reflect quoted prices at year end. Additionally, H-GAC follows GASB Statement No. 40, *Deposit, and Investment Risk Disclosures--an amendment of GASB Statement No. 3*. This Statement addresses common deposit and investment risks related to credit risk,

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

concentration of credit risk, interest rate risk, and foreign currency risk. Such disclosures as required are reflected in Note 3 to the financial statements. H-GAC participates in investment pools which are not subject to fair value measurements and also invests funds in certificates of deposit.

Prepaid Items - Prepaid items are accounted for under the consumption method.

3. DEPOSITS (CASH) AND INVESTMENTS

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Council.

In accordance with applicable statutes, H-GAC has a depository contract with a local bank (depository) providing interest rates to be earned on deposited funds and fixed fees for banking services received. H-GAC may place funds with the depository in interest and non-interest-bearing accounts. Statutes and the depository contract require full security for all funds in the depository institution through federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The depository must deliver the collateral securities to H-GAC or place them with an independent trustee institution. In accordance with Texas statutes, the safekeeping receipts are in the name of the depository with proper indication of pledge of the collateral securities by the depository to secure funds of H-GAC. H-GAC must approve all collateral securities pledged and must approve in writing any changes to the pledged collateral securities.

H-GAC has adopted a written investment policy regarding the investment of its funds as defined by the PFIA. The PFIA also requires H-GAC to have independent auditors perform test procedures related to investment practices as provided by the Act. H-GAC complies with the requirements of the Act and with local policies.

H-GAC's investment policy permits investment of H-GAC funds in only the following investment types, consistent with the strategies and maturities defined in the policy:

Obligations of the United States or its agencies and instrumentalities.

Direct obligations of the State of Texas or its agencies.

Other obligations, the principal of which are unconditionally guaranteed or insured by the State of Texas or the United States.

General obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

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Certificates of Deposit issued by State and National banks domiciled in the State of Texas the payment of which is insured in full by the Federal Deposit Insurance Corporation.

Fully collateralized direct Repurchase Agreements with a defined termination date purchased pursuant to a master contractual agreement which specified the rights and obligations of both parties, and which requires that securities involved in the transaction be held in a safekeeping account subject to the control and custody of H-GAC.

No Load Money Market Mutual Funds and No-Load Mutual Funds. To be an allowable investment, money market funds must adhere to a 90-day weighted average maturity. No-load mutual funds with a weighted average maturity of up to 2 years are allowable if they are registered with the Securities and Exchange Commission, invest exclusively in obligations authorized by the Public Funds Investment Act, adhere to the requirements set forth for investment pools and are continuously rated by at least one nationally recognized investment rating firm at not less than AAA or its equivalent. A government may invest no more than 15% of its operating funds (excluding bond proceeds, reserves, and debt service funds) in this type of mutual fund.

Time deposits in H-GAC's depositories.

Investment pools created to function as money market funds must mark-to-market daily and maintain a fair value ratio between .995 and 1.005. These pools must be continuously rated no lower than AAA, AAA-m, or an equivalent rating by at least one nationally recognized rating agency.

Banker's Acceptances 1) 270 days or fewer, 2) Liquidated in full at maturity, 3) Eligible Federal Reserve Bank collateral, 4) U.S. Bank rated not less than A-1 or P-1.

Any combination of the foregoing.

Retirement plan funds are invested among a selection of mutual funds at the discretion of each Plan participant.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Deposit and Investment Amounts:

The following schedule presents H-GAC’s cash and investments subject to deposit and investment risk disclosures.

| | <u>Cash</u> | <u>FDIC Discount Note / Money Market</u> | <u>Certificate of Deposits</u> | <u>Mutual Funds</u> | <u>Totals</u> |
|--|---------------------|--|--|-------------------------|----------------------|
| Governmental Funds: | | | | | |
| General | \$16,175,723 | \$ 9,717,660 | \$ - | \$ - | \$ 25,893,383 |
| Grant Fund | 811,392 | - | - | - | 811,392 |
| Corporation for Regional Excellence | 516,318 | - | 536,479 | - | 1,052,797 |
| Gulf Coast 9-1-1 Regional District | 10,034,840 | - | 5,423,821 | - | 15,458,661 |
| Total Governmental Funds | <u>27,538,273</u> | <u>9,717,660</u> | <u>5,960,300</u> | <u>-</u> | <u>43,216,233</u> |
| Fiduciary Funds | | | | | |
| Pension Trust | - | 3,179,483 | - | 61,653,443 | 64,832,926 |
| Custodial Fund | 1,088,553 | - | - | - | 1,088,553 |
| Total Fiduciary Funds | <u>1,088,553</u> | <u>3,179,483</u> | <u>-</u> | <u>61,653,443</u> | <u>65,921,479</u> |
| Discretely Presented Component Units: | | | | | |
| Energy Purchasing Corporation | 556,961 | - | - | - | 556,961 |
| Gulf Coast Economic Dev Corp | 1,362,162 | - | - | - | 1,362,162 |
| Local Development Corporation | 726,840 | - | 349,572 | - | 1,076,412 |
| Total Component Units | <u>2,645,963</u> | <u>-</u> | <u>349,572</u> | <u>-</u> | <u>2,995,535</u> |
| Total Reporting Entity | <u>\$31,272,789</u> | <u>\$ 12,897,143</u> | <u>\$6,309,872</u> | <u>\$61,653,443</u> | <u>\$112,133,247</u> |

Credit and Interest Rate Risk

At year-end, the Council had the following investments subject to credit and interest rate risk disclosure, under U.S. generally accepted accounting principles, by fund:

| | <u>Amount</u> | <u>Weighted Average Maturity (Days)</u> | <u>Credit Rating</u> |
|---------------------------------|---------------|---|--------------------------|
| General Fund | \$9,717,600 | 40 | AAA |
| Fiduciary Fund - Pension Trust | \$64,832,926 | 33 | AAA |
| Regional Excellence Corporation | \$536,479 | 182 | AAA |
| Gulf Coast 911 District | \$5,423,821 | 182 | AAA |
| Local Development Corporation | \$349,572 | 182 | AAA |

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, H-GAC’s deposits may not be returned to it. As of December 31, 2025, H-GAC’s deposit balance of \$37,610,682 was fully collateralized with securities held by the pledging financial institution in H-GAC’s name or by FDIC insurance.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Many interfund transactions take place within the finance division of H-GAC, resulting in monies flowing back and forth between funds. For example, H-GAC matching shares for contracts or grants are paid from the General Fund to Special Revenue Funds, while Special Revenue Funds pay indirect charges to the General Fund.

The following is a summary of interfund receivables and payables as of December 31, 2025:

| | <u>Due from other fund</u> | <u>Due to other fund</u> |
|----------------------------------|----------------------------|--------------------------|
| General Fund | \$ 8,031,329 | \$ 9,976,511 |
| Grant Fund | 9,185,434 | 3,440,360 |
| Gulf Coast 911 Regional District | - | 2,823,753 |
| Cooperative Purchasing Fund | - | 976,139 |
| Total | \$ 17,216,763 | \$ 17,216,763 |

HOUSTON-GALVESTON AREA COUNCIL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2025**

The following is a summary of interfund transfers in and out during the year ended December 31, 2025:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|----------------------|
| General Fund | \$1,973,353 | \$ - |
| Grant Fund | - | 206,137 |
| Cooperative Purchasing Fund | - | 1,767,216 |
| | <u>\$1,973,353</u> | <u>\$1,973,353</u> |

The grant fund transfer reflects the net transfer between the general fund and the special revenue fund for H-GAC match requirements and adjustments due to depreciation of assets which is recognized in the government wide financial statements but is not recorded in the governmental fund financial statements.

Each year H-GAC's Board of Directors makes a discretionary transfer from proprietary fund to general fund during our budget process for agency operational needs.

5. RECEIVABLES

Receivables as of the year end for the government's individual major funds and component units, including the applicable allowances for uncollectible accounts, are as follows:

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

| | <u>General Fund</u> | <u>Grant Fund</u> | <u>Corporation for Regional Excellence</u> | <u>Gulf Coast Regional 911 District</u> | <u>Cooperative Purchasing Fund</u> | <u>Local Development Corporation</u> | <u>Gulf Coast Economic Development Corporation</u> |
|---|---------------------|----------------------|--|---|--|--|--|
| Due from member government | \$ 25,633 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Data imagery | 25,750 | - | - | - | - | - | - |
| Federal grants receivable | - | 251,397 | - | - | - | - | - |
| State grants receivable | - | 24,627,225 | - | 3,362,201 | - | - | - |
| Notes receivable | - | 115,803 | - | - | - | - | 3,506,123 |
| Lease receivable | 644,894 | - | - | - | - | - | - |
| Due from customers | - | - | - | - | 4,472,706 | - | - |
| Due from component units | 137,989 | - | - | - | - | - | - |
| Other receivable | 736,693 | 3,729,664 | - | - | - | 68,713 | 31,113 |
| Gross Receivables | 1,570,959 | 28,724,089 | - | 3,362,201 | 4,472,706 | 68,713 | 3,537,236 |
| Less: Allowance for uncollected accounts | - | - | - | - | - | - | - |
| Receivables, Net | <u>\$ 1,570,959</u> | <u>\$ 28,724,089</u> | <u>\$ -</u> | <u>\$3,362,201</u> | <u>\$4,472,706</u> | <u>\$ 68,713</u> | <u>\$ 3,537,236</u> |

6. CAPITAL ASSETS

Capital assets are reported at historical cost, except for donated capital assets, which are recorded at their estimated acquisition value at the time of acquisition.

The Houston-Galveston Area Council implemented GASB 87 – *Lease Assets*, effective January 1, 2022. Lease assets are initially recorded at the initial measurement of the lease liability plus lease payments made at or before the commencement of the lease term. Lease assets are amortized on a straight-line basis over the lease term.

A summary of changes in capital assets and lease assets, which consist of office furniture and equipment and lease assets are as follows:

| | <u>Balance 1-Jan-25</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 31-Dec-25</u> |
|------------------------------------|-----------------------------|---------------------|------------------|------------------------------|
| Governmental activities: | | | | |
| Furniture, fixtures, and equipment | \$ 5,200,341 | \$ 2,863,561 | \$ (105,551) | \$ 7,958,351 |
| Less accumulated depreciation | (2,674,946) | (684,812) | 105,551 | (3,254,207) |
| Lease assets - buildings | 12,970,842 | 4,731,505 | - | 17,702,347 |
| Less accumulated amortization | (4,822,209) | (1,692,290) | - | (6,514,499) |
| Total Governmental Activities | <u>\$ 10,674,028</u> | <u>\$ 5,217,964</u> | <u>\$ -</u> | <u>\$ 15,891,992</u> |

Over prior periods, the balance of lease assets under business activities decreased to zero. No new lease assets were recognized under business activities during the current reporting period.

HOUSTON-GALVESTON AREA COUNCIL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2025**

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

| | |
|--------------------------------------|---------------------|
| Governmental Activities – | |
| General government | \$ 35,854 |
| Workforce programs | 284,614 |
| Transportation | 208,221 |
| Community and environmental | 50,976 |
| Criminal justice & homeland security | 39,445 |
| Aging services | <u>65,702</u> |
| Total | <u>\$ 684,812</u> |
| Governmental Activities – | |
| General government | \$ 226,620 |
| Workforce programs | 728,740 |
| Transportation | 457,909 |
| Community and environmental | 88,340 |
| Criminal justice & homeland security | 37,537 |
| Aging services | 153,144 |
| Total | <u>\$ 1,692,290</u> |

HOUSTON-GALVESTON AREA COUNCIL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2025**

7. UNEARNED REVENUE

As of December 31, 2025, unearned revenue was comprised of the following:

| | |
|--|--------------------------------|
| General Fund: | \$ <u> -</u> |
| Gulf Coast 911 Regional District: | \$ <u> 2,566,352</u> |
| Grant Fund: | |
| Solid Waste | \$ 120,818 |
| C&E/Local Contracts | 119,979 |
| Transportation/Local Contracts | 682,811 |
| Homeland Security/Criminal Justice Program | 156,452 |
| Aging Program | 11,237 |
| Human Services Local Program | <u>14,303,622</u> |
| Total Grant Funds | \$ <u> 15,394,919</u> |
| Enterprise Fund: | |
| Cooperative Purchasing | \$ <u> 152,716</u> |

The Gulf Coast 911 Regional District includes \$2,566,352 received as a part of Gulf Coast Regional 9-1-1 ECD Proposition 8 funding.

During 2025, the Cooperative Purchasing enterprise fund received remittance from participants in advance of performing services. These remittances, totaling \$152,716, were classified as unearned revenue in the Cooperative Purchasing enterprise fund.

H-GAC receives an advance of grant funds from the Texas Commission on Environmental Quality to develop and coordinate a solid waste plan for the region. Funds received in excess of expenditures are accounted for as unearned revenue and totaled \$120,818 for this program. In addition, H-GAC received local matching funds to aid in Community and Environmental programs. At year end, the matching funds totaled \$119,979.

H-GAC received revenues in excess of expenditures of \$156,452 in both homeland security planning and criminal justice planning. This access fund is to aid in developing the required homeland security and criminal justice plan for Harris County and the other surrounding jurisdictions.

H-GAC received \$12.5 million was received from TWC through a drawdown to pay

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

workforce subrecipients and was recorded as deferred revenue. The remaining \$1.8 million relates to funding from Houston Endowment totaling \$879,365, from the Texas Veterans commission totaling \$288,250, and \$636,007 prepayment from the workforce Summer Earn & Learn program.

H-GAC receives matching participating funds from various local agencies to aid in Transportation planning, and Aging programs. At year end, the matching funds totaled \$682,811 and \$11,237, respectively.

8. LEASES

On July 9, 2025, H-GAC, as lessee, amended its long-term lease of approximately 59,000 square feet of office space at its primary office location. The amendment includes an expansion of the leased premises and an extension of the lease term by one year, now expiring on January 31, 2031, instead of January 31, 2030. The amendment also adds approximately 16,000 square feet of new leased space, consisting of 3,531 square feet on the sixth floor, 3,302 square feet on the eleventh floor, and 8,994 square feet on the fifteenth floor. In addition, the amendment includes a rent abatement period of three months.

H-GAC also had a provision to sublease, as lessor, approximately 5,500 square feet of office space to the Texas Workforce Commission and the sublease would run coterminous with the H-GAC lease. The sublease terms provide that lease remittance would be paid at the beginning of each month and escalate at 2% per year until January 31, 2030.

On October 22, 2025, H-GAC, as lessee, entered into a lease agreement for additional office space consisting of approximately 22,382 square feet at 5599 San Felipe. The premises will be used exclusively by the workforce program's Texas Rising Stars mentors. The lease term expires on July 31, 2027.

H-GAC, as lessee, also had one lease for satellite office space associated with the Aging program. This lease expired in February 2025.

Lease Liabilities:

Lease liability activity for the year ended December 31, 2025, was:

| | Balance | | | Balance | Due Within |
|------------------|------------------------|------------------------|--------------------------|--------------------------|------------------------|
| | <u>1/1/2025</u> | <u>Addition</u> | <u>Reductions</u> | <u>12/31/2025</u> | <u>One Year</u> |
| Main Office | \$8,147,237 | \$4,081,836 | \$(1,603,070) | \$10,626,003 | \$1,946,418 |
| San Felipe | - | 649,668 | (87,823) | 561,845 | 353,711 |
| Satellite Office | 1,397 | - | (1,397) | - | - |
| Total | \$ 8,148,634 | \$ 4,731,504 | \$ (1,692,290) | \$ 11,187,848 | \$2,300,129 |

HOUSTON-GALVESTON AREA COUNCIL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2025**

The following is a schedule by year of payments under the lease as of December 31, 2025:

| <u>Year Ending</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total Payments</u> |
|--------------------|---------------------------|--------------------------|-----------------------|
| 2026 | \$2,300,129 | \$111,509 | \$2,411,638 |
| 2027 | 2,213,654 | 86,164 | 2,299,818 |
| 2028 | 2,065,274 | 63,039 | 2,128,313 |
| 2029 | 2,125,690 | 40,017 | 2,165,707 |
| 2030 | 2,290,078 | 15,854 | 2,305,932 |
| 2031 | 193,023 | 177 | 193,200 |
| | <u>\$11,187,848</u> | <u>\$316,760</u> | <u>\$11,504,608</u> |

Lease Receivable:

H-GAC's lessor agreement expires January 31, 2030. The lease receivable is reduced by the principal payments made over the lease term. The related deferred inflow or resources is amortized on a straight-line basis.

Revenue recognized under the lease agreement during the year ended December 31, 2025, was \$154,557, which includes both lease revenue and interest.

Lease receivable activity for the year ended December 31, 2025, was:

| | <u>1/01/2025</u> | <u>Increase</u> | <u>Decrease</u> | <u>12/31/2025</u> |
|------------------|------------------|-----------------|-----------------|-------------------|
| Lease receivable | \$ 791,481 | \$ - | \$ 146,587 | \$ 644,894 |

HOUSTON-GALVESTON AREA COUNCIL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2025**

The following is a schedule by year of payments under the lease as of December 31, 2025:

| <u>Year Ending</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total Payments</u> |
|--------------------|---------------------------|--------------------------|-----------------------|
| 2026 | \$151,012 | \$6,335 | \$157,347 |
| 2027 | 155,484 | 4,652 | 160,136 |
| 2028 | 160,006 | 2,918 | 162,924 |
| 2029 | 164,578 | 1,135 | 165,713 |
| 2030 | 13,814 | 15 | 13,829 |
| | <u>\$644,894</u> | <u>\$15,055</u> | <u>\$659,949</u> |

9. RETIREMENT PLAN

The Retirement Plan for the Employees of Houston-Galveston Area Council, (“the Plan”), is a single employer, defined-contribution retirement plan for all employees 21 years of age or older, immediately implemented upon hire. Membership in the Plan as of December 31, 2025, was 446 participants. The Plan is administered by Fidelity Management Trust Company. Retirement benefits depend solely on amounts contributed to the plan and any investment earnings thereon. The Plan requires participants to contribute an amount at least equal to 3% of gross salary. H-GAC matches the participant contribution with a 7% contribution. H-GAC has no further liability to the plan after making such contributions. Participants begin partial vesting in the employer’s contributions and earnings thereon after 1 year of service and become fully vested after 5 years. A vesting schedule tied to completed years of service is included in the plan documents. Forfeitures of H-GAC’s unvested contributions occur when an employee terminates his employment prior to reaching six years of employment. These forfeitures are used to offset H-GAC’s required matching contribution during the year. Forfeitures used to offset employer contributions during the plan year ended December 31, 2025, totaled \$135,801. H-GAC’s Board of Directors is responsible and has authority to amend the Plan provisions and contributions requirements.

H-GAC’s total payroll in 2025 was \$32,041,516. Retirement plan contributions were calculated using the gross salary amount for covered employees. H-GAC and its employees made contributions in 2025 of \$2,521,362 and \$2,818,253, respectively. Investments in the retirement plan are stated at fair value, based upon quoted market prices of the various

HOUSTON-GALVESTON AREA COUNCIL

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mutual funds in which the funds are invested. H-GAC had no liability to the plan as of December 31, 2025.

A stand-alone retirement plan report may be obtained by request, by writing to the Finance Division of H-GAC at P. O. Box 22777, Houston, Texas 77227-2777.

10. COMMITMENTS AND CONTINGENCIES

Required Matching Funds – H-GAC’s management is of the opinion that local (general fund) cash on hand and funds to be received in 2025 from membership dues and other locally generated revenues will be adequate to meet commitments for matching funds required by federal and state grants.

Federal and State Grants – Use of federal, state and locally administered federal and other grant funds is subject to review and audit by fund provider agencies. Such audits could lead to requests from the grantor agency for reimbursement of expenditures disallowed under terms of the contract or grant. To the extent that such disallowances involve expenditures under subcontracted arrangements, H-GAC generally has the right to recovery from such third parties. A significant portion of the federal and state grant funds received by H-GAC are passed through to delegate agencies which administer certain parts of the grants on behalf of H-GAC. Management believes that H-GAC will not incur significant losses on possible grant disallowances.

Insurance – H-GAC purchases commercial insurance to minimize potential losses in the areas of general liability and directors’ and officers’ liability, workers’ compensation, and automobile liability.

H-GAC maintained adequate insurance coverage during 2025 and had no instances in which settlements exceeded insurance coverage in any of the past three years. Additionally, coverage was increased for bond liability during the year as needed to meet operational requirements and risk exposure in the workforce program.

Legal Contingencies – H-GAC is involved in lawsuits and other claims in the ordinary course of operations. The outcome of these lawsuits and other claims are not presently determinable, and the resolution of these matters is not expected to have a material effect on the financial condition of H-GAC.

12. SUBSEQUENT EVENTS

On January 20, 2026, the H-GAC Executive Director, Charles Wemple, announced his retirement, effective August 14, 2026. Mr. Wemple will retire after 24 years of service with H-GAC, including 8 years serving as Executive Director. This development occurred after the reporting period, and management has evaluated its potential impact and determined that it

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

does not affect the accompanying financial statements. H-GAC has initiated the recruitment process to fill the position and does not anticipate any disruption to ongoing operations.

In addition, on April 27, 2026, the Chief Financial Officer departed from their role. Management has evaluated this event and determined that it does not have an impact on the Council's financial position, results of operations, or cash flows. The Council's accounting and finance functions continue to be performed by the existing accounting team, and internal controls over financial reporting and financial operations remain in place. Accordingly, management does not expect this change to affect the Council's ongoing financial operations. The Council has begun its search to find a replacement.

13. SIGNIFICANT ECONOMIC EVENTS

H-GAC's primary source of revenue is through grant and contractual agreements with federal and state partners. Consequently, economic, political, or environmental factors that would affect the local or national grant funding such as natural disasters, inflation, unemployment, or geo-political unrest could impact the flow of resources to H-GAC.

**HOUSTON-GALVESTON AREA COUNCIL
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>Actual</u> | <u>Budget</u> | <u>Percentage</u> |
|--|----------------------|----------------------|-------------------|
| PERSONNEL | | | |
| Indirect salaries | \$ 3,077,963 | \$ 2,896,671 | 64.53 % |
| Employee benefits | 1,447,258 | 1,362,015 | 30.34 |
| | <u>4,525,221</u> | <u>4,258,686</u> | <u>94.87</u> |
| CONSULTANT AND CONTRACT SERVICES | | | |
| Consultant | 50,481 | 25,000 | 1.06 |
| Accounting and auditing | 104,811 | 69,000 | 2.20 |
| Other contract services | 58,616 | 30,000 | 1.23 |
| Legal Services | - | - | 0.00 |
| | <u>213,908</u> | <u>124,000</u> | <u>4.49</u> |
| EQUIPMENT | | | |
| Purchase, lease, rental or maintenance office furniture, fixtures and equipment | 24,234 | 30,500 | 0.51 |
| Depreciation | 620,000 | 620,000 | 13.00 |
| | <u>644,234</u> | <u>650,500</u> | <u>13.51</u> |
| LEASE OF OFFICE SPACE | <u>125,024</u> | <u>153,043</u> | <u>2.62</u> |
| TRAVEL | <u>109,659</u> | <u>55,500</u> | <u>2.30</u> |
| OTHER | | | |
| Consumable supplies | 1,938 | 9,960 | 0.04 |
| Software and Database | 187,519 | 152,510 | 3.93 |
| Communications | 13,621 | 13,050 | 0.29 |
| Postage | 3,783 | 4,150 | 0.08 |
| Subscriptions & memberships | 125,486 | 138,615 | 2.63 |
| Miscellaneous | 155,629 | 209,899 | 3.26 |
| | <u>487,976</u> | <u>528,184</u> | <u>10.23</u> |
| Indirect Carryforward | (1,336,281) | - | -28.02 |
| TOTAL INDIRECT COSTS (A) | <u>\$ 4,769,741</u> | <u>\$ 5,769,913</u> | <u>100.0 %</u> |
| BASIS FOR ALLOCATION OF INDIRECT COSTS | | | |
| Chargeable salaries | \$ 32,041,516 | \$ 37,887,695 | |
| Employee benefits | 15,050,521 | 17,814,587 | |
| | <u>47,092,037</u> | <u>55,702,282</u> | |
| Less indirect salaries and Employee benefits | <u>(4,525,221)</u> | <u>(4,258,686)</u> | |
| TOTAL DIRECT SALARIES AND RELATED EMPLOYEE BENEFITS (B) | <u>\$ 42,566,816</u> | <u>\$ 51,443,596</u> | |
| ACTUAL INDIRECT COST RATE (A/B) | <u>11.21%</u> | <u>11.22%</u> | |

**HOUSTON-GALVESTON AREA COUNCIL
SUPPLEMENTARY SCHEDULE OF H-GAC EMPLOYEE BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2025**

| | <u>Amount</u> | <u>Percentage</u> |
|---|----------------------|-------------------|
| RELEASED TIME TAKEN AND ACCRUED: | | |
| Vacation | \$ 1,787,787 | 11.88 % |
| Holidays | 1,957,377 | 13.01 |
| Sick leave | 881,015 | 5.85 |
| Other | 73,913 | 0.49 |
| | <u>4,700,092</u> | <u>31.23</u> |
| BENEFIT PROGRAMS: | | |
| Payroll taxes | 3,064,947 | 20.36 |
| Retirement plan | 2,455,065 | 16.31 |
| Insurance | 4,273,724 | 28.40 |
| Other benefits | 93,438 | 0.62 |
| | <u>9,887,174</u> | <u>65.69</u> |
| Benefit carryforward | <u>463,255</u> | <u>3.08</u> |
| TOTAL EMPLOYEE BENEFITS (A) | <u>\$ 15,050,521</u> | <u>100.00 %</u> |
| BASIS FOR ALLOCATION OF EMPLOYEE BENEFITS: | | |
| Gross Salaries | \$ 36,741,608 | |
| Less released time | <u>(4,700,092)</u> | |
| CHARGEABLE SALARIES (B) | <u>\$ 32,041,516</u> | |
| EMPLOYEE BENEFIT RATE (A/B) | <u>46.97 %</u> | |

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**HOUSTON
GALVESTON
AREA
COUNCIL**

STATISTICAL SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW

STATISTICAL SECTION

This section of the Houston-Galveston Area Council's Annual Comprehensive Financial Report provides detailed information that helps place the financial statements, note disclosures, and required supplementary information into context, enabling users to better understand the H-GAC's overall financial condition.

| Contents | Table #s |
|---|-----------------|
| <p>Financial Trends <i>These schedules contain trend information to help the reader understand how the H-GAC's financial performance and well-being have changed over time.</i></p> | 1 - 4 |
| <p>Revenue Capacity <i>These schedules contain information to help the reader assess the H-GAC's most significant local revenue source.</i></p> | 5 |
| <p>Debt Capacity <i>These schedules present information to help the reader assess the affordability of the H-GAC's current level of outstanding debt and the H-GAC's ability to issue additional debt in the future.</i></p> | 6 |
| <p>Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the H-GAC's financial activities take place.</i></p> | 7 - 11 |
| <p>Operating Information <i>These schedules provide service and infrastructure data to help the reader understand how the H-GAC's financial information relates to the services it provides and the activities it performs, including how resources and staffing are allocated.</i></p> | 12 - 14 |

Houston-Galveston Area Council
Net Position by Component
Last Ten Years
 (accrual basis of accounting)

Table 1

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,487,231 | \$ 1,101,084 | \$ 778,299 | \$ 516,661 | \$ 642,591 | \$ 640,176 | \$ 576,388 | \$ 2,672,533 | \$ 2,525,395 | \$ 4,704,144 |
| Restricted | 7,907,727 | 8,482,762 | 8,323,514 | 5,673,848 | 5,886,299 | 7,391,721 | 8,212,600 | 10,431,369 | 12,013,987 | 15,224,139 |
| Unrestricted | 8,780,986 | 9,002,170 | 9,453,392 | 10,235,011 | 10,025,656 | 10,045,342 | 10,596,369 | 10,720,104 | 27,816,644 | 29,577,876 |
| Total governmental activities net position | 18,175,944 | 18,586,016 | 18,555,205 | 16,425,520 | 16,554,546 | 18,077,239 | 19,385,357 | 23,824,006 | 42,356,026 | 49,506,159 |
| Business-type activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 12,834,141 | 15,045,379 | 16,233,015 | 17,943,565 | 19,508,075 | 20,617,089 | 20,627,819 | 19,644,630 | 3,098,907 | 3,256,201 |
| Total business-type activities net position | \$ 12,834,141 | \$ 15,045,379 | \$ 16,233,015 | \$ 17,943,565 | \$ 19,508,075 | \$ 20,617,089 | \$ 20,627,819 | \$ 19,644,630 | \$ 3,098,907 | \$ 3,256,201 |
| Primary government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,487,231 | \$ 1,101,084 | \$ 778,299 | \$ 516,661 | \$ 642,591 | \$ 640,176 | \$ 576,388 | \$ 2,672,533 | \$ 2,525,395 | \$ 4,704,144 |
| Restricted | 7,907,727 | 8,482,762 | 8,323,514 | 5,673,848 | 5,886,299 | 7,391,721 | 8,212,600 | 10,431,369 | 12,013,987 | 15,224,139 |
| Unrestricted | 21,615,127 | 24,047,549 | 25,686,407 | 28,178,577 | 29,533,732 | 30,662,432 | 31,224,189 | 30,364,734 | 30,915,551 | 32,834,077 |
| Total primary government net position | \$ 31,010,085 | \$ 33,631,395 | \$ 34,788,220 | \$ 34,369,086 | \$ 36,062,622 | \$ 38,694,329 | \$ 40,013,177 | \$ 43,468,636 | \$ 45,454,933 | \$ 52,762,360 |

Table 2

**Houston-Galveston Area Council
Changes in Net Position
Last Ten Years**
(accrual basis of accounting)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,487,704 | \$ 5,579,938 | \$ 6,024,453 | \$ 4,025,538 | \$ 6,168,140 | \$ 4,308,285 | \$ 6,374,865 | \$ 10,582,420 | \$ 9,109,882 | \$ 3,973,267 |
| Workforce programs | 209,009,097 | 232,028,757 | 273,118,245 | 290,533,452 | 343,589,322 | 315,983,569 | 399,963,724 | 391,927,332 | 467,193,475 | 447,441,439 |
| Transportation | 40,668,632 | 28,150,854 | 22,502,463 | 28,754,072 | 22,158,714 | 26,465,214 | 25,540,331 | 25,956,230 | 26,099,294 | 32,333,146 |
| Community and environmental | 10,732,671 | 13,305,656 | 16,158,934 | 10,243,469 | 3,085,645 | 3,601,922 | 3,250,683 | 3,536,884 | 3,370,035 | 7,818,578 |
| Criminal justice | 847,184 | 1,356,078 | 1,232,945 | 1,300,069 | 1,262,965 | 2,262,353 | 2,547,413 | 1,620,178 | 2,381,867 | 1,589,971 |
| Emergency communications | 931,365 | - | - | - | - | - | - | - | - | - |
| Aging services | 11,124,787 | 10,521,725 | 11,131,671 | 9,939,800 | 9,801,337 | 9,250,935 | 11,685,445 | 13,727,943 | 15,647,213 | 15,524,928 |
| Interest Expense | - | - | - | - | - | - | - | - | 98,355 | 94,893 |
| Total governmental activities expenses | 277,801,440 | 290,943,008 | 330,168,711 | 344,796,400 | 386,066,123 | 361,872,278 | 449,362,461 | 447,350,987 | 523,900,121 | 508,776,222 |
| Business-type activities: | | | | | | | | | | |
| Cooperative purchasing | 3,540,827 | 3,490,530 | 3,535,809 | 4,091,859 | 4,207,362 | 4,232,106 | 4,289,871 | 4,553,521 | 5,180,275 | 6,040,452 |
| Total business-type activities expenses | 3,540,827 | 3,490,530 | 3,535,809 | 4,091,859 | 4,207,362 | 4,232,106 | 4,289,871 | 4,553,521 | 5,180,275 | 6,040,452 |
| Total primary government expenses | \$ 281,342,267 | \$ 294,433,538 | \$ 333,704,520 | \$ 348,888,259 | \$ 390,273,485 | \$ 366,104,384 | \$ 453,652,332 | \$ 451,904,508 | \$ 529,080,396 | \$ 514,816,674 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Membership dues | 394,258 | 395,539 | 299,061 | 392,963 | 390,791 | 395,539 | 469,619 | 462,337 | 462,937 | 466,414 |
| Interlocal contracts | 785,108 | 1,272,045 | 729,253 | 739,106 | 1,823,110 | 976,397 | 1,433,158 | 3,600,430 | 2,702,438 | 1,289,697 |
| Data services and imaging | 651,490 | 411,575 | 1,528,519 | 319,242 | 784,700 | 219,886 | 1,143,201 | 174,100 | 2,308,350 | 623,058 |
| Operating grants and contributions | 275,703,821 | 288,363,857 | 326,678,493 | 340,689,957 | 382,754,536 | 361,409,325 | 446,336,145 | 442,187,163 | 518,089,970 | 512,714,917 |
| Total governmental activities program revenues | 277,534,677 | 290,443,016 | 329,235,326 | 342,141,268 | 385,753,137 | 363,001,147 | 449,382,123 | 446,424,030 | 523,563,695 | 515,094,086 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Cooperative purchasing | 4,269,735 | 5,801,768 | 4,898,445 | 6,002,409 | 5,871,872 | 5,541,120 | 4,675,601 | 5,570,332 | 6,288,216 | 7,964,962 |
| Total business-type activities program revenues | 4,269,735 | 5,801,768 | 4,898,445 | 6,002,409 | 5,871,872 | 5,541,120 | 4,675,601 | 5,570,332 | 6,288,216 | 7,964,962 |
| Total primary government program revenues | \$ 281,804,412 | \$ 296,244,784 | \$ 334,133,771 | \$ 348,143,677 | \$ 391,625,009 | \$ 368,542,267 | \$ 454,057,724 | \$ 451,994,362 | \$ 529,851,911 | \$ 523,059,048 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (266,764) | (499,993) | (933,385) | (2,655,134) | (312,988) | 1,128,867 | 19,660 | (926,959) | (336,426) | 3,264,989 |
| Business-type activities | 728,908 | 2,311,238 | 1,362,636 | 1,910,550 | 1,664,510 | 1,309,014 | 385,730 | 1,016,811 | 1,107,941 | 1,924,510 |
| Total primary government net expense | \$ 462,144 | \$ 1,811,245 | \$ 429,251 | \$ (744,584) | \$ 1,351,522 | \$ 2,437,881 | \$ 405,390 | \$ 89,852 | \$ 771,515 | \$ 5,189,499 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Interest income | 14,189 | 58,491 | 331,766 | 380,613 | 44,289 | 3,803 | 140,208 | 822,603 | 1,502,272 | 1,170,252 |
| Miscellaneous | 165,314 | 751,573 | 395,808 | (55,164) | 297,724 | 190,021 | 773,249 | 2,543,005 | 1,623,205 | 947,676 |
| Transfers in | - | 100,000 | 175,000 | 200,000 | 100,000 | 200,000 | 375,000 | 2,000,000 | 17,653,664 | 1,767,216 |
| Total governmental activities | \$ 179,503 | \$ 910,064 | \$ 902,574 | \$ 525,449 | \$ 442,013 | \$ 393,824 | \$ 1,288,457 | \$ 5,365,608 | \$ 20,779,141 | \$ 3,885,144 |
| Business-type activities: | | | | | | | | | | |
| Transfers out | - | (100,000) | (175,000) | (200,000) | (100,000) | (200,000) | (375,000) | (2,000,000) | (17,653,664) | (1,767,216) |
| Total Business-type activities | \$ - | \$ (100,000) | \$ (175,000) | \$ (200,000) | \$ (100,000) | \$ (200,000) | \$ (375,000) | \$ (2,000,000) | \$ (17,653,664) | \$ (1,767,216) |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (87,264) | \$ 410,072 | \$ (30,811) | \$ (2,129,685) | \$ 129,025 | \$ 1,522,691 | \$ 1,308,118 | \$ 4,438,649 | \$ 20,442,715 | \$ 7,150,133 |
| Business-type activities | 728,908 | 2,211,238 | 1,187,636 | 1,710,550 | 1,564,510 | 1,109,014 | 10,730 | (983,189) | (16,545,723) | 157,294 |
| Total primary government | \$ 641,644 | \$ 2,621,310 | \$ 1,156,825 | \$ (419,135) | \$ 1,693,535 | \$ 2,631,705 | \$ 1,318,848 | \$ 3,455,460 | \$ 3,896,992 | \$ 7,307,427 |

**Houston-Galveston Area Council
Fund Balances, Governmental Funds
Last Ten Years**
(modified accrual basis of accounting)

Table 3

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 206,721 | \$ 184,145 | \$ 210,135 | \$ 386,567 | \$ 757,570 | \$ 1,212,034 | \$ 906,649 | \$ 1,043,825 | \$ 858,272 | \$ 14,119,894 |
| Unassigned | 9,165,337 | 9,744,138 | 10,227,449 | 10,854,033 | 10,653,005 | 10,291,741 | 11,248,943 | 11,574,111 | 31,062,713 | 20,379,348 |
| Total general fund | \$ 9,372,058 | \$ 9,928,283 | \$ 10,437,584 | \$ 11,240,600 | \$ 11,410,575 | \$ 11,503,775 | \$ 12,155,592 | \$ 12,617,936 | \$ 31,920,985 | \$ 34,499,242 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| EPA RLF Program | \$ 7,486,709 | \$ 7,121,000 | \$ 6,393,395 | \$ 2,810,842 | \$ 1,846,304 | \$ 1,656,629 | \$ 1,406,844 | \$ 1,159,791 | \$ 731,132 | \$ 740,586 |
| Regional Excellence Corporation | 421,018 | 354,000 | 280,011 | 317,388 | 507,478 | 698,439 | 791,606 | 1,006,757 | 1,010,071 | 1,052,797 |
| Gulf Coast 911 Regional District | 300,418 | 1,007,662 | 1,650,108 | 2,545,618 | 3,532,517 | 5,036,653 | 6,014,150 | 8,264,821 | 10,272,784 | 13,430,756 |
| Total all other governmental funds | \$ 8,208,145 | \$ 8,482,662 | \$ 8,323,514 | \$ 5,673,848 | \$ 5,886,299 | \$ 7,391,721 | \$ 8,212,600 | \$ 10,431,369 | \$ 12,013,987 | \$ 15,224,139 |

Houston-Galveston Area Council
Changes in Fund Balances, Governmental Funds
Last Ten Years
 (modified accrual basis of accounting)

Table 4

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Interest income | \$ 14,189 | \$ 58,491 | \$ 331,766 | \$ 380,613 | \$ 44,289 | \$ 3,803 | \$ 140,208 | \$ 822,604 | \$ 1,502,272 | \$ 1,170,252 |
| Membership dues | 394,258 | 395,539 | 299,061 | 392,963 | 390,791 | 395,539 | 469,619 | 462,337 | 462,937 | 466,414 |
| Interlocal contracts | 785,108 | 1,272,045 | 729,253 | 739,106 | 1,823,110 | 976,397 | 1,433,158 | 3,600,430 | 2,702,438 | 1,289,697 |
| Data services and imaging | 651,490 | 411,575 | 1,528,519 | 319,242 | 784,700 | 219,886 | 1,143,201 | 174,100 | 2,308,350 | 623,058 |
| Miscellaneous income | 165,314 | 751,567 | 395,808 | (55,164) | 297,724 | 190,021 | 773,249 | 2,543,005 | 1,623,205 | 947,676 |
| Operating grants and contributions | 275,703,821 | 288,363,857 | 326,678,493 | 340,689,957 | 382,754,536 | 361,409,325 | 446,336,145 | 442,187,163 | 518,089,969 | 512,714,917 |
| Total revenues | \$ 277,714,180 | \$ 291,253,074 | \$ 329,962,900 | \$ 342,466,717 | \$ 386,095,150 | \$ 363,194,971 | \$ 450,295,580 | \$ 449,789,639 | \$ 526,689,171 | \$ 517,212,014 |
| Expenditures | | | | | | | | | | |
| General government | 1,838,703 | 2,537,247 | 2,851,528 | 1,313,448 | 2,962,868 | 1,513,063 | 3,300,092 | 7,758,917 | 4,904,149 | 1,801,494 |
| Workforce programs | 208,854,509 | 231,869,701 | 272,976,282 | 290,426,917 | 343,536,794 | 315,951,055 | 399,916,748 | 391,864,225 | 466,729,692 | 446,783,432 |
| Transportation | 40,491,639 | 28,064,068 | 22,335,672 | 28,590,540 | 22,084,110 | 26,419,759 | 25,477,201 | 25,892,610 | 25,905,763 | 32,124,925 |
| Community and environmental | 10,680,269 | 13,253,886 | 16,173,588 | 10,196,684 | 3,063,491 | 3,586,298 | 3,234,724 | 3,515,286 | 3,320,535 | 7,767,602 |
| Criminal justice | 815,491 | 1,319,500 | 1,187,393 | 1,391,343 | 1,195,598 | 2,202,056 | 2,490,964 | 1,566,591 | 2,320,550 | 1,550,526 |
| Emergency communications | 928,918 | - | - | - | - | - | - | - | - | - |
| Aging services | 11,069,901 | 10,477,138 | 11,088,653 | 9,896,468 | 9,780,103 | 9,237,891 | 11,666,486 | 13,708,485 | 15,575,189 | 15,459,226 |
| Regional excellence corporation | 62,842 | 122,317 | 145,893 | 13,311 | 56,711 | 1,552 | 660 | 10,703 | 21,659 | 23,600 |
| Gulf Coast 911 Emergency District | 2,503,579 | 2,841,896 | 2,932,655 | 2,639,589 | 2,803,990 | 2,659,637 | 2,961,955 | 2,460,830 | 2,615,272 | 3,029,275 |
| Debt service: | | | | | | | | | | |
| Principal | 26,286 | 34,993 | 40,119 | 23,252 | 31,420 | 31,447 | 31,447 | - | 1,469,911 | 1,692,290 |
| Interest | 2,079 | 1,486 | 859 | 213 | - | - | - | - | 98,355 | 94,893 |
| Capital outlay | 93,594 | 41,746 | 55,206 | 21,602 | 400,125 | 216,889 | 117,619 | 2,330,884 | 496,094 | 7,595,065 |
| Total expenditures | 277,367,810 | 290,563,978 | 329,787,848 | 344,513,367 | 385,915,210 | 361,819,647 | 449,197,896 | 449,108,531 | 523,457,169 | 517,922,328 |
| Excess of revenues over (under) expenditures | 346,371 | 689,097 | 175,052 | (2,046,650) | 179,940 | 1,375,324 | 1,097,684 | 681,109 | 3,232,003 | (710,314) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Leases | - | 41,746 | - | - | - | 23,298 | - | - | - | 4,731,504 |
| Transfers in | - | 100,000 | 175,000 | 200,000 | 100,000 | 200,000 | 375,013 | 2,000,000 | 17,653,664 | 1,973,353 |
| Transfers out | - | - | - | - | - | - | - | - | - | (206,137) |
| Total other financing sources (uses) | - | 141,746 | 175,000 | 200,000 | 100,000 | 223,298 | 375,013 | 2,000,000 | 17,653,664 | 6,498,720 |
| Net change in fund balances | \$ 346,371 | \$ 830,843 | \$ 350,052 | \$ (1,846,650) | \$ 279,940 | \$ 1,598,622 | \$ 1,472,697 | \$ 2,681,109 | \$ 20,885,667 | \$ 5,788,406 |
| Debt service as a percentage of noncapital expenditures | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.00% | 0.30% | 0.35% |

Houston-Galveston Area Council
Revenues By Source
Last Ten Years
 (accrual basis of accounting)

Table 5

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interest income | \$ 14,189 | \$ 58,491 | \$ 331,766 | \$ 380,613 | \$ 44,289 | \$ 3,803 | \$ 140,208 | \$ 822,604 | \$ 1,502,272 | \$ 1,170,252 |
| Membership dues | 394,258 | 395,539 | 299,061 | 392,963 | 390,791 | 395,539 | 469,619 | 462,337 | 462,937 | 466,414 |
| Interlocal contracts | 785,108 | 1,272,045 | 729,253 | 739,106 | 1,823,110 | 976,397 | 1,433,158 | 3,600,430 | 2,702,438 | 1,289,697 |
| Data services and imaging | 651,490 | 411,575 | 1,528,519 | 319,242 | 784,700 | 219,886 | 1,143,201 | 174,100 | 2,308,350 | 623,058 |
| Miscellaneous income (1) | 165,314 | 751,567 | 395,808 | (55,164) | 297,724 | 190,021 | 773,249 | 2,543,005 | 1,623,205 | 947,676 |
| Total | \$ 2,010,359 | \$ 2,889,217 | \$ 3,284,407 | \$ 1,776,760 | \$ 3,340,614 | \$ 1,785,646 | \$ 3,959,435 | \$ 7,602,476 | \$ 8,599,202 | \$ 4,497,097 |

Notes:

(1) Includes revenue from workshops and annual meetings

Source: Statement of Revenues, Expenditures and Changes in Fund Balance

**Houston-Galveston Area Council
Schedule of Outstanding Debt
Last Ten Years**
(modified accrual basis of accounting)

Table 6

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------------------|------------------|------------------|-----------------|------------------|------------------|----------------------|---------------------|---------------------|----------------------|
| Governmental Activities | | | | | | | | | | |
| Lease obligation | \$ 62,420 | \$ 69,169 | \$ 29,050 | \$ 5,798 | \$ 76,866 | \$ 68,717 | \$ - | \$ - | \$ - | \$ - |
| Lease Liability | - | - | - | - | - | - | 11,253,893 | 9,618,544 | 8,148,633 | 11,187,848 |
| Business-Type Activities | - | - | - | - | - | - | - | - | - | - |
| Total Outstanding Debt | \$ 62,420 | \$ 69,169 | \$ 29,050 | \$ 5,798 | \$ 76,866 | \$ 68,717 | \$ 11,253,893 | \$ 9,618,544 | \$ 8,148,633 | \$ 11,187,848 |
| Personal Income (thousands of dollars)(1)* | \$ 351,586,171 | \$ 378,144,452 | \$ 403,896,488 | \$ 422,087,155 | \$ 431,807,103 | \$ 480,395,728 | \$ 520,665,022 | \$ 576,443,045 | \$ 607,223,275 | \$ 650,276,967 |
| Percentage of Personal Income | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.22% | 0.17% | 0.13% | 0.17% |
| Population of Region (2) | 6,977,979 | 7,071,694 | 7,147,400 | 7,234,893 | 7,297,022 | 7,383,513 | 7,517,691 | 7,661,800 | 7,950,479 | 8,058,943 |
| Debt Per Capita | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 1.5 | \$ 1.3 | \$ 1.0 | \$ 1.4 |

Notes:

- (1). Bureau of Economic Analysis, 2024
- * - The 2025 value is a projection based on the historical average annual growth rate from 2016-2024
- (2). Census Bureau Population and Housing Units Estimates, 2025

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

COUNTY PROFILES

| <u>Austin County</u> | | <u>Brazoria County</u> | |
|---------------------------------------|-----------|---------------------------------------|----------|
| Land Area (sq. miles) | 653 | Land Area (sq. miles) | 1,386 |
| Persons per Square Mile | 50 | Persons per Square Mile | 298 |
| County Seat | Bellville | County Seat | Angleton |
| Population (2024) | 32,546 | Population (2024) | 413,224 |
| Race | | Race | |
| <i>White</i> | 19,416 | <i>White</i> | 166,452 |
| <i>Black</i> | 2,756 | <i>Black</i> | 71,905 |
| <i>Asian</i> | 277 | <i>Asian</i> | 33,816 |
| <i>Hispanic</i> | 9,471 | <i>Hispanic</i> | 132,182 |
| <i>Two or More Races and Other</i> | 626 | <i>Two or More Races and Other</i> | 8,869 |
| Households and Families (2024) | | Households and Families (2024) | |
| Total households | 12,128 | Total households | 133,898 |
| Average Household Size | 2.55 | Average Household Size | 2.82 |
| Average family size | 3.07 | Average family size | 3.37 |
| Vital Statistics | | Vital Statistics | |
| Marriages (2021) | 208 | Marriages (2021) | 1,588 |
| Divorces (2017) | 99 | Divorces (2017) | 1,211 |
| Births (2023) | 394 | Births (2023) | 4,619 |
| Male | 212 | Male | 2,368 |
| Female | 182 | Female | 2,251 |
| Deaths (2022) | 378 | Deaths (2022) | 2,873 |
| Unemployment Rate (12/2025) | 3.6 | Unemployment Rate (12/2025) | 4.5 |

| <u>Chambers County</u> | | <u>Colorado County</u> | |
|---------------------------------------|---------|---------------------------------------|----------|
| Land Area (sq. miles) | 599 | Land Area (sq. miles) | 963 |
| Persons per Square Mile | 94 | Persons per Square Mile | 22 |
| County Seat | Anahuac | County Seat | Columbus |
| Population (2024) | 56,179 | Population (2024) | 21,475 |
| Race | | Race | |
| <i>White</i> | 33,285 | <i>White</i> | 11,763 |
| <i>Black</i> | 4,925 | <i>Black</i> | 2,417 |
| <i>Asian</i> | 835 | <i>Asian</i> | 124 |
| <i>Hispanic</i> | 16,143 | <i>Hispanic</i> | 6,763 |
| <i>Two or More Races and Other</i> | 991 | <i>Two or More Races and Other</i> | 408 |
| Households and Families (2024) | | Households and Families (2024) | |
| Total households | 17,229 | Total households | 7,937 |
| Average Household Size | 2.97 | Average Household Size | 2.60 |
| Average family size | 3.42 | Average family size | 3.22 |
| Vital Statistics | | Vital Statistics | |
| Marriages (2021) | 281 | Marriages (2021) | 125 |
| Divorces (2017) | 135 | Divorces (2017) | 53 |

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

| | | | |
|------------------------------------|----------|------------------------------------|------------|
| Births (2023) | 704 | Births (2023) | 248 |
| Male | 390 | Male | 126 |
| Female | 314 | Female | 122 |
| Deaths (2022) | 290 | Deaths (2022) | 287 |
| Unemployment Rate (12/2025) | 5 | Unemployment Rate (12/2025) | 3.4 |

| <u>Fort Bend County</u> | | <u>Galveston County</u> | |
|---------------------------------------|------------|---------------------------------------|------------|
| Land Area (sq. miles) | 875 | Land Area (sq. miles) | 398 |
| Persons per Square Mile | 1,095 | Persons per Square Mile | 923 |
| County Seat | Richmond | County Seat | Galveston |
| Population (2024) | 958,434 | Population (2024) | 367,407 |
| Race | | Race | |
| <i>White</i> | 267,379 | <i>White</i> | 197,913 |
| <i>Black</i> | 208,973 | <i>Black</i> | 46,827 |
| <i>Asian</i> | 220,007 | <i>Asian</i> | 13,896 |
| <i>Hispanic</i> | 239,661 | <i>Hispanic</i> | 100,659 |
| <i>Two or More Races and Other</i> | 22,414 | <i>Two or More Races and Other</i> | 8,112 |
| Households and Families (2024) | | Households and Families (2024) | |
| Total households | 292,713 | Total households | 140,660 |
| Average Household Size | 3.03 | Average Household Size | 2.51 |
| Average family size | 3.46 | Average family size | 3.16 |
| Vital Statistics | | Vital Statistics | |
| Marriages (2021) | 2,509 | Marriages (2021) | 2,144 |
| Divorces (2017) | 1,883 | Divorces (2017) | 1,180 |
| Births (2023) | 9,450 | Births (2023) | 3,900 |
| Male | 4,776 | Male | 2,029 |
| Female | 4,674 | Female | 1,871 |
| Deaths (2022) | 4,561 | Deaths (2022) | 3,300 |
| Unemployment Rate (12/2025) | 4.1 | Unemployment Rate (12/2025) | 4.2 |

| <u>Harris County</u> | | <u>Liberty County</u> | |
|---------------------------------------|-----------|---------------------------------------|---------|
| Land Area (sq. miles) | 1,729 | Land Area (sq. miles) | 1,160 |
| Persons per Square Mile | 2,897 | Persons per Square Mile | 99 |
| County Seat | Houston | County Seat | Liberty |
| Population (2024) | 5,009,302 | Population (2024) | 115,042 |
| Race | | Race | |
| <i>White</i> | 1,301,336 | <i>White</i> | 52,405 |
| <i>Black</i> | 974,891 | <i>Black</i> | 9,188 |
| <i>Asian</i> | 388,158 | <i>Asian</i> | 798 |
| <i>Hispanic</i> | 2,255,725 | <i>Hispanic</i> | 50,749 |
| <i>Two or More Races and Other</i> | 89,192 | <i>Two or More Races and Other</i> | 1,902 |
| Households and Families (2024) | | Households and Families (2024) | |
| Total households | 1,757,164 | Total households | 31,183 |
| Average Household Size | 2.73 | Average Household Size | 3.15 |

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

| | | | |
|------------------------------------|------------|------------------------------------|------------|
| Average family size | 3.49 | Average family size | 3.81 |
| Vital Statistics | | Vital Statistics | |
| Marriages (2021) | 17,581 | Marriages (2021) | 505 |
| Divorces (2017) | 10,247 | Divorces (2017) | 300 |
| Births (2023) | 65,022 | Births (2023) | 1,686 |
| Male | 33,377 | Male | 851 |
| Female | 31,643 | Female | 835 |
| Deaths (2022) | 31,359 | Deaths (2022) | 959 |
| Unemployment Rate (12/2025) | 4.3 | Unemployment Rate (12/2025) | 5.3 |

| | | | |
|---------------------------------------|------------|---------------------------------------|------------|
| <u>Matagorda County</u> | | <u>Montgomery County</u> | |
| Land Area (sq. miles) | 1,114 | Land Area (sq. miles) | 1,044 |
| Persons per Square Mile | 33 | Persons per Square Mile | 718 |
| County Seat | Bay City | County Seat | Conroe |
| Population (2024) | 36,391 | Population (2024) | 749,613 |
| Race | | Race | |
| White | 15,234 | White | 427,059 |
| Black | 3,610 | Black | 56,752 |
| Asian | 676 | Asian | 29,116 |
| Hispanic | 16,208 | Hispanic | 219,947 |
| Two or More Races and Other | 663 | Two or More Races and Other | 16,739 |
| Households and Families (2024) | | Households and Families (2024) | |
| Total households | 15,439 | Total households | 247,541 |
| Average Household Size | 2.33 | Average Household Size | 2.75 |
| Average family size | 3.04 | Average family size | 3.29 |
| Vital Statistics | | Vital Statistics | |
| Marriages (2021) | 150 | Marriages (2021) | 3,600 |
| Divorces (2017) | 66 | Divorces (2017) | 2,041 |
| Births (2023) | 429 | Births (2023) | 8,824 |
| Male | 221 | Male | 4,493 |
| Female | 208 | Female | 4,331 |
| Deaths (2022) | 443 | Deaths (2022) | 4,875 |
| Unemployment Rate (12/2025) | 5.7 | Unemployment Rate (12/2025) | 3.8 |

| | | | |
|-----------------------------|------------|-----------------------------|-----------|
| <u>Walker County</u> | | <u>Waller County</u> | |
| Land Area (sq. miles) | 787 | Land Area (sq. miles) | 514 |
| Persons per Square Mile | 106 | Persons per Square Mile | 127 |
| County Seat | Huntsville | County Seat | Hempstead |
| Population (2024) | 83,722 | Population (2024) | 65,109 |
| Race | | Race | |
| White | 44,508 | White | 24,355 |
| Black | 18,387 | Black | 15,413 |
| Asian | 893 | Asian | 1,732 |
| Hispanic | 18,455 | Hispanic | 22,444 |

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

| | | | |
|---------------------------------------|--------|---------------------------------------|--------|
| <i>Two or More Races and Other</i> | 1,479 | <i>Two or More Races and Other</i> | 1,165 |
| Households and Families (2024) | | Households and Families (2024) | |
| Total households | 26,017 | Total households | 18,342 |
| Average Household Size | 2.42 | Average Household Size | 3.09 |
| Average family size | 3.32 | Average family size | 3.61 |
| Vital Statistics | | Vital Statistics | |
| Marriages (2021) | 300 | Marriages (2021) | 417 |
| Divorces (2017) | 210 | Divorces (2017) | 68 |
| Births (2023) | 645 | Births (2023) | 939 |
| Male | 344 | Male | 478 |
| Female | 301 | Female | 461 |
| Deaths (2022) | 682 | Deaths (2022) | 466 |
| Unemployment Rate (12/2025) | 3.8 | Unemployment Rate (12/2025) | 4.9 |

| | |
|---------------------------------------|---------|
| <u>Wharton County</u> | |
| Land Area (sq. miles) | 1,090 |
| Persons per Square Mile | 39 |
| County Seat | Wharton |
| Population (2024) | 42,035 |
| Race | |
| <i>White</i> | 18,048 |
| <i>Black</i> | 5,219 |
| <i>Asian</i> | 281 |
| <i>Hispanic</i> | 18,094 |
| <i>Two or More Races and Other</i> | 393 |
| Households and Families (2024) | |
| Total households | 15,890 |
| Average Household Size | 2.58 |
| Average family size | 3.15 |
| Vital Statistics | |
| Marriages (2021) | 186 |
| Divorces (2017) | 86 |
| Births (2023) | 548 |
| Male | 300 |
| Female | 248 |
| Deaths (2022) | 513 |
| Unemployment Rate (12/2025) | 4.3 |

Source: US Census Bureau, 2024
 Texas Department of Health, 2023
 US Bureau of Labor Statistics, 2025
 H-GAC, 2024

Note: Latest marriage data is from 2021
 Latest divorce data is from 2017
 Latest death data is from 2022

Table 8

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

| Geography | Total Population 2015-2025 | | | | | | | | | | |
|----------------------|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Austin County | 29,477 | 29,650 | 29,729 | 30,000 | 30,107 | 30,167 | 30,380 | 31,097 | 31,677 | 32,546 | 33,625 |
| Brazoria County | 345,295 | 353,361 | 362,261 | 369,470 | 374,699 | 372,031 | 379,689 | 388,181 | 398,938 | 413,224 | 419,080 |
| Chambers County | 39,025 | 40,160 | 41,249 | 42,128 | 43,726 | 46,571 | 48,865 | 51,288 | 53,876 | 56,179 | 57,594 |
| Colorado County | 20,946 | 21,091 | 21,301 | 21,317 | 21,467 | 20,557 | 20,630 | 20,754 | 21,117 | 21,475 | 21,439 |
| Fort Bend County | 715,260 | 744,489 | 768,258 | 789,269 | 812,737 | 822,779 | 858,527 | 889,146 | 916,778 | 958,434 | 975,191 |
| Galveston County | 321,074 | 329,038 | 334,691 | 337,639 | 341,541 | 350,682 | 355,062 | 357,117 | 361,744 | 367,407 | 372,207 |
| Harris County | 4,556,559 | 4,622,836 | 4,655,798 | 4,676,913 | 4,709,243 | 4,731,145 | 4,728,030 | 4,780,913 | 4,835,125 | 5,009,302 | 5,045,026 |
| Liberty County | 79,537 | 81,381 | 83,648 | 85,834 | 88,453 | 91,628 | 97,621 | 101,992 | 108,272 | 115,042 | 121,364 |
| Matagorda County | 36,747 | 37,143 | 36,848 | 36,583 | 36,655 | 36,255 | 36,344 | 36,125 | 36,359 | 36,391 | 36,463 |
| Montgomery County | 535,913 | 555,338 | 571,542 | 590,127 | 607,583 | 620,443 | 648,886 | 678,490 | 711,354 | 749,613 | 781,194 |
| Walker County | 70,825 | 71,811 | 72,764 | 73,037 | 71,700 | 76,400 | 77,977 | 78,870 | 81,268 | 83,722 | 83,842 |
| Waller County | 48,663 | 50,062 | 51,736 | 53,568 | 55,311 | 56,794 | 59,781 | 61,894 | 63,553 | 65,109 | 69,858 |
| Wharton County | 41,369 | 41,619 | 41,869 | 41,515 | 41,671 | 41,570 | 41,721 | 41,824 | 41,739 | 42,035 | 42,060 |
| H-GAC 13 County Area | 6,840,690 | 6,977,979 | 7,071,694 | 7,147,400 | 7,234,893 | 7,297,022 | 7,383,513 | 7,517,691 | 7,661,800 | 7,950,479 | 8,058,943 |
| Texas | 27,468,531 | 27,914,064 | 28,291,024 | 28,624,564 | 28,986,794 | 29,145,505 | 29,527,941 | 30,503,301 | 30,727,890 | 31,290,831 | 31,709,821 |

Data source: Census Bureau Population and Housing Units Estimates, 2025

| Ten Largest Non-Governmental Houston MSA Employers ¹ | | | 2025 | | |
|---|---|-----------|------|--|--|
| Rank | Company | Employees | | | |
| 1 | Houston Methodist | 35,138 | | | |
| 2 | Memorial Hermann Health System | 34,000 | | | |
| 3 | The University of Texas MD Anderson Cancer Center | 26,400 | | | |
| 4 | Houston ISD | 26,065 | | | |
| 5 | City of Houston | 22,000 | | | |
| 6 | Harris County | 19,266 | | | |
| 7 | Cypress-Fairbanks ISD | 16,333 | | | |
| 8 | Texas Children's Hospital | 14,779 | | | |
| 9 | The University of Texas Health Science Center at Houston (UTHealth Houston) | 13,886 | | | |
| 10 | Exxon Mobil Corp. | 13,000 | | | |

| Ten Largest Non-Governmental Harris County Employers ² | | | 2025 | | |
|---|---|-----------|------|--|--|
| Rank | Company | Employees | | | |
| 1 | Memorial Hermann | 31,425 | | | |
| 2 | The University of Texas MD Anderson Cancer Center | 26,270 | | | |
| 3 | Amazon | 24,000 | | | |
| 4 | Houston Methodist | 22,015 | | | |
| 5 | Exxon Mobil Corp. | 16,740 | | | |
| 6 | The University of Texas Health Science Center at Houston (UTHealth Houston) | 16,150 | | | |
| 7 | Chevron Corp. | 13,330 | | | |
| 8 | United Airlines | 13,200 | | | |
| 9 | Walmart | 13,055 | | | |
| 10 | Daikin | 10,000 | | | |

Sources:

1 Houston Business Journal, 2025

<https://www.bizjournals.com/houston/subscriber-only/2025/10/17/largest-employers-in-the-houston-area.html>

Note: Houston Business Journal does not include retail employers

2 Harris County, 2025

<https://hcoed.harriscountytx.gov/>

Total Historic Employment 2015-2025

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Austin | 9,618 | 9,858 | 9,821 | 10,248 | 10,369 | 10,466 | 11,012 | 11,858 | 12,162 | 12,394 | 12,629 |
| Brazoria | 102,545 | 104,248 | 107,959 | 112,071 | 114,221 | 110,430 | 109,747 | 116,114 | 118,776 | 121,292 | 122,430 |
| Chambers | 13,156 | 14,818 | 14,474 | 15,727 | 18,247 | 18,332 | 17,892 | 19,914 | 21,346 | 22,280 | 23,210 |
| Colorado | 7,140 | 7,077 | 6,786 | 6,708 | 6,916 | 6,838 | 6,941 | 7,618 | 7,890 | 7,848 | 7,696 |
| Fort Bend | 189,178 | 193,747 | 197,241 | 207,796 | 218,337 | 214,453 | 220,146 | 236,957 | 249,262 | 259,240 | 264,930 |
| Galveston | 101,408 | 104,813 | 106,098 | 106,370 | 109,317 | 107,110 | 110,902 | 116,511 | 121,261 | 122,816 | 124,749 |
| Harris | 2,339,660 | 2,323,498 | 2,315,274 | 2,355,174 | 2,406,807 | 2,305,322 | 2,296,014 | 2,425,940 | 2,519,708 | 2,553,563 | 2,572,197 |
| Liberty | 15,945 | 16,313 | 16,806 | 17,532 | 18,171 | 17,682 | 18,201 | 18,678 | 19,479 | 19,854 | 20,186 |
| Matagorda | 10,960 | 10,049 | 10,700 | 11,304 | 11,186 | 10,425 | 10,836 | 10,642 | 10,446 | 10,419 | 10,372 |
| Montgomery | 167,670 | 171,703 | 175,639 | 185,175 | 194,598 | 191,153 | 203,589 | 219,147 | 231,504 | 238,900 | 243,421 |
| Walker | 23,216 | 23,795 | 24,010 | 24,008 | 24,367 | 23,753 | 23,553 | 23,571 | 24,574 | 24,897 | 25,044 |
| Waller | 17,399 | 17,134 | 17,688 | 19,242 | 19,778 | 19,149 | 19,632 | 21,941 | 24,140 | 25,024 | 25,671 |
| Wharton | 14,939 | 14,624 | 14,811 | 15,035 | 15,608 | 15,005 | 14,735 | 14,903 | 15,273 | 15,355 | 15,342 |

Data Source: U.S Census Bureau Quarterly Workforce Indicators, 2025

**Voter Registration
 2016- 2025 Primary Elections**

| | Number of Precincts | | | | | | | | | | |
|---------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Austin | 16 | 18,601 | 18,897 | 19,112 | 19,223 | 19,618 | 19,949 | 20,478 | 20,508 | 21,377 | 22,264 |
| Brazoria | 81 | 186,517 | 200,248 | 200,830 | 210,087 | 212,602 | 221,732 | 228,253 | 232,082 | 240,631 | 253,894 |
| Chambers | 19 | 25,479 | 26,688 | 27,299 | 28,589 | 29,015 | 30,778 | 31,957 | 33,684 | 35,387 | 38,042 |
| Colorado | 12 | 13,391 | 13,552 | 13,714 | 13,673 | 13,900 | 14,126 | 14,127 | 14,166 | 14,424 | 14,528 |
| Fort Bend | 297 | 379,254 | 412,810 | 413,446 | 428,679 | 452,662 | 481,602 | 503,748 | 514,163 | 527,397 | 559,321 |
| Galveston | 97 | 195,988 | 203,348 | 207,560 | 210,663 | 217,501 | 222,838 | 229,469 | 229,869 | 237,517 | 245,395 |
| Harris | 1,172 | 2,084,462 | 2,189,228 | 2,248,921 | 2,357,199 | 2,370,968 | 2,503,936 | 2,507,991 | 2,586,475 | 2,604,124 | 2,681,462 |
| Liberty | 23 | 41,130 | 43,619 | 43,109 | 44,285 | 44,698 | 45,925 | 48,277 | 49,187 | 51,889 | 56,889 |
| Matagorda | 19 | 20,826 | 20,941 | 21,338 | 21,745 | 21,442 | 21,042 | 21,453 | 21,049 | 21,804 | 21,944 |
| Montgomery | 122 | 290,259 | 306,564 | 318,611 | 327,629 | 345,404 | 367,467 | 391,078 | 415,397 | 428,859 | 464,930 |
| Walker | 21 | 30,179 | 31,334 | 31,835 | 32,572 | 33,658 | 34,134 | 34,934 | 35,379 | 36,857 | 38,672 |
| Waller | 27 | 29,237 | 30,351 | 30,984 | 31,952 | 33,201 | 34,393 | 35,774 | 37,295 | 40,205 | 44,650 |
| Wharton | 12 | 24,387 | 24,612 | 24,795 | 25,207 | 25,064 | 25,117 | 25,696 | 25,972 | 25,913 | 26,631 |
| H-GAC Region | 1,918 | 3,339,710 | 3,522,192 | 3,601,554 | 3,751,503 | 3,819,733 | 4,023,039 | 4,093,235 | 4,215,226 | 4,286,384 | 4,468,622 |

Source: Office of the Texas Secretary of State 2025 - Most recent update

| 2024 Presidential Elections | | | | | | | |
|-----------------------------|------------|------------|-------------|--------|-------------|--------------|---------|
| County | Republican | Democratic | Libertarian | Other | Total Votes | Total Voters | TurnOut |
| AUSTIN | 12,457 | 2,816 | 60 | 50 | 15,383 | 22,116 | 70% |
| BRAZORIA | 95,867 | 63,976 | 932 | 1,271 | 162,046 | 249,840 | 65% |
| CHAMBERS | 20,567 | 4,192 | 144 | 70 | 24,973 | 37,026 | 67% |
| COLORADO | 7,824 | 2,108 | 45 | 17 | 9,994 | 14,775 | 68% |
| FORT BEND | 173,592 | 179,310 | 1,929 | 7,693 | 362,524 | 555,569 | 65% |
| GALVESTON | 100,295 | 56,732 | 997 | 972 | 158,996 | 245,695 | 65% |
| HARRIS | 722,695 | 808,771 | 9,727 | 16,291 | 1,557,484 | 2,693,055 | 58% |
| LIBERTY | 25,241 | 5,952 | 88 | 42 | 31,323 | 54,530 | 57% |
| MATAGORDA | 9,957 | 3,231 | 67 | 57 | 13,312 | 22,394 | 59% |
| MONTGOMERY | 221,964 | 82,277 | 1,672 | 1,345 | 307,258 | 453,832 | 68% |
| WALKER | 17,515 | 7,461 | 117 | 82 | 25,175 | 38,958 | 65% |
| WALLER | 17,077 | 10,183 | 133 | 168 | 27,561 | 44,330 | 62% |
| WHARTON | 12,439 | 3,910 | 63 | 41 | 16,453 | 26,422 | 62% |

Source: Office of the Secretary of State 2024

Table 12

HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025

Texas 2021 State Expenditures by County

| Rank | County | Total | Inter-Governmental Payments | Labor Costs | Public Assistance | Highway Construction | Operating Expenses | Capital Outlays | Miscellaneous |
|------|---------------------------------|--------------------|-----------------------------|-------------------|-------------------|----------------------|--------------------|-----------------|------------------|
| 1 | TRAVIS | \$ 17,774,769,989 | \$ 1,090,348,700 | \$ 7,275,906,893 | \$ 7,056,544,812 | \$ 602,746,993 | \$ 403,136,271 | \$ 171,854,029 | \$ 1,174,232,291 |
| 2 | HARRIS | \$ 17,626,244,283 | \$ 4,918,617,183 | \$ 1,893,370,419 | \$ 8,369,855,667 | \$ 1,401,752,027 | \$ 288,796,085 | \$ 339,910,977 | \$ 413,941,925 |
| 3 | BEXAR | \$ 13,712,517,441 | \$ 2,203,489,682 | \$ 928,950,643 | \$ 4,634,464,258 | \$ 491,430,170 | \$ 96,129,437 | \$ 104,956,197 | \$ 5,253,097,054 |
| 4 | DALLAS | \$ 12,311,777,134 | \$ 3,180,822,841 | \$ 2,475,602,630 | \$ 3,905,250,075 | \$ 1,040,360,142 | \$ 478,316,610 | \$ 131,046,497 | \$ 1,100,378,339 |
| 5 | TARRANT | \$ 5,237,885,664 | \$ 2,043,530,573 | \$ 559,544,470 | \$ 2,159,444,410 | \$ 209,034,878 | \$ 108,693,141 | \$ 19,753,858 | \$ 137,884,334 |
| 6 | HIDALGO | \$ 4,347,939,691 | \$ 2,966,762,478 | \$ 424,318,591 | \$ 763,064,717 | \$ 134,248,161 | \$ 25,636,663 | \$ 4,338,618 | \$ 29,570,463 |
| 7 | FORT BEND | \$ 3,822,063,458 | \$ 981,089,925 | \$ 305,688,602 | \$ 2,396,343,609 | \$ 78,573,473 | \$ 10,867,863 | \$ 10,086,920 | \$ 39,413,066 |
| 8 | EL PASO | \$ 3,042,339,726 | \$ 1,573,151,198 | \$ 388,322,670 | \$ 824,253,888 | \$ 142,528,067 | \$ 24,579,637 | \$ 2,341,548 | \$ 87,162,718 |
| 9 | NUECES | \$ 2,234,531,254 | \$ 426,895,829 | \$ 206,235,858 | \$ 1,392,994,515 | \$ 164,140,733 | \$ 22,171,113 | \$ 1,148,665 | \$ 20,944,541 |
| 10 | WILLIAMSON | \$ 2,014,466,792 | \$ 361,343,843 | \$ 1,133,707,367 | \$ 266,085,684 | \$ 75,332,525 | \$ 80,303,904 | \$ 16,058,473 | \$ 81,634,996 |
| 11 | MONTGOMERY | \$ 1,714,361,549 | \$ 601,305,168 | \$ 231,214,432 | \$ 125,876,315 | \$ 705,171,459 | \$ 24,557,669 | \$ 262,252 | \$ 25,974,156 |
| 15 | GALVESTON | \$ 1,450,050,774 | \$ 452,702,366 | \$ 467,140,424 | \$ 181,761,176 | \$ 22,530,369 | \$ 28,357,669 | \$ (283,360) | \$ 297,842,130 |
| 22 | BRAZORIA | \$ 811,755,741 | \$ 518,740,610 | \$ 136,179,293 | \$ 116,663,616 | \$ 14,877,452 | \$ 9,886,379 | \$ (172,774) | \$ 15,581,165 |
| 30 | WALKER | \$ 446,976,292 | \$ 90,147,843 | \$ 256,484,592 | \$ 17,634,222 | \$ 18,123,077 | \$ 25,406,408 | \$ 133,753 | \$ 39,046,397 |
| 48 | LIBERTY | \$ 215,446,102 | \$ 156,968,827 | \$ 32,129,143 | \$ 14,673,942 | \$ 9,197,837 | \$ 1,253,691 | | \$ 1,222,662 |
| 82 | WALLER | \$ 109,379,844 | \$ 32,587,563 | \$ 52,568,142 | \$ 21,274,166 | \$ 314,420 | \$ 935,565 | | \$ 1,699,988 |
| 84 | WHARTON | \$ 104,210,546 | \$ 68,158,054 | \$ 16,286,497 | \$ 8,222,334 | \$ (752,500) | \$ 8,385,386 | \$ 149,000 | \$ 3,761,775 |
| 95 | CHAMBERS | \$ 87,582,587 | \$ 63,477,041 | \$ 8,389,945 | \$ 9,480,951 | \$ 203,884 | \$ 79,364 | | \$ 5,951,402 |
| 99 | MATAGORDA | \$ 76,442,610 | \$ 51,072,353 | \$ 7,901,574 | \$ 12,942,134 | \$ 542,636 | \$ 620,399 | \$ 645,764 | \$ 2,717,750 |
| 114 | AUSTIN | \$ 54,898,231 | \$ 37,168,273 | \$ 12,804,826 | \$ 3,031,345 | \$ 9,458 | \$ 236,493 | \$ 37,950 | \$ 1,609,886 |
| 132 | COLORADO | \$ 43,949,895 | \$ 20,701,540 | \$ 8,656,087 | \$ 11,559,324 | \$ 77,938 | \$ 974,891 | | \$ 1,980,115 |
| | Total Texas Counties | \$ 118,435,237,190 | \$ 36,388,616,377 | \$ 24,409,767,291 | \$ 37,157,865,977 | \$ 7,456,124,240 | \$ 2,280,510,965 | \$ 997,858,211 | \$ 9,744,494,129 |
| | Total H-GAC Counties | \$ 26,563,361,909 | \$ 7,992,736,746 | \$ 3,428,813,975 | \$ 11,289,318,800 | \$ 2,250,621,530 | \$ 400,357,959 | \$ 350,770,482 | \$ 850,742,417 |
| | % of Expenditures in the region | 22.4% | 22.0% | 14.0% | 30.4% | 30.2% | 17.6% | 35.2% | 8.7% |

Data source: Texas Comptroller of Public Accounts, 2021
Note: Data on Government Expenditure by county and council of governments is based on Texas Controller of Public Accounts- the last update was 2021

Table 13

HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025

Texas 2021 State Expenditures by Council of Governments

| Rank | Council of Governments | Total | Inter-Governmental Payments | Labor Costs | Public Assistance | Highway Construction | Operating Expenses | Capital Outlays | Miscellaneous |
|------|---|--------------------|-----------------------------|-------------------|-------------------|----------------------|--------------------|-----------------|------------------|
| 1 | Houston-Galveston Area | \$ 26,563,361,909 | \$ 7,992,736,746 | \$ 3,428,813,975 | \$ 11,289,318,800 | \$ 2,250,621,530 | \$ 400,357,959 | \$ 350,770,482 | \$ 850,742,417 |
| 2 | North Central Texas | \$ 22,849,577,777 | \$ 7,937,108,561 | \$ 3,961,375,205 | \$ 6,855,379,000 | \$ 1,781,213,130 | \$ 677,890,615 | \$ 169,549,886 | \$ 1,467,061,380 |
| 3 | Capital Area | \$ 21,547,968,471 | \$ 1,921,289,600 | \$ 9,179,478,641 | \$ 7,427,728,379 | \$ 965,082,926 | \$ 515,285,882 | \$ 200,549,631 | \$ 1,338,553,412 |
| 4 | Alamo Area | \$ 15,241,226,577 | \$ 2,828,934,015 | \$ 1,243,855,553 | \$ 4,840,257,670 | \$ 676,440,535 | \$ 161,211,621 | \$ 156,794,022 | \$ 5,333,733,161 |
| 5 | Lower Rio Grande Valley | \$ 5,905,470,579 | \$ 4,001,776,873 | \$ 628,851,077 | \$ 1,040,647,210 | \$ 154,319,080 | \$ 35,086,559 | \$ 6,076,466 | \$ 38,713,314 |
| 6 | Rio Grande | \$ 3,124,566,269 | \$ 1,610,694,663 | \$ 421,523,860 | \$ 829,439,600 | \$ 142,784,431 | \$ 28,657,597 | \$ 2,341,548 | \$ 89,124,570 |
| 7 | Coastal Bend | \$ 2,958,516,334 | \$ 826,329,831 | \$ 387,383,945 | \$ 1,505,358,958 | \$ 173,733,460 | \$ 29,882,444 | \$ 1,528,757 | \$ 34,298,939 |
| 8 | East Texas | \$ 2,429,800,559 | \$ 1,217,586,875 | \$ 542,311,381 | \$ 417,267,196 | \$ 142,906,989 | \$ 51,610,516 | \$ 1,890,535 | \$ 56,227,067 |
| 9 | Brazos Valley | \$ 1,946,113,983 | \$ 318,460,073 | \$ 1,007,771,236 | \$ 187,976,023 | \$ 172,335,790 | \$ 77,133,625 | \$ 28,409,299 | \$ 154,027,937 |
| 10 | South Plains | \$ 1,891,599,361 | \$ 629,056,494 | \$ 680,142,006 | \$ 385,277,352 | \$ 96,895,654 | \$ 41,781,128 | \$ 12,312,417 | \$ 46,134,310 |
| 11 | Central Texas | \$ 1,725,944,271 | \$ 831,617,166 | \$ 331,775,431 | \$ 422,732,450 | \$ 12,115,474 | \$ 7,322,799 | \$ 6,103,465 | \$ 114,277,486 |
| 12 | Heart of Texas | \$ 1,291,205,407 | \$ 657,554,630 | \$ 265,458,134 | \$ 153,938,182 | \$ 120,180,058 | \$ 53,116,430 | \$ 5,536,603 | \$ 35,421,370 |
| 13 | Panhandle | \$ 1,284,477,012 | \$ 668,776,001 | \$ 288,948,266 | \$ 170,470,762 | \$ 100,726,913 | \$ 27,195,013 | \$ 3,445,835 | \$ 24,914,222 |
| 14 | Deep East Texas | \$ 1,263,216,657 | \$ 613,242,798 | \$ 339,050,337 | \$ 193,188,615 | \$ 56,487,761 | \$ 29,327,901 | \$ 10,955,073 | \$ 20,964,172 |
| 15 | Permian Texas | \$ 1,213,482,959 | \$ 558,066,466 | \$ 195,255,349 | \$ 296,635,830 | \$ 127,575,851 | \$ 13,240,106 | \$ 3,787,200 | \$ 18,922,157 |
| 16 | South Texas | \$ 1,190,554,662 | \$ 815,314,701 | \$ 132,071,802 | \$ 213,091,636 | \$ 7,404,777 | \$ 3,898,598 | \$ 409,818 | \$ 18,563,330 |
| 17 | West Central Texas | \$ 1,129,988,881 | \$ 500,399,870 | \$ 333,822,357 | \$ 177,263,192 | \$ 55,163,025 | \$ 18,838,801 | \$ 14,166,102 | \$ 30,335,534 |
| 18 | Ark-Tex | \$ 1,086,816,835 | \$ 527,251,325 | \$ 131,433,236 | \$ 132,759,820 | \$ 233,734,910 | \$ 50,172,676 | \$ 482,283 | \$ 10,982,585 |
| 19 | South East Texas | \$ 1,023,137,652 | \$ 502,548,043 | \$ 307,532,634 | \$ 164,031,408 | \$ 8,401,480 | \$ 19,322,090 | \$ 5,242,126 | \$ 16,059,871 |
| 20 | Nortex | \$ 713,862,068 | \$ 309,932,121 | \$ 233,241,544 | \$ 114,846,896 | \$ 22,791,608 | \$ 13,608,552 | \$ 6,151,040 | \$ 13,290,307 |
| 21 | Concho Valley | \$ 564,760,972 | \$ 232,568,959 | \$ 151,215,542 | \$ 89,245,779 | \$ 65,148,849 | \$ 9,455,648 | \$ 3,826,461 | \$ 13,299,734 |
| 22 | Golden Crescent | \$ 518,222,239 | \$ 243,273,325 | \$ 87,629,090 | \$ 93,856,428 | \$ 73,440,663 | \$ 9,604,501 | \$ 504,165 | \$ 9,914,067 |
| 23 | Middle Rio Grande | \$ 495,758,920 | \$ 340,210,123 | \$ 62,775,323 | \$ 79,326,439 | \$ 6,615,953 | \$ 3,030,779 | \$ 201,112 | \$ 3,599,191 |
| 24 | Texoma | \$ 475,606,835 | \$ 303,887,116 | \$ 68,051,367 | \$ 77,828,355 | \$ 10,003,393 | \$ 3,479,125 | \$ 6,823,885 | \$ 5,533,594 |
| | Total for Council of Governments | \$ 118,435,237,188 | \$ 36,388,616,375 | \$ 24,409,767,291 | \$ 37,157,865,980 | \$ 7,456,124,240 | \$ 2,280,510,965 | \$ 997,858,211 | \$ 9,744,494,127 |

Data source: Texas Comptroller of Public Accounts, 2021

Note: Data on Government Expenditure by county and council of governments is based on Texas Controller of Public Accounts- the last update was 2021

Table 14

**Houston-Galveston Area Council
Full-time Equivalent Employees by Function/Program
Last Ten Years
(modified accrual basis of accounting)**

| Function/Program | Fiscal Year | | | | | | | | | |
|--|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Executive | | | | | | | | | | |
| Executive Director | 4 | 4 | 4 | 5 | 7 | 7 | 9 | 5 | 4 | 2 |
| Internal Audit | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 6 | 6 | 9 |
| Human Resources | | | 2 | 4 | 4 | 4 | 5 | 8 | 8 | 9 |
| Finance Administration | | | | | | | | | | |
| Finance & Accounting | 15 | 14 | 14 | 16 | 16 | 17 | 18 | 19 | 19 | 16 |
| Facilities Management | 7 | 8 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 |
| Procurement & Contracts | | | | | | | | 9 | 9 | 12 |
| Outreach & Government Affairs | | | | | | | | | | |
| Outreach & Government Affairs | | | | | | | | 17 | 17 | 19 |
| Program Services | | | | | | | | | | |
| Community and Environmental Planning | 38.5 | 30 | 33 | 34 | 31 | 31 | 26 | 27 | 26 | 37 |
| Data Services | 23.5 | 23 | 22 | 20 | 22 | 23 | 22 | 22 | 21 | 18 |
| Data Analytics & Research | | | | | | | 25 | 26 | 26 | 31 |
| Workforce | 68.5 | 63 | 63 | 73 | 76 | 81 | 98 | 110 | 108 | 192 |
| Enterprise Solutions | 30 | 29 | 37 | 38 | 42 | 42 | 41 | 34 | 34 | 39 |
| Transportation | 59 | 51 | 62 | 63 | 60 | 59 | 47 | 39 | 39 | 58 |
| Total | 249.5 | 226 | 246 | 262 | 268 | 274 | 301 | 326 | 321 | 446 |

Source: H-GAC

**HOUSTON
GALVESTON
AREA
COUNCIL**

SINGLE AUDIT SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW

FEDERAL AND STATE AWARDS SECTION



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
 AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
 Houston-Galveston Area Council
 Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Houston-Galveston Area Council (the “Council”), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated May 7, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
Houston-Galveston Area Council

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
May 7, 2026



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
 THE TEXAS GRANT MANAGEMENT STANDARDS**

To the Board of Directors
 Houston-Galveston Area Council
 Houston, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Houston-Galveston Area Council's (the "Council") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal and state programs for the year ended December 31, 2025. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Texas Grant Management Standards. Our responsibilities under those standards, the Uniform Guidance, and the Texas Grant Management Standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council's federal and state programs.

To the Board of Directors
Houston-Galveston Area Council

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Texas Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Texas Grant Management Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Directors
Houston-Galveston Area Council

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
May 7, 2026

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|---|---|--|---|-------------------------------------|
| FEDERAL PROGRAMS | | | | |
| PRIMARY GOVERNMENT: | | | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed Through the Texas Workforce Commission | | | | |
| SNAP Cluster | | | | |
| 2825SNE001 | SNAP E&T - 2025 | 10.561 | \$ 1,866,036 | \$ 1,850,837 |
| 2825SDR001 | SNAP TPP - 2025 | 10.561 | \$ 3,349 | \$ 3,349 |
| | Subtotal - SNAP Cluster | | <u>\$ 1,869,385</u> | <u>\$ 1,854,186</u> |
| | Total - Texas Workforce Commission | | <u>\$ 1,869,385</u> | <u>\$ 1,854,186</u> |
| Passed Through the Texas A&M Forest Service | | | | |
| CO-24-216 | West Lake Houston Basin: Implementing Watershed Protection Plans | 10.664 | \$ 122 | \$ - |
| | Subtotal - 10.664 | | <u>\$ 122</u> | <u>\$ -</u> |
| | Total - Texas A&M Forest Service | | <u>\$ 122</u> | <u>\$ -</u> |
| | TOTAL U. S. DEPARTMENT OF AGRICULTURE | | <u>\$ 1,869,507</u> | <u>\$ 1,854,186</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Passed Through the Texas Workforce Commission | | | | |
| 2924ALA017 | Adult Education and Literacy 2025 | 84.002A | \$ 5,622,766 | \$ 5,622,766 |
| 2924ALAB17 | Adult Education and Literacy 2025 | 84.002A | \$ 445,107 | \$ 262,693 |
| | Subtotal - 84.002A | | <u>\$ 6,067,873</u> | <u>\$ 5,885,459</u> |
| | Total - Texas Workforce Commission | | <u>\$ 6,067,873</u> | <u>\$ 5,885,459</u> |
| | TOTAL U.S. DEPARTMENT OF EDUCATION | | <u>\$ 6,067,873</u> | <u>\$ 5,885,459</u> |
| U.S. DEPARTMENT OF ENERGY | | | | |
| Direct Programs: | | | | |
| DE-EE0009568 | Clean Cities Outreach Education and Performance Tracking -2025 | 81.086 | \$ 89,075 | \$ - |
| | Subtotal - 81.086 | | <u>\$ 89,075</u> | <u>\$ -</u> |
| | TOTAL U.S. DEPARTMENT OF ENERGY | | <u>\$ 89,075</u> | <u>\$ -</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed Through the Texas Health and Human Services Commission | | | | |
| HHS000874100015 | Aging Title VII EAP - 2025 | 93.041 | \$ (19) | \$ - |
| | Subtotal - 93.041 | | <u>\$ (19)</u> | <u>\$ -</u> |
| HHS000874100015 | Aging Title VII OM - 2025 | 93.042 | \$ 6,443 | \$ - |
| | Subtotal - 93.042 | | <u>\$ 6,443</u> | <u>\$ -</u> |
| HHS000874100015 | Aging Title III, Part D - 2025 | 93.043 | \$ 112,829 | \$ 64,586 |
| | Subtotal - 93.043 | | <u>\$ 112,829</u> | <u>\$ 64,586</u> |
| Aging Cluster | | | | |
| HHS000874100015 | Aging Title III, Part B - 2025 | 93.044 | \$ 3,248,497 | \$ 2,276,806 |
| HHS001603100015 | Aging Title III, Part B - 2026 | 93.044 | \$ 770,061 | \$ 524,548 |
| | Subtotal - 93.044 | | <u>\$ 4,018,558</u> | <u>\$ 2,801,354</u> |
| HHS000874100015 | Aging Title III, Part C - 2025 | 93.045 | \$ 3,573,202 | \$ 1,552,223 |
| HHS001603100015 | Aging Title III, Part C - 2026 | 93.045 | \$ 975,654 | \$ 471,662 |
| | Subtotal - 93.045 | | <u>\$ 4,548,856</u> | <u>\$ 2,023,885</u> |
| HHS000874100015 | Aging NSIP - 2025 | 93.053 | \$ 273,953 | \$ 273,953 |

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|------------------------|---|--|---|-------------------------------------|
| | Subtotal - 93.053 | | \$ 273,953 | \$ 273,953 |
| | Total - Aging Cluster | | \$ 8,841,367 | \$ 5,099,192 |
| HHS000874100015 | Aging Title III, Part E - 2025 | 93.052 | \$ 788,840 | \$ 478,392 |
| HHS001603100015 | Aging Title III, Part E - 2026 | 93.052 | \$ 216,559 | \$ 74,007 |
| | Subtotal 93.052 | | \$ 1,005,399 | \$ 552,399 |
| HHS000874100015 | Aging MIPPA FY24 | 93.071 | \$ 598 | \$ - |
| HHS000874100015 | Aging MIPPA FY25 | 93.071 | \$ 46,577 | \$ - |
| | Subtotal 93.071 | | \$ 47,175 | \$ - |
| HHS000874100015 | Aging HICAP (04/01/25 - 03/31/26) | 93.324 | \$ 115,439 | \$ - |
| | Subtotal - 93.324 | | \$ 115,439 | \$ - |
| HHS000874100015 | Ombudsman Staff Retention FY25 | 93.747 | \$ 32,750 | \$ - |
| | | | \$ 32,750 | \$ - |
| HHS001341600006 | ADRC Housing Navigator FY25 | 93.791 | \$ 12,116 | \$ - |
| HHS001341600006 | ADRC Housing Navigator FY26 | 93.791 | \$ 13,615 | \$ - |
| HHS001341600006 | ADRC Local Contact Agency FY25 | 93.791 | \$ 2,298 | \$ - |
| HHS001341600006 | ADRC Local Contact Agency FY26 | 93.791 | \$ 4,384 | \$ - |
| | Subtotal - 93.791 | | \$ 32,413 | \$ - |
| | Total - Texas Health and Human Services Commission | | \$ 10,193,796 | \$ 5,716,177 |
| | Passed Through the Texas Workforce Commission | | | |
| 2825TAF001 | TANF Choices - 2025 | 93.558 | \$ 10,798,754 | \$ 10,128,215 |
| 2826TAF001 | TANF Choices - 2026 | 93.558 | \$ 1,218,470 | \$ 1,066,871 |
| 2825NCP001 | TANF E&T - Noncustodial Parent Employ - 2025 | 93.558 | \$ 527,833 | \$ 506,562 |
| 2924ALA017 | Adult Education and Literacy 2025 | 93.558 | \$ 815,250 | \$ 815,250 |
| 2924ALAB17 | Adult Education and Literacy 2025 | 93.558 | \$ 618,980 | \$ 365,309 |
| 2825WCI001 | Workforce Commission Initiative | 93.558 | \$ 9,563 | \$ 8,761 |
| 2824WPA001 | Employment Services - 2024 | 93.558 | \$ 25,613 | \$ 25,613 |
| 2825WPA001 | Employment Services - 2025 | 93.558 | \$ 58,816 | \$ 40,189 |
| 2826CCF001 | Child Care - 2026 | 93.558 | \$ 4,977,351 | \$ 4,977,351 |
| | Subtotal - 93.558 | | \$ 19,050,630 | \$ 17,934,121 |
| | CCDF Cluster | | | |
| 2824CCQ001 | Child Care Quality - 2024 | 93.575 | \$ (17,000) | \$ (17,000) |
| 2825CCQ001 | Child Care Quality - 2025 | 93.575 | \$ 9,592,387 | \$ 5,136,223 |
| 2825CQF001 | Child Care Quality - 2025 | 93.575 | \$ 13,600,345 | \$ 13,600,345 |
| 2826CQF001 | Child Care Quality - 2026 | 93.575 | \$ 3,324,757 | \$ 3,324,757 |
| 2825CCF001 | Child Care - 2025 | 93.575 | \$ 193,834,895 | \$ 193,834,895 |
| 2826CCF001 | Child Care - 2026 | 93.575 | \$ 22,696,718 | \$ 22,696,718 |
| 2826CCQ001 | Child Care Quality - 2026 | 93.575 | \$ 2,700,947 | \$ 65,568 |
| | Subtotal - 93.575 | | \$ 245,733,049 | \$ 238,641,506 |
| 2825CCF001 | Child Care - 2025 | 93.596 | \$ 37,868,467 | \$ 31,040,354 |
| 2826CCF001 | Child Care - 2026 | 93.596 | \$ 14,629,306 | \$ 12,559,677 |
| 2825CCM001 | Child Care Local Initiatives - 2025 | 93.596 | \$ 20,554,386 | \$ 20,554,386 |
| | Subtotal - 93.596 | | \$ 73,052,159 | \$ 64,154,417 |
| | Total - CCDF Cluster | | \$ 318,785,208 | \$ 302,795,923 |
| 2825CCF001 | Child Care - 2025 | 93.667 | \$ 276,915 | \$ 276,915 |
| 2826CCF001 | Child Care - 2026 | 93.667 | \$ 158,689 | \$ 158,689 |

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|--|---|--|---|-------------------------------------|
| | Subtotal - 93.667 | | \$ 435,604 | \$ 435,604 |
| | Total - Texas Workforce Commission | | \$ 338,271,442 | \$ 321,165,648 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>\$ 348,465,238</u> | <u>\$ 326,881,825</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| | Passed Through the Office of the Governor | | | |
| 2992710 | Homeland Security Grant Program - SHSP - 2025 | 97.067 | \$ 233,990 | |
| 2992711 | Homeland Security Grant Program - SHSP - 2026 | 97.067 | \$ 69,268 | \$ - |
| | Subtotal - 97.067 | | \$ 303,258 | \$ - |
| | Total - Office of the Governor | | \$ 303,258 | \$ - |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | <u>\$ 303,258</u> | <u>\$ -</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| | Texas Department of Agriculture | | | |
| CEDAF24-18 | ORCA FY25 Technical Assistance | 14.228 | \$ 12,221 | \$ - |
| CEDAF25-18 | ORCA FY26 Technical Assistance | 14.228 | \$ 255 | |
| | Total - Texas Department of Agriculture | | \$ 12,476 | \$ - |
| | Passed Through the General Land Office | | | |
| 22-130-017-D819 | Hazard Mitigation - Austin County | 14.228 | \$ 1,726 | \$ - |
| 22-130-016-D811 | Hazard Mitigation - City of Angleton | 14.228 | \$ 1,801 | \$ - |
| 22-130-013-D786 | Hazard Mitigation - Liberty County | 14.228 | \$ 789 | \$ - |
| 22-130-015-D808 | Hazard Mitigation - Walker County | 14.228 | \$ 4,506 | \$ - |
| 22-130-032-E001 | Hazard Mitigation - Galveston County | 14.228 | \$ 22,178 | \$ - |
| 24-065-060-E570 | GLO CDBG - Columbus | 14.228 | \$ 1,392,025 | \$ 1,315,031 |
| 24-065-060-E570 | GLO CDBG - Fort Bend Brazos Pinch Point | 14.228 | \$ 2,123,368 | \$ 2,028,864 |
| 24-065-060-E570 | GLO CDBG - Surfside | 14.228 | \$ 6,541 | \$ - |
| 24-065-060-E570 | GLO CDBG - Crosby Eastgate | 14.228 | \$ 3,408 | \$ - |
| 24-065-060-E570 | GLO CDBG - Wharton County | 14.228 | \$ 255,178 | \$ 250,000 |
| | Total - General Land Office | | \$ 3,811,520 | \$ 3,593,895 |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>\$ 3,823,996</u> | <u>\$ 3,593,895</u> |
| U.S DEPARTMENT OF JUSTICE | | | | |
| | Passed Through the Office of the Governor | | | |
| 2606713 | CJD Juvenile Mental Health Project 2025 | 16.540 | \$ 103,598 | \$ - |
| 2606714 | CJD Juvenile Mental Health Project 2026 | 16.540 | \$ 19,237 | \$ - |
| | Subtotal - 16.540 | | \$ 122,835 | \$ - |
| 3386607 | Elder and Vulnerable Adult Justice Program FY25 | 16.575 | \$ 356,724 | \$ - |
| 3386608 | Elder and Vulnerable Adult Justice Program FY26 | 16.575 | \$ 96,052 | \$ - |
| | Subtotal - 16.575 | | \$ 452,776 | \$ - |
| | Total - Office of the Governor | | \$ 575,611 | \$ - |
| TOTAL U.S DEPARTMENT OF JUSTICE | | | <u>\$ 575,611</u> | <u>\$ -</u> |
| U.S. DEPARTMENT OF LABOR | | | | |
| | Employment Service Cluster | | | |
| | Passed Through the Texas Workforce Commission | | | |

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|------------------------|---|--|---|-------------------------------------|
| 2825TVC001 | Disabled Veterans' Outreach Program | 17.801 | \$ 339,636 | \$ 323,264 |
| | Subtotal - 17.801 | | <u>\$ 339,636</u> | <u>\$ 323,264</u> |
| 2825RAG001 | Resource Admin Grant - 2025 | 17.207 | \$ 9,167 | \$ - |
| 2825WCI001 | Workforce Commission Initiative | 17.207 | \$ 1,395 | \$ 1,395 |
| 2826WCI001 | Workforce Commission Initiative | 17.207 | \$ 70,144 | \$ 35,584 |
| 2824WPA001 | Employment Services - 2024 | 17.207 | \$ 332,342 | \$ 318,152 |
| 2825WPA001 | Employment Services - 2025 | 17.207 | \$ 1,138,076 | \$ 777,496 |
| 2824WPB007 | Training and Employment Navigator -2025 | 17.207 | \$ 86,002 | \$ 78,101 |
| | Subtotal - 17.207 | | <u>\$ 1,637,126</u> | <u>\$ 1,210,728</u> |
| | Total-Texas Workforce Commission | | <u>\$ 1,637,126</u> | <u>\$ 1,210,728</u> |
| | Total - Employment Service Cluster | | <u>\$ 1,976,762</u> | <u>\$ 1,533,992</u> |
| | Passed Through the Texas Workforce Commission WIOA Cluster | | | |
| 2824WOA001 | WIA Adult Program - 2024 | 17.258 | \$ 16,210,480 | \$ 14,922,871 |
| 2825WOA001 | WIA Adult Program - 2025 | 17.258 | \$ 3,342,000 | \$ 3,236,696 |
| 2824TIP001 | Texas Industry Partnership | 17.258 | \$ 50,000 | \$ 50,000 |
| | Subtotal - 17.258 | | <u>\$ 19,602,480</u> | <u>\$ 18,209,567</u> |
| 2824WOY001 | WIA Youth - 2024 | 17.259 | \$ 15,001,399 | \$ 13,707,758 |
| 2825WOY001 | WIA Youth - 2025 | 17.259 | \$ 2,959,835 | \$ 2,882,574 |
| | Subtotal - 17.259 | | <u>\$ 17,961,234</u> | <u>\$ 16,590,332</u> |
| 2824WOR001 | Rapid Response - 2024 | 17.278 | \$ 8,030 | \$ 7,681 |
| 2825WOR001 | Rapid Response - 2025 | 17.278 | \$ 11,412 | \$ 8,222 |
| 2824WOD001 | WIA Dislocated Worker - 2024 | 17.278 | \$ 8,929,406 | \$ 8,360,896 |
| 2825WOD001 | WIA Dislocated Worker - 2025 | 17.278 | \$ 903,654 | \$ 855,510 |
| 2824HJT001 | High Demand Job Training - 2024 | 17.278 | \$ 16,615 | \$ 16,615 |
| | Subtotal - 17.278 | | <u>\$ 9,869,117</u> | <u>\$ 9,248,924</u> |
| | Total WIOA Cluster | | <u>\$ 47,432,831</u> | <u>\$ 44,048,823</u> |
| 2824REA001 | Re-employment Services - 2024 | 17.225 | \$ 47,431 | \$ 47,431 |
| 2825REA001 | Re-employment Services - 2025 | 17.225 | \$ 3,393,297 | \$ 3,328,937 |
| 2826REA001 | Re-employment Services - 2026 | 17.225 | \$ 10,703 | \$ - |
| | Subtotal - 17.225 | | <u>\$ 3,451,431</u> | <u>\$ 3,376,368</u> |
| 2825RAG001 | Resource Admin Grant - 2025 | 17.273 | \$ 2,331 | \$ - |
| | Subtotal - 17.273 | | <u>\$ 2,331</u> | <u>\$ -</u> |
| 2824NDW001 | NDW Disaster Recovery -TX Storms | 17.277 | \$ 800,282 | \$ 743,957 |
| 2824NDW002 | NDW Disaster Recovery -Hurricane Beryl | 17.277 | \$ 1,221,319 | \$ 1,153,220 |
| | Subtotal - 17.277 | | <u>\$ 2,021,601</u> | <u>\$ 1,897,177</u> |
| | Total - Texas Workforce Commission | | <u>\$ 52,908,194</u> | <u>\$ 49,322,368</u> |
| | TOTAL U.S. DEPARTMENT OF LABOR | | <u>\$ 54,884,956</u> | <u>\$ 50,856,360</u> |
| | U.S. DEPARTMENT OF TRANSPORTATION | | | |

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|---|--|--|---|-------------------------------------|
| Passed Through the Texas Department of Transportation | | | | |
| Highway Planning and Construction | | | | |
| 0912-00-549 Task 1 | Travel Demand MGMT, Marketing, Outreach & Public ED | 20.205 | \$ 793,917 | \$ - |
| 0912-00-500 Task 1 | Travel Demand MGMT, Education, Outreach & Support | 20.205 | \$ 182,388 | \$ - |
| 0912-00-476 Task 1 | Commuter and Transit Pilot | 20.205 | \$ 1,710,022 | \$ 1,710,022 |
| 0912-00-476 Task2 | Commuter and Transit Pilot Implementation & Oversight | 20.205 | \$ 4,595 | \$ - |
| 0912-00-559 Task 1 | Regional Freeway Management - Quick Clearance Towing | 20.205 | \$ 2,388,243 | \$ 2,373,441 |
| 0912-00-559 Task 3 | Regional Freeway Management - Program Implementation & Oversight | 20.205 | \$ 69,430 | \$ - |
| 0912-00-539 Task 1 | Regional Freeway Management - Quick Clearance Towing | 20.205 | \$ 3,427,227 | \$ 3,427,227 |
| 0912-00-539 Task 2 | Regional Freeway Management - Program Outreach & Training | 20.205 | \$ 748 | \$ - |
| 0912-00-539 Task 3 | Regional Freeway Management - Program Management | 20.205 | \$ 59,460 | \$ - |
| 0912-00-599 Task 4 | Regional Travel Surveys | 20.205 | \$ 629,916 | \$ - |
| 0500-03-642 Task 1 | North Houston Communities Transportation Priorities Plan | 20.205 | \$ 101,467 | \$ - |
| 0912-00-632 Task 1 | South Regional Plng Studies - FM518 Corridor Study | 20.205 | \$ 72,297 | \$ - |
| 0912-00-632 Task 2 | South Regional Plng Studies - Pearland Mobility Study | 20.205 | \$ 122,164 | \$ - |
| 0912-00-668 Task 1 | South Regional Plng Studies - Cemetery Road Corridor Study | 20.205 | \$ 40,099 | \$ - |
| 0912-00-668 Task 2 | South Regional Plng Studies - Friendswood Lake Blvd | 20.205 | \$ 187,367 | \$ - |
| 0912-00-668 Task 3 | South Regional Plng Studies - Chambers County | 20.205 | \$ 30,128 | \$ - |
| 0912-00-667 Task 1 | Central Regional Plng Studies - Washington Avenue | 20.205 | \$ 284,071 | \$ - |
| 0912-00-662 Task 1 | Bicycle/Pedestrian Plng Studies The City of Friendswood Trails Master Plan Study | 20.205 | \$ 183,271 | \$ - |
| 0912-00-662 Task 2 | Bicycle/Pedestrian Plng Studies The Buffalo Bayou East Design Concept Study | 20.205 | \$ 311,184 | \$ - |
| 0912-00-662 Task 3 | Bicycle/Pedestrian Plng Studies The Memorial Drive Bicycle and Pedestrian Study | 20.205 | \$ 195,575 | \$ - |
| 0912-00-633 Task 2 | High-Capacity Transit Study - Regional Bus Network Study | 20.205 | \$ 11,769 | \$ - |
| 0912-00-634 Task 1 | Public Outreach Projects - Teen Drivers Education | 20.205 | \$ 34,067 | \$ - |
| 0912-00-634 Task 4 | Public Outreach Projects - Regional Transportation Safety Outreach | 20.205 | \$ 144,316 | \$ - |
| 0912-00-688 Task 1 | Harris County - Quick Clearance Towing & Motorist Assistance | 20.205 | \$ 2,217,245 | \$ 2,217,245 |
| 0912-00-688 Task 2 | City Of Houston - Quick Clearance Towing | 20.205 | \$ 434,810 | \$ 434,810 |
| 0912-00-723 Task 1 | Regional Transportation Models & Tools | 20.205 | \$ 46,932 | \$ - |
| 0912-00-723 Task 2 | Regional Transportation Models & Tools | 20.205 | \$ 6,742 | \$ - |
| 50-25XF0015 | Administration - 2025 | 20.205 | \$ 3,517,244 | \$ - |
| 50-25XF0015 | Data Development & Maintenance - 2025 | 20.205 | \$ 3,150,235 | \$ - |
| 50-25XF0015 | Short Range Planning - 2025 | 20.205 | \$ 1,338,307 | \$ - |
| 50-25XF0015 | Long Range Plan - 2025 | 20.205 | \$ 2,106,792 | \$ - |
| 50-25XF0015 | Special Studies - 2025 | 20.205 | \$ 2,895,231 | \$ - |
| 50-26XF0015 | Administration - 2026 | 20.205 | \$ 957,126 | \$ - |
| 50-26XF0015 | Data Development & Maintenance - 2026 | 20.205 | \$ 1,270,582 | \$ - |
| 50-26XF0015 | Short Range Planning - 2026 | 20.205 | \$ 338,449 | \$ - |
| 50-26XF0015 | Long Range Plan - 2026 | 20.205 | \$ 662,913 | \$ - |
| 50-26XF0015 | Special Studies - 2026 | 20.205 | \$ 1,292,357 | \$ - |
| Subtotal - Highway Planning and Construction | | | \$ 31,218,686 | \$ 10,162,745 |
| TX-2021-039 | Regional Public Transportation Coordination Plan - Continuation Grant 2025 | 20.505 | \$ 19,750 | \$ - |
| TX-2023-060 | Regional Public Transportation Coordination Plan - Bus Network Study | 20.505 | \$ 7,861 | \$ - |
| TX-2025-058 | Regional Public Transportation Coordination Plan - Continuation Grant 2026 | 20.505 | \$ 21,627 | \$ - |
| TX-2022-039 | Regional Public Transportation Coordination Plan - Information Study | 20.505 | \$ 15,744 | \$ - |
| Subtotal - 20.505 | | | \$ 64,982 | \$ - |
| Total - Texas Department of Transportation | | | \$ 31,283,668 | \$ 10,162,745 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | \$ 31,283,668 | \$ 10,162,745 |
| U.S. DEPARTMENT OF TREASURY | | | | |
| Passed Through the Community Development Financial Institutions Program | | | | |

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|--|--|--|---|-------------------------------------|
| 241TA065850 | CDFI - Technical Assistance Grant Subtotal - 21.020 | 21.020 | \$ 148,023 \$ 148,023 | \$ - \$ - |
| 020-1892 | Passed Through Commission on State Emergency Communications COVID-19 Coronavirus State Fiscal Recovery Funds 911 Migration Grant -2025 Subtotal - 21.027 | 21.027 | \$ 3,321,108 \$ 3,321,108 | \$ - \$ - |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | <u>\$ 3,469,131</u> | <u>\$ -</u> |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Direct Programs: | | | | |
| 5D-02F39301 | Climate Pollution Reduction Grant Subtotal - 66.039 | 66.039 | \$ 529,805 \$ 529,805 | \$ 427,846 \$ 427,846 |
| MX-05D42725 | Gulf Of America Program Subtotal - 66.475 | 66.475 | \$ 2,497 \$ 2,497 | \$ - \$ - |
| Total - Direct Programs | | | <u>\$ 532,302</u> | <u>\$ 427,846</u> |
| Passed Through the Texas Commission on Environmental Quality | | | | |
| 582-24-50311 | Water Quality Management Planning - 2024/2025 | 66.424 | \$ 21,125 | \$ - |
| 582-26-00051 | Water Quality Management Planning - 2025/2026 Subtotal - 66.424 | 66.424 | \$ 25,118 \$ 46,243 | \$ - \$ - |
| 582-24-50116 WO# 3 | TMDL BIG FY24 | 66.454 | \$ 106,378 | \$ - |
| 582-24-50116 WO#2 | TMDL Tarkington and Luce Bayou FY24 | 66.454 | \$ 40,641 | \$ 3,530 |
| 582-24-50116 WO#1 | TMDL I-Plans FY24 | 66.454 | \$ 68,490 | \$ - |
| 582-24-50116 WO#4 | TMDL San Jacinto-Brazos Coastal Basin FY24 | 66.454 | \$ 35,513 | \$ - |
| 582-24-50116 WO#8 | TMDL Delineation FY24 | 66.454 | \$ 41,439 | \$ - |
| 582-24-50116 WO#6 | TMDL Cotton Bayou FY24 | 66.454 | \$ 32,497 | \$ - |
| 582-24-50116 WO#5 | TMDL Bessie's Creek FY24 | 66.454 | \$ 68,669 | \$ 5,836 |
| 582-24-50116 WO#11 | TMDL BIG FY26-27 | 66.454 | \$ 128,896 | \$ - |
| 582-24-50116 WO#10 | TMDL Tarkington and Luce Bayou FY26-27 | 66.454 | \$ 36,950 | \$ - |
| 582-24-50116 WO #12 | TMDL I-Plans FY26-27 | 66.454 | \$ 9,246 | \$ - |
| 582-24-50116 WO#9 | TMDL Bessie's Creek FY26-27 | 66.454 | \$ 19,832 | \$ - |
| 580-25-00048 | Water Quality Management Planning - 2025/2026 Subtotal - 66.454 | 66.454 | \$ 12,457 \$ 601,008 | \$ - \$ 9,366 |
| 582-23-40239 | Water Quality - Rural Population | 66.456 | \$ 6,938 | \$ - |
| 582-24-50153 | GBEP - OSSF For Disadvantaged Communities | 66.456 | \$ 17,839 | \$ - |
| 582-26-00060 | GBEP - Microplastics | 66.456 | \$ 1,709 | \$ - |
| 582-26-00038 | Trash Bash - Rivers, Lakes and Bayous Subtotal - 66.456 | 66.456 | \$ 1,003 \$ 27,489 | \$ - \$ - |
| 582-22-30143 | East Fork WPP FY25 | 66.460 | \$ 273 | \$ - |
| 582-24-50226 | Green Bayou WPP FY25 | 66.460 | \$ 66,682 | \$ - |
| 582-23-40223 | West Lake Houston WPP FY25 | 66.460 | \$ 108,990 | \$ - |
| 582-25-00071 | Brays And Sims Bayou WPP FY25 | 66.460 | \$ 73,059 | \$ - |
| 582-26-00050 | Lake Conroe WPP FY 25 Subtotal - 66.460 | 66.460 | \$ 3,054 \$ 252,058 | \$ - \$ - |
| 582-25-00035 | Sold Waste Infrastructure For Recycling Grant Subtotal - 66.920 | 66.920 | \$ 75,621 \$ 75,621 | \$ - \$ - |
| Total - Texas Commission on Environmental Quality | | | <u>\$ 1,002,419</u> | <u>\$ 9,366</u> |

**Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025**

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|--|---|--|---|-------------------------------------|
| TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY | | | \$ 1,534,721 | \$ 437,212 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT | | | \$ 452,367,034 | \$ 399,671,682 |
| DISCRETELY PRESENTED COMPONENT UNIT: | | | | |
| U.S. DEPARTMENT OF COMMERCE | | | | |
| Direct Programs: | | | | |
| ED24AUS0G0251 | Economic Development - Support for Planning Organizations | 11.302 | \$ 102,514 | \$ - |
| Subtotal - 11.302 | | | \$ 102,514 | \$ - |
| Economic Development Cluster | | | | |
| 08-79-05418 | COVID-19 Economic Development - Cares Act Revolving Loan Fund | 11.307 | \$ 1,704,002 | \$ 250,000 |
| 08-79-05571 | COVID-19 Economic Development - Cares Act Revolving Loan Fund - 2 | 11.307 | \$ 1,047,659 | \$ - |
| Subtotal - Economic Development Cluster | | | \$ 2,751,661 | \$ 250,000 |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | \$ 2,854,175 | \$ 250,000 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS - DISCRETELY PRESENTED COMPONENT UNIT | | | \$ 2,854,175 | \$ 250,000 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY | | | \$ 455,221,209 | \$ 399,921,682 |
| STATE PROGRAMS | | | | |
| PRIMARY GOVERNMENT: | | | | |
| OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION | | | | |
| Direct Programs: | | | | |
| 1471918 | Law Enforcement Training - 2025-2026 | | \$ 336,753 | \$ 111,443 |
| 1471919 | Law Enforcement Training - 2026-2027 | | \$ 11,756 | \$ - |
| Subtotal - Law Enforcement Training | | | \$ 348,509 | \$ 111,443 |
| TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION | | | \$ 348,509 | \$ 111,443 |
| TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | | |
| Direct Programs: | | | | |
| 582-24-50089 | Solid Waste - 2025-2026 | | \$ 968,165 | \$ 462,877 |
| 582-26-00081 | Solid Waste - 2026-2027 | | \$ 130,867 | \$ - |
| Subtotal - Solid Waste | | | \$ 1,099,032 | \$ 462,877 |
| 582-24-01408 | Air Quality Planning - Rider 7 | | \$ 189,732 | \$ - |
| Subtotal - Air Quality | | | \$ 189,732 | \$ - |
| 582-24-50280 | Texas Clean Rivers - 2024-2025 | | \$ 1,049,318 | \$ 141,964 |
| 582-26-00107 | Texas Clean Rivers - 2025-2026 | | \$ 357,136 | \$ 34,916 |
| Subtotal - Clean Rivers | | | \$ 1,406,454 | \$ 176,880 |
| 582-23-40240 | Trash Bash-GBEP FY24 | | \$ 10,038 | \$ - |
| 582-23-40241 | GBEP - Clear Creek Match | | \$ 3,411 | \$ - |
| 582-25-00062 | GBEP - Green Bayou Match | | \$ 558 | \$ - |
| Subtotal - GBEP | | | \$ 14,007 | \$ - |
| Total - Direct Programs | | | \$ 2,709,225 | \$ 639,757 |
| TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | \$ 2,709,225 | \$ 639,757 |
| TEXAS EDUCATION AGENCY | | | | |

**Houston-Galveston Area Council
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended December 31, 2025**

| Grantor's ID Number | Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Total Expenditures and Indirect Costs | Pass Through to Subrecipients |
|--|---|--|---|-------------------------------------|
| 230386047110014 | Tri-Agency Grant For Regional Conveners 2023-2024 | | \$ 59,357 | \$ 27,078 |
| 250370147110019 | Tri-Agency Grant For Regional Conveners 2025-2026 | | \$ 69,864 | \$ - |
| | Subtotal - TEA Regional Conveners | | <u>\$ 129,221</u> | <u>\$ 27,078</u> |
| TOTAL TEXAS EDUCATION AGENCY | | | <u>\$ 129,221</u> | <u>\$ 27,078</u> |
| TEXAS VETERAN COMMISSION | | | | |
| VES26-28 | Disabled Veterans' Outreach Program | | \$ 60,297 | \$ 54,813 |
| | Subtotal - TEA Regional Conveners | | <u>\$ 60,297</u> | <u>\$ 54,813</u> |
| TOTAL TEXAS VETERAN COMMISSION | | | <u>\$ 60,297</u> | <u>\$ 54,813</u> |
| TEXAS HEALTH AND HUMAN SERVICES COMMISSION | | | | |
| Direct Programs: | | | | |
| HHS000874100015 | State General Revenue - 2025 IIIIE Match | | \$ 117,701 | \$ - |
| HHS000874100015 | State General Revenue - 2025 | | \$ (44,112) | \$ - |
| HHS000874100015 | State General Revenue - 2025 HDM Rate Increase | | \$ 38,557 | \$ - |
| HHS000874100015 | Aging Housing Bond | | \$ 13,964 | \$ 13,964 |
| HHS000874100015 | OMB ALF Services - 2025 | | \$ 38,145 | \$ - |
| HHS001603100015 | OMB ALF Services - 2026 | | \$ 100,689 | \$ - |
| HHS001341600006 | ADRC Promoting Independence - 2025 | | \$ 6,143 | \$ - |
| HHS001341600006 | ADRC Promoting Independence - 2026 | | \$ 7,066 | \$ - |
| HHS001341600006 | ADRC SGR - 2025 | | \$ 118,133 | \$ - |
| HHS001341600006 | ADRC SGR - 2026 | | \$ 64,401 | \$ - |
| HHS001341600006 | ADRC SGR Respite - 2025 | | \$ 6,903 | \$ 3,700 |
| HHS001341600006 | ADRC SGR Respite - 2026 | | \$ 8,656 | \$ 5,000 |
| TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION | | | <u>\$ 476,246</u> | <u>\$ 22,664</u> |
| TEXAS WORKFORCE COMMISSION | | | | |
| Direct Programs: | | | | |
| 2825SNE001 | SNAP E&T - 2025 | | \$ 63,915 | \$ 63,915 |
| 2825SNE002 | SNAP E&T - 2025 | | \$ 439,971 | \$ 313,617 |
| 2826SNE002 | SNAP E&T - 2026 | | \$ 657,999 | \$ 634,504 |
| | Subtotal - SNAP E&T | | <u>\$ 1,161,885</u> | <u>\$ 1,012,036</u> |
| 2825RAG001 | Resource Admin Grant - 2025 | | \$ 4,039 | \$ - |
| | Subtotal - Resource Administration Grant | | <u>\$ 4,039</u> | <u>\$ -</u> |
| 2825SDF001 | Skills Development Grant - 2025 | | \$ 83,920 | \$ 83,920 |
| | Subtotal - Resource Administration Grant | | <u>\$ 83,920</u> | <u>\$ 83,920</u> |
| 2825TAF001 | TANF Choices - 2025 | | \$ 1,769,394 | \$ 1,769,394 |
| 2826TAF001 | TANF Choices - 2026 | | \$ 379,176 | \$ 379,176 |
| 2825NCP001 | TANF E&T - Noncustodial Parent Employ - 2025 | | \$ 134,553 | \$ 134,553 |
| 2826NCP001 | TANF E&T - Noncustodial Parent Employ - 2026 | | \$ 270,008 | \$ 267,884 |
| | Subtotal -TANF Choices | | <u>\$ 2,553,131</u> | <u>\$ 2,551,007</u> |
| 2824CCP001 | Child Care DFPS - 2024 | | \$ (19,321) | \$ (19,321) |
| 2825CCP001 | Child Care DFPS - 2025 | | \$ 9,165,463 | \$ 9,165,463 |
| 2826CCP001 | Child Care DFPS - 2026 | | \$ 3,037,349 | \$ 3,037,349 |
| | Subtotal - Child Care DFPS | | <u>\$ 12,183,491</u> | <u>\$ 12,183,491</u> |
| 2924ALA017 | Adult Education and Literacy 2025 | | \$ 1,360,814 | \$ 1,360,814 |
| 2924ALAB17 | Adult Education and Literacy 2025 | | \$ 960,205 | \$ 566,692 |
| | Subtotal - AEL | | <u>\$ 2,321,019</u> | <u>\$ 1,927,506</u> |

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| <u>Grantor's ID Number</u> | <u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Total Expenditures and Indirect Costs</u> | <u>Pass Through to Subrecipients</u> |
|--------------------------------|---|--|--|--|
| 2825CCF001 | CCDF Child Care - 2025 | | \$ 13,862,024 | \$ 13,862,024 |
| 2826CCF001 | CCDF Child Care - 2026 | | <u>\$ 9,357,567</u> | <u>\$ 9,357,567</u> |
| | Subtotal - Child Care | | <u>\$ 23,219,591</u> | <u>\$ 23,219,591</u> |
| | TOTAL TEXAS WORKFORCE COMMISSION | | <u>\$ 41,527,076</u> | <u>\$ 40,977,551</u> |
| | TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT | | <u>\$ 45,250,574</u> | <u>\$ 41,833,306</u> |
| | TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - REPORTING ENTITY | | <u><u>\$ 500,471,783</u></u> | <u><u>\$ 441,754,988</u></u> |

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2025

1 BASIS OF ACCOUNTING

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance) and the State of Texas Uniform Grant Management Standards (UGMS). Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year. H-GAC has elected to use the negotiated indirect cost rate and not the 15% de minimus rate as allowed under the Uniform Guidance.

2 REPORTING ENTITY

H-GAC for purposes of the schedule of expenditures of federal and state awards includes all funds of the primary government. Also included is the Gulf Coast Economic Development Corporation, a discretely presented component unit of H-GAC.

3 RECONCILIATION

Adjustments necessary to reconcile expenditures reported on the supplementary schedule of expenditures of federal and state awards to the basic financial statements at year end were as follows:

| | |
|--|------------------------------|
| Total Grant Fund Expenditures | \$ 507,877,633 |
| Add: Depreciation charged to grant programs | 595,958 |
| Add: Gulf Coast Economic Development Corporation federal expenditures | 3,002,200 |
| Add: Gulf Coast 911 Emergency District CSEC grant | 3,321,108 |
| Less: In-Kind Expenditures | (5,098,731) |
| Less: Cash Match | (344,366) |
| Less: Expenditures funded by local grant revenues | (4,727,549) |
| Less: Capital outlay includes right-of-use lease assets recognized under GASB 87, which are non-cash transactions and are excluded from SEFA expenditures. | (4,154,470) |
| Total Federal and State Schedule | <u><u>\$ 500,471,783</u></u> |

4 CALCULATION OF FEDERAL AWARDS EXPENDED FOR EDA REVOLVING LOAN FUND

Expenditure of the EDA Revolving Loan Fund were calculated as follows:

| | |
|--|----------------------------|
| Balance of RLF loans outstanding at 12/31/2025 | \$ 2,184,406 |
| Cash and investment balance at 12/31/2025 | 310,280 |
| Administrative costs during the fiscal year | 78,162 |
| Unpaid principal of loans written off during the fiscal year | 178,814 |
| Total EDA Revolving Loan Fund Expenditures | <u>2,751,662</u> |
| Federal Participation Rate | <u>100%</u> |
| Total Federal Share of EDA Revolving Loan Fund Expenditures | <u><u>\$ 2,751,662</u></u> |

HOUSTON-GALVESTON AREA COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

I. Summary of Auditors' Results

Financial Statements

| | |
|--|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | None |

Identification of major programs:

| Name of Federal Program or Cluster | Assistance Listing Number (ALN) |
|--|--|
| U.S. Department of Commerce | |
| Economic Development Cluster: | |
| COVID-19 Economic Development - Cares Act Revolving Loan Fund | 11.307 |
| U.S. Department of Housing and Urban Development | |
| Community Development Block Grants | 14.228 |
| U.S. Department of Transportation | |
| Highway Planning and Construction | 20.205 |
| U.S. Department of Treasury | |
| COVID-19 - Coronavirus State Fiscal Recovery Fund 911 Migration Grant - 2025 | 21.027 |
| U.S. Department of Health and Human Services | |
| Child Care and Development Fund (CCDF) Cluster | 93.575/93.596 |

- | | |
|---|-------------|
| 1. Dollar Threshold Considered Between Type A and Type B Federal Programs | \$3,000,000 |
| 2. Federal Single Audit - Auditee qualified as low-risk auditee? | Yes |

HOUSTON-GALVESTON AREA COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended December 31, 2025

I. Summary of Auditors' Results (continued)

State Awards:

Internal control over major programs:

| | |
|--|---------------|
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| Type of auditors' report issued on compliance for major state programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards? | None |

Identification of major programs:

| Name of State Programs | Grant / Contract Number |
|----------------------------------|--------------------------------|
| Texas Clean Rivers - 2024 - 2025 | 582-24-50280 |
| Texas Clean Rivers - 2025 - 2026 | 582-26-00107 |
| CCDF Child Care - 2025 | 2825CCF001 |
| CCDF Child Care - 2026 | 2826CCF001 |
| Child Care DFPS - 2024 | 2824CCP001 |
| Child Care DFPS - 2025 | 2825CCP001 |
| Child Care DFPS - 2026 | 2826CCP001 |

- | | |
|---|-------------|
| 1. Dollar Threshold Considered Between Type A and Type B Programs | \$1,357,517 |
| 2. State Single Audit - Auditee qualified as low-risk auditee? | Yes |

II. Financial Statement Findings

There were no current year findings.

III. Federal and State Award Findings and Questioned Costs

There were no current year findings or questioned costs.

HOUSTON-GALVESTON AREA COUNCIL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None noted

HOUSTON-GALVESTON AREA COUNCIL***CORRECTIVE ACTION PLAN******For the Year Ended December 31, 2025***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

None noted

The logo consists of a red square with the text "HOUSTON GALVESTON AREA COUNCIL" in white, uppercase letters.

HOUSTON
GALVESTON
AREA
COUNCIL

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2025 H-GAC RETIREMENT PLAN AUDIT

Background

H-GAC engaged WhitleyPenn to conduct an independent audit of its employee retirement plan in accordance with auditing standards generally accepted in the US and Government Auditing Standards. H-GAC is responsible for the preparation and fair representation of financial statements, and for the design, implementation, and maintenance of internal controls.

Current

WhitleyPenn has issued a report that outlines the scope of its testing of H-GAC internal controls, financial reporting and compliance, and the results of that testing as it relates to H-GAC's 401(k) retirement plan.

Situation

The Audit committee of the board is responsible for reviewing and making recommendations to the H-GAC board on matter related to this annual retirement plan audit. The Audit committee will meet on May 14 and present any recommendations to the full board at its next duly called meeting.

Funding Source

Not Applicable

Budgeted

Not Applicable

Action Requested

Discussion and possible action of Audit committee recommendations related to the 2025 Retirement Plan Audit for the employees of Houston-Galveston Area Council. (Staff Contact: Chuck Wemple)

**HOUSTON
GALVESTON
AREA
COUNCIL**

EMPLOYEE RETIREMENT PLAN

FOR THE YEAR ENDED
DECEMBER 31, 2025
HOUSTON, TX



A Fiduciary Component Unit of the Houston-Galveston Area Council

SERVING TODAY ■ PLANNING FOR TOMORROW

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
(A Fiduciary Component Unit of the Houston-Galveston Area Council)**

ANNUAL FINANCIAL REPORT

**Year Ended December 31, 2025
with Independent Auditor's Report**

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL**
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INDEPENDENT AUDITOR'S REPORT

Retirement Committee
 Retirement Plan for Employees
 of Houston-Galveston Area Council
 Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Retirement Plan for Employees of Houston-Galveston Area Council (the "Plan"), a fiduciary component unit of Houston-Galveston Area Council, which comprise the statement of fiduciary net position as of December 31, 2025, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of December 31, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Plan's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Retirement Plan for Employees
of Houston-Galveston Area Council

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Retirement Plan for Employees
of Houston-Galveston Area Council

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2026 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
May 7, 2026

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Houston-Galveston Area Council ("H-GAC"), we offer readers of the Retirement Plan for Employees of H-GAC (the "Plan") financial statements this narrative overview and analysis of the financial activities of the Plan for the year ended December 31, 2025.

Financial Highlights

The fiduciary net position of the Plan, at December 31, 2025 and 2024 was \$65,954,445 and \$56,119,490, respectively. The entirety of net position is held in trust for the payment of future employee retirement benefits.

The Plan's fiduciary net position increased \$9,834,955 and \$6,122,501 for the years ended December 31, 2025 and 2024, respectively.

The investment earnings on the Plan's assets increased by \$2,025,233 and decreased by \$719,923 for the years ended December 31, 2025 and 2024, respectively.

H-GAC and its employees are the only contributors to the Plan. Contributions totaled \$5,339,615 and \$4,027,317 for the years ended December 31, 2025 and 2024, respectively.

Benefit payments are the primary expense of the Plan. Such payments were \$5,400,747 and \$5,822,291 for the years ended December 31, 2025 and 2024, respectively. Other deductions of the Plan include administrative expenses and deemed distributions of participant loans, which totaled \$49,061 and \$2,440 for the years ended December 31, 2025 and 2024, respectively.

Overview of the Financial Statements

Our discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The Plan's financial statements are composed of financial statements and notes to the financial statements. The financial statements consist of two statements: (1) statement of fiduciary net position and (2) statement of changes in fiduciary net position. These statements present information on all the Plan's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating. The statement of changes in fiduciary net position presents information showing how the Plan's net position changed during the year. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Statements of Fiduciary Net Position

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Mutual funds and money market funds | \$ 64,832,926 | \$ 55,132,468 |
| Notes receivable from participants | <u>1,121,519</u> | <u>987,022</u> |
| Net Position Restricted for Benefits | <u><u>\$ 65,954,445</u></u> | <u><u>\$ 56,119,490</u></u> |

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Statements of Changes in Fiduciary Net Position

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|------------------------------|------------------------------|
| Net Position Restricted for Benefits, Beginning of Year | \$ 56,119,490 | \$ 49,996,989 |
| Net appreciation in fair value of investments | 7,285,186 | 5,651,436 |
| Dividends | 2,659,962 | 2,268,479 |
| Contributions | 5,339,615 | 4,027,317 |
| Benefits paid to participants | (5,400,747) | (5,822,291) |
| Deemed Distributions of Participant Loans | (45,640) | - |
| Administrative expenses | (3,421) | (2,440) |
| Change in Net Position | <u>9,834,955</u> | <u>6,122,501</u> |
| Net Position Restricted for Benefits, End of Year | <u>\$ 65,954,445</u> | <u>\$ 56,119,490</u> |

There was a significant increase to net position restricted for benefits of \$9,834,955 or 18% primarily due to net appreciation in fair value of investments. Employer contributions to the Plan increased by \$669,864 or 36%, while participant contributions increased by \$642,434 or 30%. These increases were driven by workforce expansion, including growth in Full-Time Equivalent (FTE) positions and the addition of new roles, resulting in a higher number of employees participating in the retirement plan. In addition, salary adjustments—such as merit increases and promotions—contributed to higher contribution levels. Forfeitures in the amount of \$135,801 were applied to reduce required employer contributions during 2025.

The Plan's investments increased in value by \$7,285,186 during 2025, an increase of \$1,633,750 when compared to the prior year. The Plan's dividend income during 2025 totaled \$2,659,962, an increase of \$391,483 when compared to the prior year. The overall increase is consistent with the favorable market conditions during 2025.

The Plan also paid employees who left employment, retired or otherwise took withdrawals permitted under IRS guidance or the Plan's rules during the year. Withdrawal payments totaled \$5,348,581 and \$5,718,415 for the years ended December 31, 2025 and 2024, respectively. This represents a decrease of \$369,834 in distributions from the Plan in 2025 compared to 2024. Benefits paid to participants of \$5,400,747 and \$5,822,291 for the years ended December 31, 2025 and 2024, respectively, included loan repayment interest. For the year ended December 31, 2025, there was one defaulted loan in the amount of \$45,640.

Economic Factors

In 2025, the U.S. retirement market continued to experience several trends and changes that shaped the landscape for retirement savings and investment. There was an increased focus on savings adequacy to address the widening retirement savings gap, particularly among women and underrepresented communities. Efforts were made to improve access to retirement plans, ensuring that more Americans have the opportunity to participate in employer-sponsored plans. The result of these conditions is that the Plan had an increase in net position of \$9,834,955 or 18% compared to the previous year.

Request for Information

This financial report is designed to provide a general overview of the Plan's finances. Questions or comments regarding this report should be directed to Finance Division, Houston-Galveston Area Council, P.O. Box 22777, Houston, Texas 77227-2777.

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL**
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2025

Assets

Investments, at Fair Value:

| | |
|---|-------------------|
| Mutual funds | \$ 61,653,443 |
| Money market funds | <u>3,179,483</u> |
| Total Investments, at Fair Value | <u>64,832,926</u> |

Receivables:

| | |
|---|----------------------|
| Notes receivable from participants | <u>1,121,519</u> |
| Total Receivables | <u>1,121,519</u> |
| Total Assets | <u>65,954,445</u> |
| Net Position Restricted for Benefits | <u>\$ 65,954,445</u> |

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL**
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2025

Additions**Investment Income**

| | |
|---|------------------|
| Net appreciation in fair value of investments | \$ 7,285,186 |
| Dividends | 2,659,962 |
| Total Investment Income | <u>9,945,148</u> |

Contributions

| | |
|----------------------------|------------------|
| Employer | 2,521,362 |
| Participants | 2,818,253 |
| Total Contributions | <u>5,339,615</u> |

| | |
|-----------------------------|-------------------|
| Total Additions, Net | <u>15,284,763</u> |
|-----------------------------|-------------------|

Deductions

| | |
|---|------------------|
| Benefits paid to participants | 5,400,747 |
| Deemed Distributions of Participant Loans | 45,640 |
| Administrative expenses | 3,421 |
| Total Deductions | <u>5,449,808</u> |

| | |
|--|----------------------|
| Change in Net Position Restricted for Benefits | 9,834,955 |
| Net Position Restricted for Benefits, Beginning | <u>56,119,490</u> |
| Net Position Restricted for Benefits, Ending | <u>\$ 65,954,445</u> |

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS**

A. Description of the Plan

The following description of the Retirement Plan for Employees of Houston-Galveston Area Council (the "Plan") is provided for general information purposes only. The Plan is sponsored by Houston-Galveston Area Council (the "Sponsor"). Participants should refer to the Plan Document for more complete information. The Sponsor's corporate offices are located in Houston, Texas.

General

The Plan was effective January 1, 1975, and the latest restatement and amendment date was effective December 31, 2021. The Plan is a defined contribution plan for the benefit of the Sponsor's employees who have completed six months of service and are at least 21 years of age. The Plan is subject to the provisions of Texas Government Code Title 8, Subtitle A. It is not subject to the provisions of Title I of the *Employee Retirement Income Security Act of 1974* (ERISA). Membership in the Plan as of December 31, 2025, was 446 participants.

Plan Administration

The Plan is administered by a committee appointed by the Sponsor's Board of Directors. The committee is responsible for establishing Plan benefits, contributions, and other provisions, and for approving all Plan amendments. Fidelity Management Trust Company (Fidelity) manages the assets and performs recordkeeping duties for the Plan.

Contributions

All eligible employees of the Sponsor participate in the Plan. Each participant in the Plan is required to make a contribution at a rate of three percent of the participant's compensation. The Sponsor is required to make contributions at a rate of seven percent of each participant's compensation. Annual compensation in excess of \$350,000 (as adjusted by the Secretary of the Treasury for increases in the cost of living) shall be disregarded. Both the employee and employer contributions are invested in accordance with the participant's investment election.

Participants may also make voluntary after-tax contributions to the Plan. Rollovers from Section 403(b) or 457 retirement plans are permitted. Employees eligible for catch-up contributions may make additional pre-tax catch-up contributions subject to Internal Revenue Code (IRC) limit

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of: (a) the Sponsor's contribution; (b) Plan earnings; and, (c) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS (continued)**

A. Description of the Plan - continued

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Sponsor contribution portion of accounts, plus actual earnings thereon is based on years of service as follows:

| Years of Service | Vesting Percentage |
|---------------------|-----------------------|
| 1 | 20% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 | 100% |

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 and up to a maximum amount equal to the lesser of \$50,000 or 50 percent of their vested account balance. Loan terms range up to five years or longer for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Interest is charged at prime rate plus one percent. Principal and interest is paid ratably through payroll deductions. Notes receivable from participant loans are valued at their unpaid principal balance plus any accrued, but unpaid interest.

Defaulted Loans

Participant loans are considered to be in default when scheduled loan repayments are not made in accordance with the loan agreement and applicable Plan provisions, including upon termination of employment when repayment requirements are not satisfied within the permitted cure period. Defaulted loans are treated as deemed distributions to the participant in accordance with IRS guidelines.

Once a loan is deemed distributed, the outstanding loan balance is reclassified from participant loans to distributions and is removed from Plan assets. Deemed distributions are not eligible for rollover and may be subject to applicable income taxes and penalties for the participant. The Plan continues to report the balance as distributed but does not recognize a receivable or allowance for uncollectible loans.

At December 31, 2025, the Plan had one defaulted participant loan in the amount of \$45,640, which were reported as distributions and excluded from participant loan balances.

Payment of Benefits

The death, retirement or total and permanent disability of a Plan participant entitles the participant (or the participant's beneficiaries) to receive 100 percent of the amount credited to the participant's accounts in the Plan. Normal retirement age is 65.

Upon severance of a Plan participant's employment for any reason other than those previously mentioned, the severance benefit shall equal the sum of:

- 1) 100 percent of required and voluntary participant contributions and earnings thereon; and
- 2) The participant's vesting percentage multiplied by the sum of Sponsor contributions and the applicable earnings.

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS (continued)**

A. Description of the Plan - continued

Payment of Benefits - continued

Hardship withdrawals are limited to the employee portion of contributions and require a minimum withdrawal of \$500.

All withdrawals are distributed in a lump sum payment.

In accordance with the automatic rollover requirements imposed by Section 401(a)(31) of the IRC, effective March 28, 2005, the Plan was amended to establish default procedures whereby any terminated employee who fails to make a distribution election will receive the following:

- 1) If the Plan benefit is greater than \$1,000, the participant is deemed to have elected to have his entire Plan benefit paid in an automatic rollover; and
- 2) If the Plan benefit is \$1,000 or less, the participant is deemed to have elected to receive a lump sum cash distribution of his entire Plan benefit.

Forfeited Accounts

Upon termination of employment, any portion of a participant's employer contributions and earnings thereon that are not vested are forfeited. Forfeited amounts remain in the Plan and can be used to reduce future required Sponsor contributions or pay the Plan's administrative expenses. At December 31, 2025, forfeited nonvested accounts totaled \$124,267 and forfeitures used to offset employer contributions totaled \$135,801.

Participant Investment Account Options

Each participant has the option of directing their contributions in one percent increments into any of the various investment options offered by the Plan and may change the allocation quarterly.

Plan Expenses

The Plan waives participant fees other than those paid via the participants' investments. All remaining Plan expenses are paid by the Plan as provided in the *Plan Document*.

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS (continued)**

B. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting and the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. All economic resources, including financial assets and related liabilities both current and long-term, and changes therein are reported in the financial statements. Additions, including contributions, are recognized when earned and deductions are recognized when the underlying transaction or event occurs, regardless of the timing of the related cash flows. The Plan applies all effective pronouncements of the Governmental Accounting Standards Board (GASB).

Investment Valuation and Income Recognition

The investments of the Plan are stated at fair value, which are based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs as determined by quoted market prices.

Purchases and sales of securities are recorded on a trade basis. The net appreciation (depreciation) in fair value of investment securities consists of the net change in unrealized appreciation (depreciation) in fair value and realized gains (losses) upon the sale of investments. The net change in unrealized appreciation (depreciation) in fair value and unrealized gains (losses) upon sale are determined using the fair values as of the beginning of the year or the purchase price if acquired since that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Notes Receivable from Participants

Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the *Plan Document*.

Administrative Expenses

Administrative expenses include fees charged to participant accounts, as provided by the *Plan Document*.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results may differ from these estimates.

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS (continued)**

C. Tax Status

The Internal Revenue Service has determined and informed the Plan administrator by a letter dated August 28, 2010, that the Plan is designed to be in accordance with applicable sections of the IRC.

The Plan has been amended since receiving the determination letter. However, the Plan administrator and tax counsel believe that the Plan is currently designed and is being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

D. Plan Termination

Although it has not expressed any intention to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event the Plan terminates or upon complete or partial discontinuance of contributions, all amounts credited to participant's accounts will become fully vested.

E. Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of fiduciary net position.

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS (continued)**

F. Investments

Investments held as of year-end are as follows:

| | December 31, 2025 |
|---|------------------------------|
| Money Market Funds: | |
| Fidelity Retirement Money Market Portfolio | <u>\$ 3,179,483</u> |
| Mutual Funds: | |
| American Beacon Small Cap Value Fund | 303,154 |
| Cohen & Steers Institutional Reality Shares | 38,179 |
| Fidelity Balance Fund | 1,504,326 |
| Fidelity Blue Chip Growth Fund | 6,146,565 |
| Fidelity Diversified International Fund | 1,031,975 |
| Fidelity Freedom 2010 Fund | 9,042 |
| Fidelity Freedom 2015 Fund | 3,935 |
| Fidelity Freedom 2020 Fund | 1,697,049 |
| Fidelity Freedom 2025 Fund | 3,514,191 |
| Fidelity Freedom 2030 Fund | 6,085,593 |
| Fidelity Freedom 2035 Fund | 3,943,511 |
| Fidelity Freedom 2040 Fund | 4,121,820 |
| Fidelity Freedom 2045 Fund | 3,784,285 |
| Fidelity Freedom 2050 Fund | 3,010,795 |
| Fidelity Freedom 2055 Fund | 2,564,753 |
| Fidelity Freedom 2060 Fund | 862,443 |
| Fidelity Freedom 2065 Fund | 246,298 |
| Fidelity Freedom Income Fund | 83,562 |
| Fidelity Growth Company Fund | 7,323,323 |
| Fidelity Mid Cap Stock Fund | 648,788 |
| Fidelity 500 Index Fund | 7,877,399 |
| Fidelity Extended Market Index Fund | 664,997 |
| Fidelity Global ex U.S. Index Fund | 1,185,870 |
| Fidelity U.S. Bond Index Fund | 987,360 |
| Fidelity Value Fund | 280,343 |
| PIMCO Total Return Fund | 1,291,124 |
| Allspring Small Company Growth R6 | 441,009 |
| Galliard Retirement Income Fund Fee CL F35 | 1,434,451 |
| JPM US Value R6 | 567,303 |
| | <u>61,653,443</u> |
| Total | <u><u>\$ 64,832,926</u></u> |

**RETIREMENT PLAN FOR EMPLOYEES
OF HOUSTON-GALVESTON AREA COUNCIL
NOTES TO FINANCIAL STATEMENTS (continued)**

F. Investments - continued

The Plan's investments' fair value measurements are as follows at December 31, 2025:

| | <u>Fair Value</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Observable Inputs (Level 3)</u> |
|--------------------|----------------------|---|--|--|
| Money Market Funds | \$ 3,179,483 | \$ 3,179,483 | \$ - | \$ - |
| Mutual Funds | 61,653,443 | 61,653,443 | - | - |
| Total | <u>\$ 64,832,926</u> | <u>\$ 64,832,926</u> | <u>\$ -</u> | <u>\$ -</u> |

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no investments classified as Level 2 or 3 as of December 31, 2025.

Interest Rate Risk and Credit Risk

GASB Statement No. 40 requires interest rate risk disclosures and the disclosures of credit ratings for mutual funds that invest exclusively in debt securities. The Plan has no mutual funds subject to these disclosures. The required disclosures for the money market funds are as follows:

| | <u>Fair Value 12/31/2025</u> | <u>Weighted Average Maturity (Days)</u> | <u>Credit Rating</u> |
|--------------------|----------------------------------|---|----------------------|
| Money Market Funds | \$3,179,483 | 33 | AAA |

Concentration Risk

GASB Statement No. 40 requires the identification of any investment comprising five percent or more of the entity's total investments. Mutual funds and similar pooled investments are designed to provide diversification and are excluded from this disclosure requirement. The Plan has no investments subject to concentration risk disclosures.

G. Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity, which is the trustee as defined by the Plan. Fees incurred by the Plan for the investment management services are included in net depreciation in fair value of investments, as they are paid through revenue sharing, rather than a direct payment. The Plan paid \$3,421 of administrative fees to Fidelity during the year ended December 31, 2025. The Sponsor provides certain administrative services at no cost to the Plan.



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
 REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
 AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

To the Retirement Committee of
 Retirement Plan for Employees of Houston-Galveston Area Council
 Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Retirement Plan for Employees of Houston-Galveston Area Council (the “Plan”), a fiduciary component unit of Houston-Galveston Area Council, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, and have issued our report thereon dated May 7, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Retirement Committee of
Retirement Plan for Employees of Houston-Galveston Area Council

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Whitley Penn LLP in black ink.

Houston, Texas
May 7, 2026



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[@HouGalvAreaCog](https://twitter.com/HouGalvAreaCog)

2026 H-GAC EMPLOYEE HANDBOOK REVISION

Background

The H-GAC Employee Handbook serves as a comprehensive guide for agency policies, procedures, and employee benefits. The handbook provides essential information to staff regarding workplace expectations, employment practices, and organizational standards. The Employee Handbook was last updated and approved by the Board in 2022. Periodic updates to the handbook are necessary to ensure compliance with current employment laws, reflect best practices in human resources management, and address evolving organizational needs.

Current Situation

H-GAC Human Resources has conducted a comprehensive review of the Employee Handbook to ensure all policies remain current, legally compliant, and aligned with the agency's operational practices. In addition to these updates, the revised handbook incorporates new policies. These include updates for time off, leave, and accrual administration as well as replacement of the previous grievance process with a new investigations process designed to ensure timely, thorough, and consistent review of employee concerns. The proposed revisions also include updates to reflect changes in federal and state employment regulations since 2022, clarifications to existing policies based on staff feedback and questions, and refinements to language for improved clarity and consistency. These updates are routine in nature and maintain the integrity of H-GAC's commitment to fair and transparent employment practices. The proposed revisions have been reviewed and approved by members of the executive team and legal counsel.

Funding Source

No funding source required.

Budgeted

Not applicable

Action Requested

Request approval on second reading of revisions to the H-GAC Employee Handbook. (Staff Contact: Maria-Theresa Servillon-Sigua)



HOUSTON- GALVESTON AREA COUNCIL
SERVING TODAY ▪ PLANNING FOR TOMORROW

DATE: May 11, 2026
TO: H-GAC Board of Directors
FROM: Executive Leadership & Human Resources
SUBJECT: Summary of Proposed Employee Handbook Revisions

Purpose and Context

This memorandum consolidates the Board-facing summary of material policy changes with the detailed comparison of the 2022 Employee Handbook and the proposed 2026 revisions. It is intended to provide a single, cohesive document for Board review and approval, with particular emphasis on governance, legal compliance, workforce administration, grievance handling, and time-off policies.

Executive Summary

The proposed 2026 revisions modernize and streamline the H-GAC Employee Handbook while preserving the foundational employment framework approved by the Board in 2022. At-will employment remains unchanged, and no earned benefits are reduced. Most updates clarify policy administration, strengthen compliance with federal and state law, and enhance consistency, transparency, and risk management. Key material changes include the replacement of the prior grievance model with a formal, HR-led complaint investigation framework and clearer administration of time-off accrual and usage.

I. Grievance Policy and Complaint Investigation

2022 Handbook Framework. The 2022 handbook relied on a sequential, supervisor-driven grievance escalation process. While anti-retaliation protections existed, there was limited differentiation between informal concerns and formal complaints, and the role of Human Resources in investigations was not comprehensively defined.

2026 Proposed Revisions – Material Changes. The revised handbook replaces the prior model with a formal complaint-based framework that centralizes investigation authority within Human Resources. Employees may raise concerns through multiple channels (Supervisor, HR investigation, Speak Up Tool, Whistleblower Hotline, or mediation). Formal complaints trigger HR-led investigations, including fact-finding, documentation, findings, and coordination with Legal when appropriate. Confidentiality and anti-retaliation protections are strengthened and directly tied to participation in the process.

II. Time Off, Leave, and Accrual Administration

2022 Handbook Structure. The 2022 handbook established vacation and sick leave accrual rates and caps but imposed a six-month introductory period limiting leave usage and provided less detailed guidance regarding accrual calculations and coordination with other leave types.

2026 Proposed Revisions – Material Clarifications. The introductory period was eliminated in December of 2023 as an addendum to the handbook, allowing employees to use earned leave immediately. The addendum text has been incorporated in this revision. Vacation and sick leave accrual rates and caps remain unchanged; however, per-pay-period calculations, pro-ration rules, year-end forfeiture, and coordination with FMLA, workers' compensation, and unpaid leave are clarified and standardized.



HOUSTON- GALVESTON AREA COUNCIL
SERVING TODAY ▪ PLANNING FOR TOMORROW

III. Other Notable Policy Updates

Additional material revisions include updated language to incorporate the June 2025 addendum for alternative work schedules and telework guidance, updated professional compensatory time rules, clarified disciplinary standards, enhanced conflicts-of-interest disclosures (including Workforce Solutions requirements), and refined separation, severance, and final pay procedures.

| Section / Policy | Previous Policy (2022 Handbook) | Revised Policy (New Handbook) & Rationale |
|---|--|---|
| Overall Structure & Introduction | Included lengthy sections on H-GAC mission, history, programs, and department overviews. | Revised: Removed descriptive, non-policy content. Rationale: To streamline the handbook into a focused policy document. This information will be moved to onboarding materials and the internal SharePoint site for better accessibility. |
| Welcome Statement & Disclaimers | Standard welcome and legal disclaimers. | Revised: Updated the Welcome Statement to be more modern and engaging. Clarified that HR is the primary owner of the handbook and that signed acknowledgements are stored digitally. |
| Employment with H-GAC | | |
| Job Posting Process | Job vacancies posted internally for seven (7) calendar days before external posting. | Revised: Internal posting period reduced to five (5) calendar days. Rationale: To expedite the hiring process while still providing internal candidates a fair opportunity. |
| Relocation | Policy was not included. | NEW POLICY: A formal Relocation Policy has been added for new hires moving more than 100 miles. It requires the employee to reside in the service region, complete the move within 30 days, and includes a one-year repayment clause if employment is terminated. Rationale: To standardize relocation assistance and clarify expectations for new hires. |
| Employing Foreign Nationals | Required employees to notify HR six (6) months before immigration status expiration. | Revised: Increased the notification requirement to one (1) calendar year. Added a clause stating the sponsorship program is subject to funding availability. Rationale: To allow more time for complex visa processing and to manage budgetary expectations. |



HOUSTON- GALVESTON AREA COUNCIL
SERVING TODAY ▪ PLANNING FOR TOMORROW

| General Employee Information | | |
|---|--|--|
| Introductory Period | New employees were subject to a six-month introductory period with limited access to benefits like vacation leave. | REMOVED: The entire concept of an introductory period has been removed per the December 2023 addendum. New hires now accrue and can use leave on the same terms as other employees (subject to accrual). Rationale: To align with at-will employment principles from day one and to simplify benefits administration. |
| Work Week, Time Reporting & Paychecks | | |
| Daily Breaks (Meals) | Required a one-hour unpaid lunch. | Revised: Allows for a more flexible 30 to 60-minute unpaid meal period. Rationale: To provide employees with greater flexibility in managing their workday. |
| Alternative Work Schedules (AWS) | Described 5/40, 9/80, and 4/40 schedules. | Revised: Greatly expanded and clarified. Now includes a detailed chart of all schedules (A-H), formally defines "Trip Reduction Day (TRD)," and specifies which schedules are not available to non-exempt employees to ensure FLSA compliance. Rationale: To provide clarity, support the hybrid work model, and prevent wage and hour violations. |
| Compensatory Time (Exempt) | Titled "Compensatory Time Off for Exempt Employees." | Revised: Renamed to "Professional Comp Time for Exempt Employees." Clarifies that it is discretionary, granted hour-for-hour, cannot be banked, and must be used in the same or next pay period. Rationale: To distinguish it from formal FLSA compensatory time and to manage expectations. |
| Time Off and Leaves of Absence (LOA) | | |
| Floating Holidays | Granted 8-10 hours for employees with <5 years of service, and 16-20 for >5 years. | Revised: Simplified to two (2) floating holidays per year for all eligible employees, prorated for new hires. Rationale: To create a more equitable and easier-to-administer benefit. |



HOUSTON- GALVESTON AREA COUNCIL
SERVING TODAY ▪ PLANNING FOR TOMORROW

| | | |
|---|--|--|
| Bereavement Leave | Provided up to 27 hours per event. | Revised: Increased to 30 hours, or 40 hours if out-of-state travel is required. Explicitly includes loss of an unborn child. Rationale: To provide more compassionate and adequate support to employees during a difficult time. |
| Early Retirement | Stated an employee with 78 months of service could retire at any time, noting IRS penalties. | Revised: Clarified eligibility for early retirement as age 55 or older with at least 5 years of service . Rationale: To provide a clear and specific definition of early retirement eligibility. |
| Employee Disciplinary Policy | | |
| Progressive Discipline Steps | Steps included "Coaching," "Employee Discussion," "First Level Corrective Action," and "Second Level Corrective Action." | Revised: Renamed steps to the more standard "Verbal Warning," "Written Warning," and "Final Written Warning." Rationale: To align with common HR terminology and provide a clearer framework for disciplinary action. |
| Workplace Grievances | | |
| Grievance Policy | Outlined a formal, sequential 3-level escalation process for all grievances. | REPLACED: The old policy is replaced with a Formal Complaint Policy offering multiple reporting channels (Supervisor, HR Investigation, Speak Up Tool, Whistleblower Hotline, Mediation). Rationale: To provide more appropriate and effective avenues for different types of complaints, encouraging early and direct resolution where possible while ensuring a formal investigation for serious allegations. |
| Health, Safety & Workplace Conduct | | |
| Wellness Checks | Policy was not included. | NEW POLICY: A Wellness Check policy has been added, allowing a supervisor or HR to contact an employee or their emergency contact during an unexpected absence to ensure their well-being. Rationale: To formalize a supportive procedure for ensuring employee safety. |



HOUSTON- GALVESTON AREA COUNCIL
SERVING TODAY ▪ PLANNING FOR TOMORROW

| | | |
|---------------------------------|--|---|
| Building Security | Mentioned general care for premises. | Revised: Added specific mention of security cameras in use at the headquarters and that visitor access is restricted. Rationale: To enhance transparency and communicate security protocols. |
| Teleworking Policy | General teleworking policy existed. | Revised: Added a new section on Out of Region Work , prohibiting work during vacation unless an exception is granted by the Executive Director. Rationale: To clarify expectations for a hybrid workforce and ensure employees fully disengage during paid time off. |
| Conflicts of Interest | General policy on conflicts, gifts, and outside employment. | NEW SECTION: Added a detailed subsection for Workforce Solutions Conflicts of Interest , requiring specific disclosures from staff and board members involved with TWC-funded contracts. Rationale: To ensure compliance with Texas Workforce Commission (TWC) requirements and Texas Government Code. |
| Separation of Employment | | |
| Final Paycheck | Stated final pay for involuntary terminations would be issued within five (5) calendar days. | Revised: Changed the timeframe to within six (6) calendar days. Rationale: To align with current payroll processing capabilities and ensure alignment with federal and state law. |
| Severance | Mentioned severance was at H-GAC's discretion. | Revised: Added that any severance payment is contingent on a completed and signed Separation Agreement . Rationale: To formalize the legal process for providing severance benefits. |

Employee Handbook



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Contractual Disclaimer and At-Will Statement

The Houston-Galveston Area Council ("H-GAC") has prepared this handbook to summarize the current policies, procedures, and benefit programs for the employees of H-GAC. H-GAC reserves the right to change, delete, suspend, discontinue, or add to any policies or portion of this handbook at any time as it deems appropriate, in its sole and absolute discretion with or without prior notice to employees. Any such action shall apply to existing as well as future employees. H-GAC will make best efforts to notify employees when any material changes are made to the policies contained or adopted in this handbook.

Nothing contained in this handbook is intended to nor does it create a contract of employment for any specific duration. Employees of H-GAC are employed AT-WILL, which means that it is for no definitive period, and may be terminated by either the employee or H-GAC at any time with or without cause, prior notice, or procedural requirements, for any reason not expressly prohibited by law. This handbook shall not create or imply any right for any employee or guarantee employment for any period. No representative of H-GAC may enter into any agreement or make any representations to alter an employee's at-will status or otherwise create a contractual obligation.

This handbook supersedes and replaces all prior personnel policy and benefit statements, whether oral or in writing. Please be aware that H-GAC acknowledges and complies with all applicable federal, state, and local laws, even if not mentioned specifically in this handbook. Should any provision in this handbook be found to be unenforceable and/or invalid, such a finding will not invalidate the entire handbook, but only the subject provision. The policies in this handbook shall apply in equal force not only to regular full-time employees of H-GAC, interns, fellows, staffing agency employees placed on work assignment at H-GAC, non-H-GAC employees assigned to work with and at H-GAC facilities as described in section 3.02 and all other type employees described in section three of this handbook.

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Upon hire or placement at H-GAC, all regular full-time employees of H-GAC, interns, fellows, staffing agency employees placed on work assignment at H-GAC, Non-H-GAC employees assigned to work with and at H-GAC facilities as described in section 3.c, and all other type employees described in section three of this handbook must carefully read this handbook and any adopted policies within five calendar days of start date. All regular full-time employees of H-GAC, interns, fellows, staffing agency employees placed on work assignment at H-GAC, non-H-GAC employees assigned to work with and at H-GAC facilities as described in section 3.c, and all other type employees described in section three of this handbook are required to sign the Statement of Acknowledgement at the back of this handbook indicating the individual has read and understood the H-GAC Employee Handbook and the policies contained and incorporated in it and will further adhere to the policies stated herein. The H-GAC Human Resources ("HR") department will collect and maintain original digital copies of the signed statements in employee personnel files.

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Welcome Video from H-GAC Executive Director

TABLE OF CONTENTS

1. INTRODUCTION

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1. INTRODUCTION

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- b. WelcomeHow to Use This Handbook
- c. What is the Houston-Galveston Area Council ("H-GAC")?
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 - ii. About H-GAC
 - iii. H-GAC History
- d. H-GAC Programs
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 - ii. Business and Economic Development
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- iii. Electronic Communications
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c.—Relationships in the Workplace

d.—Political Activities

e.—Contracting with Former Employees

f.—Gifts and Gratuities

14. SEPARATION OF EMPLOYMENT

a.—Types of Separation

i.—Voluntary Termination

1.—Employee Resignation

2.—Job Abandonment

ii.—Involuntary Termination—Employee Dismissal

iii.—Employee Retirement

1.—Normal Retirement

2.—Early Retirement

iv.—Reduction in Workforce (Permanent Layoffs)

1.—Worker Adjustment and Retraining Notification (WARN) Act

v.—Other

1.—Death

2.—Disability

b.—Employee Exit Process

i.—Notification Process

ii.—Human Resources (“HR”)

iii.—Facilities

iv.—Finance

v.—Data Services

vi.—Communication

vii.—Continuation of Health Coverage (“COBRA”)

viii.—Final Paycheck

ix.—Final Paycheck Calculation

15. H-GAC EMPLOYEE HANDBOOK AMENDMENTS

a.—Amendment Procedure

b.—Submitting Employee Requests to Make Changes to Handbook

16. H-GAC POLICIES AND APPLICABLE LAWS INCORPORATED INTO THIS HANDBOOK

a.—H-GAC Communications Reference Guide

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- b.—H-GAC Contracts Policies
- e.—H-GAC Financial Policies and Procedures
- d.—H-GAC Information Services Policies and Procedures
- e.—H-GAC Procurement Policy
- f.—H-GAC Public Participation Policy
- g.—H-GAC Records Management Policies
- h.—H-GAC Style Guide
- i.—H-GAC Travel Policies and Procedures
- j.—Americans with Disabilities Act Compliance (ADA)
- k.—Code of Federal Regulations, Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- l.—Texas Grant Management Standards (TxGMS)
- m.—Title VII Compliance (Civil Rights Act of 1964)

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1. INTRODUCTION

a. Welcome Statement

Welcome to the Houston-Galveston Area Council ("H-GAC"). Whether you have just joined or have been with H-GAC for a while, we are confident that you will find our agency a dynamic and rewarding place in which to work. We are delighted that you have chosen to be a you're new to our team or already part of our organization and hope that you will enjoy a long and successful career community, we're excited to have you with us. At H-GAC, we strive to create a dynamic, inclusive, and rewarding workplace, and we're thrilled you've chosen to build your career here.

You are joining an Our organization that has a reputation is recognized for outstanding its leadership, innovation, and expertise. Our Every day, our employees use their creativity and talent to invent new solutions, meet new demands, and offer the most effective services to our fellow citizens in this bring fresh ideas and dedication to meeting the needs of the vibrant 13-county dynamic region. With your active we serve. Your talent, involvement, creativity, and support, H-GAC willand enthusiasm are vital to advancing our mission and delivering outstanding service to our communities.

As you begin—or continue to achieve its goals. We believe—your journey with H-GAC, know that H-GAC employees are you play an integral part of essential role in our success. We value your contributions and hope encourage you will to take pride in being an important part of H-GAC's success our collaborative team.

If after you read this, you have any questions after reviewing this handbook, please feel free reach out to talk to a member of your management team your manager or the Human Resources ("HR") team. We're here to support you in every step of your H-GAC experience.

b. How to Use This Handbook

This handbook is designed to give you a basic overview of H-GAC policies, procedures, and benefits. It is not intended to explain each subject fully. They have been prepared and adopted in order to promote consistent, equitable, and effective practices by both employees and Supervisors supervisors which will result in high quality public service to H-GAC's membership.

With the assistance of the HR The Human Resources Department, the Legal Team is responsible for providing new and current employees with access to the current employee handbook, as well as implementing new and updated policies addressed in the handbook.

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Employees who have a question about a policy addressed in this handbook should direct those questions to the employee's ~~Supervisor~~supervisor. In a situation where an employee is uncomfortable with asking employee's Supervisor about a policy, the employee may ask ~~HR~~Human Resources.

In any situation not covered by ~~the Handbook~~this handbook according to its plain terms, the Executive Director is authorized to ~~construe~~determine the meaning of any uncertain passage of the ~~Handbook~~handbook in a manner consistent with the apparent intent of the Board, as revealed by the document as a whole, its purpose, and by other law.

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c. H-GAC is an Equal Opportunity Employer

i. Equal Opportunity Statement

e. What is the Houston-Galveston Area Council ("H-GAC")?

i. H-GAC Mission Statement

H-GAC's mission is to serve as the instrument of local government cooperation, promoting the region's orderly development and the safety and welfare of its citizens.

ii. About H-GAC

The H-GAC is a voluntary information, planning, and problem-solving forum for local governments in the Houston-Galveston region. H-GAC serves an area of 12,500 square miles and more than seven million people in Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton counties. Our regional programs focus on community and environmental planning, data tools and resources, disaster planning and recovery, mobility and public safety, workforce, and economic development.

iii. H-GAC History

On September 9, 1966, a regional planning commission known as the H-GAC was created under authority of Texas state law now recodified as Local Government Code, Chapter 391. H-GAC, also referred to as a regional council is a voluntary membership organization of local governments in 13-county region of Southeast Texas.

The organization is one of 24 regional councils in Texas. Local governments created H-GAC to develop a systematic method of evaluating and addressing common concerns that affect several governmental jurisdictions. Cooperative efforts to resolve regional issues such as employment, water and air pollution, crime, traffic and mobility, drainage and flooding, care of the elderly, and waste disposal have received collective action through H-GAC. The Council continues to be dedicated to improving the quality of life of the citizens of the region through cooperative efforts to enhance the physical, social, and economic environment.

H-GAC is governed by a General Assembly of 131 delegates from member local governments. A H-GAC Board of Directors composed of

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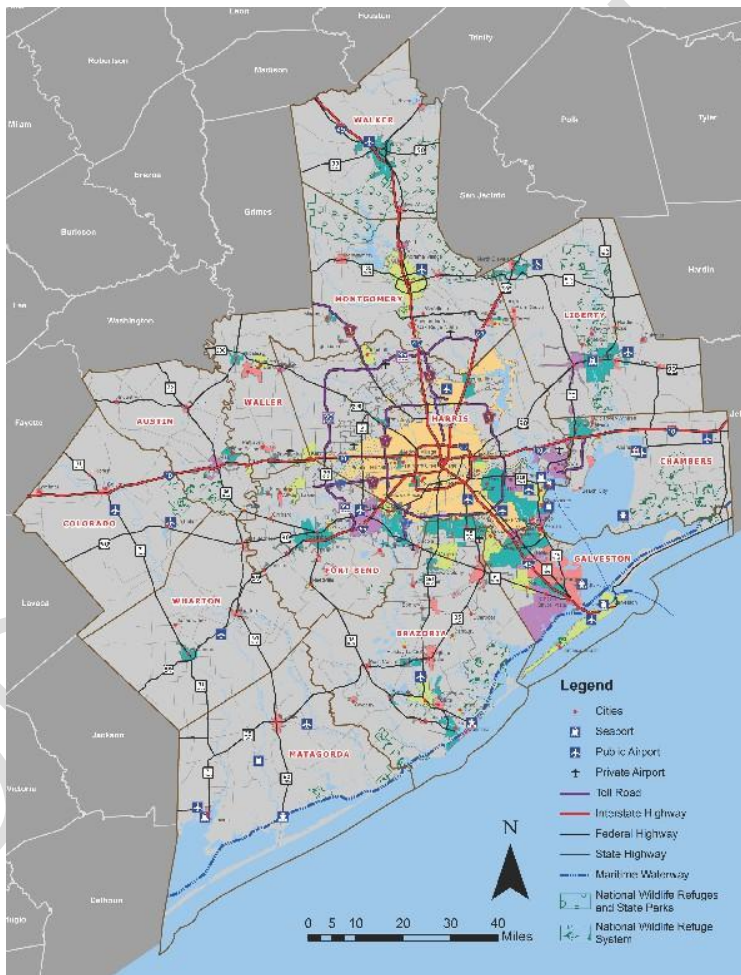
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37 locally elected officials, members representing county governments, cities, and school districts provide more specific guidance and

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policymaking through its regular monthly meetings. As of 2020, H-GAC's membership was comprised of the 13 county governments, 108 cities, and 11 school districts, including all major general-purpose local governments in the region. According to 2020 estimates from the U.S. Census Bureau, these member governments represented approximately 7.2 million people and covered an area of 12,500 square miles. Below is a graphic representation of the H-GAC region and its location in the state of Texas.



d. H-GAC Programs

As one of the country's largest council of governments, H-GAC works to promote efficient and accountable use of local, state, and federal tax dollars; serves as a problem-solving and information forum for local governments; and helps analyze trends and conditions affecting the region. We work with our cities and counties to make the region a great place to live, work, and thrive.

i. Community

Community programs are essential to the well-being of our residents and enhance people's everyday lives. H-GAC's core community programs focus on the welfare of our aging population, meals and rides for the elderly, walkways and bike paths to employment centers, access to safe drinking water, and reduced pollution in the region's waterways. Our programs make the region a better place to live for all of our communities.

ii. Business and Economic Development

The economy continues to boom in the Houston-Galveston region. To boost economic growth in our communities, H-GAC provides small-business loans that lead to job creation and federal economic development grants. Our Workforce Solutions team supports employers and employees by providing job-matching assistance, veteran employment services, summer jobs for youth, apprenticeships, adult education, and literacy programs.

iii. Disaster Planning and Recovery

H-GAC prepares for day-to-day encounters with weather and natural disasters by collaborating with state and local emergency planning agencies to identify hazards and vulnerabilities in our communities. As a leader in multi-county response for disaster recovery programs, we work to coordinate regional decisions that will strengthen preparedness, resiliency, and disaster recovery efforts. We also help to rebuild homes and identify evacuation routes to increase the safety of our citizens.

iv. Data Tools

Data tools and technology are the backbone in today's society for essential community planning to build our neighborhood streets and businesses. H-GAC produces an annual regional forecast to help our communities prepare for growth. Adequate support for public services helps communities with census preparation and provides our local

governments with access to aerial imaging.

v. Mobility

Every day we use our transportation system to travel to work, take our children to school, shop for groceries, and visit the doctor. Safe and efficient travel is essential to the region's quality of life, the protection of our environment, and robust economic growth. Through a coordinated effort with our transportation partners, H-GAC's transportation team prioritizes spending on regional transportation projects with a focus on safety, efficiency, reliability now and for future generations.

vi. Public Safety

Public safety is our most important priority. Partnerships with our local law enforcement agencies allow us to coordinate programs that improve the safety of our communities. H-GAC facilitates local law enforcement training opportunities and administers programs that reduce drunk driving, support regional 9-1-1 services, provide juvenile mental health programs, services to the elderly, and vulnerable adult justice. We also distribute funds for local communities to buy equipment that enhances public safety.

vii. Workforce Solutions Programs

H-GAC's largest program is the Workforce Solutions program. The purpose of the program is to help employers meet their human resource needs and individuals build careers, so both can compete in the global economy. The primary focus of H-GAC's Gulf Coast Economic Development District ("GCEED") is to provide a regional economic development framework through which federal agencies, specifically the Economic Development Administration ("EDA"), can evaluate requests for grant assistance.

e. H-GAC Partnerships and Primary Funding Streams

H-GAC provides a wide range of services to its member governments to meet their diverse needs. H-GAC partners with State of Texas funding agencies such as the Texas Workforce Commission, the Texas Department of Health and Human Services, the Texas Department of Transportation, the Texas Commission on Environmental Quality, the Texas General Land Office, the Texas Department of Criminal Justice, and the Texas Department of Public Safety to name a few.

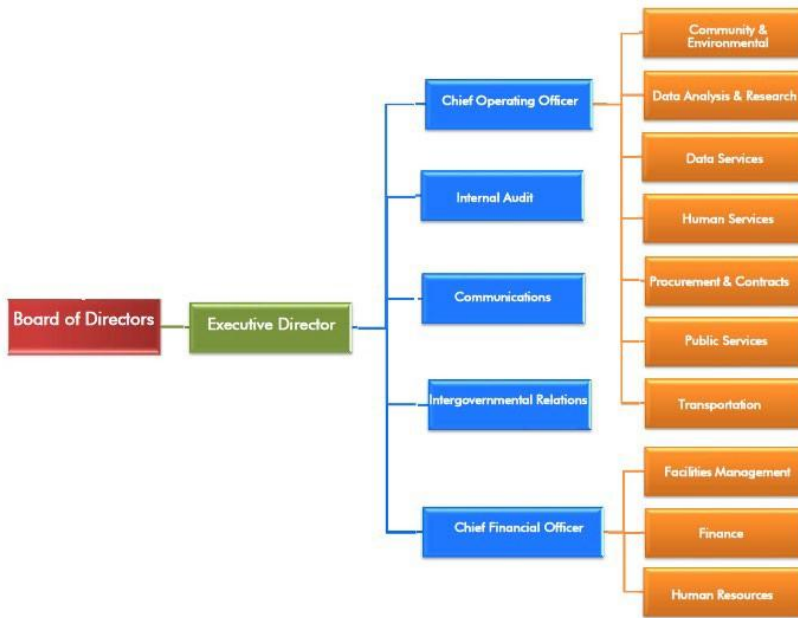
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Federal partners also provide funding including the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, the U.S. Department of Economic Development, and the U.S. Department of Transportation Funding streams, through grants and cooperative agreements, are the primary source of revenue for the organization. In addition to grant-funded programs, the Houston-Galveston Area Council also provides procurement services through the H-GACBuy program and Center for Regional Excellence. Since enhancing the quality and safety of the citizens in the region is a primary goal, H-GAC also provides administrative support for eight rural counties in the region for their 9-1-1 communication services.

f. H-GAC Organizational Structure

To accomplish the work outlined in the various funding agreements and other programs, H-GAC has multiple departments with focused expertise. The following table is the H-GAC organization chart.

Houston-Galveston Area Council



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g. H-GAC is an Equal Opportunity Employer

i. Equal Opportunity Statement

It is H-GAC’s policy to provide equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (~~over 17~~), disability, genetic information (including family history), ~~and marital status, military or veteran status, citizenship, immigration status (except as required by law), or~~ any other characteristic protected by federal, state, or local law.

H-GAC expressly prohibits any form of workplace discrimination or harassment based on any of these characteristics. Retaliation against individuals who oppose unlawful discrimination or participate in an employment discrimination proceeding is also prohibited.

This policy applies to all terms and conditions of employment, including hiring, firing, promotions, training, wages, and benefits. H-GAC complies with all applicable federal, state, and local laws governing non-discrimination in employment.

Employees who have questions about this policy or who believe they have been subjected to discrimination, harassment, or retaliation should promptly contact Human Resources or any manager. All complaints will be handled as confidentially as possible. Additional resources and information are available through the online Speak Up Tool.

ii. Americans with Disabilities Act (ADA) and Reasonable Accommodation

H-GAC does not discriminate against qualified individuals with disabilities regarding application procedures, hiring, advancement, discharge, compensation, or other terms, conditions, and privileges of employment. H-GAC complies with all applicable federal, state, and local laws pertaining to employees and job applicants with qualifying disabilities.

Upon notification and request, H-GAC will reasonably accommodate qualified individuals with a disability so that the individual can perform the essential functions of the job in question, unless undue hardship on the operation of the business would result. Employees who may require a reasonable accommodation should contact the ~~HR~~Human Resources Department right away.

You may reference the ‘Enforcement Guidance on Reasonable-

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[Accommodation and Undue Hardship under the ADA](#) Enforcement Guidance on Reasonable Accommodation and Undue Hardship Under the ADA' page on the U.S. Equal Employment Opportunity Commission ("EEOC") for more information.

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d. Federal Law Compliance

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h. Federal Law Compliance

H-GAC maintains compliance with all federal laws regarding equal employment opportunity, including but not limited to: Title VII of the Civil Rights Act of 1964 and the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967 (ADEA), the Americans with Disabilities Act. You may access the full text of the federal laws by clicking the links below:
<https://www.dol.gov/agencies/oasam/centers-offices/civil-rights-center/statutes/title-vii-civil-rights-act-of-1964>
https://www.ada.gov/ada_intro.htm

i. ("ADA"), the Genetic Information Nondiscrimination Act of 2008 ("GINA"), the Rehabilitation Act of 1973, the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), the Immigration Reform and Control Act ("IRCA"), and the Pregnancy Discrimination Act ("PDA"). H-GAC Commitment to Diversity, Equity, and Inclusion

H-GAC recognizes the importance of diversity, equity, and inclusion and seeks to promote these ideals in our workforce culture and also provides reasonable accommodations in our interactions with the people and communities we serve. To respond most effectively to the needs of those we serve and make our services relevant and accessible, it is incumbent upon us as an organization to bring together a diverse workforce with a variety of backgrounds, skills, and experiences. To accomplish this, we must create an environment where everyone feels valued and respected and where they are treated fairly.

i. External Service Statement

H-GAC acknowledges the great diversity of our region and strives to honor and respect that diversity when carrying out our mission with understanding of each community's unique history, composition, assets, and experiences by proactively planning equitable services and opportunities based on the needs of our community members.

ii. Race, Equity & Inclusion Workgroup

H-GAC is committed to promoting a workplace that is free from discrimination and harassment and where individuals are treated with dignity and respect. This commitment extends to and is fully supported by the senior management as well as the H-GAC Board of Directors. To underscore this commitment, an agency-wide Race, Equity & Inclusion Workgroup has been created to address these issues and implement efforts to build a truly diverse, equitable, and inclusive organization.

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iii. Overview of H-GAC's Affirmative Action Plan

H-GAC utilizes a variety of recruitment efforts intended to reach a broad and diverse audience, which includes participating in job fairs held in communities that H-GAC serves; promoting the H-GAC Internship Program; and advertising on a multitude of sites such as nationally recognized job boards, college and vocational school

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~~career boards, and websites for government agencies, professional membership, and state associations. Additionally, H-GAC supports evolving recruitment practices intended to reduce biases in the hiring and internal advancement processes. Disabilities Act of 1990 ("ADA"), as amended, and other applicable laws.~~

2. EMPLOYMENT WITH H-GAC

a. H-GAC Job Openings

i. Vacant Position Approval

Approval is required each time a vacant position is to be filled. Vacant positions are created either by an incumbent ending the employment relationship with H-GAC voluntarily or involuntarily or by adding a new position not previously held by an incumbent. The approval process to fill the vacancy begins with a ~~requisition~~ [Job Requisition Form](#) originated by the Manager or Department Director with a position to fill submitted to ~~HR~~ [Human Resources](#). ~~A review of the form is conducted and approved up through each H-GAC Executive and finally the H-GAC Executive Director proper approvals obtained.~~ Consideration for approval depends on current needs and approved budget controls.

Upon receiving approval for a job vacancy, ~~Department Directors and or the H-GAC Executives and H-GAC Executive Director~~ [hiring manager](#) will work with Recruiting in the [HR Human Resources](#) Department to get the job posted on talent management sites.

ii. Job Posting Process

Job vacancies are posted internally on H-GAC SharePoint ~~located on the~~ [HR page under the Intranet tab: Human Resources pages](#). When appropriate and feasible, job vacancies will be posted internally for ~~seven~~ [five](#) calendar days before being posted externally for the general public. Current H-GAC employees may also set up emailed job alerts by creating a profile on the [H-GAC Career Center](#) and indicating specific jobs the employee would like to be notified of upon posting.

In general, job vacancies are posted externally on the public H-GAC website on the Careers page under the H-GAC Resources tab and other internet recruitment sites. H-GAC may utilize other recruiting methods and alternatives to advertise job vacancies externally, such as career fairs.

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iii. Job Position Descriptions

The function of work for all positions is explained in the form of a Job Description. A job description contains, among other things, a summary of the job, essential job duties, minimum requirements, preferred qualifications, and grade level. Job descriptions are created by [HRHuman Resources](#) in conjunction with management or subject matter experts regarding the specific job duties. Job descriptions become the basis for performance appraisals, job postings are used to recruit for vacant positions and selection criteria for the most qualified candidate selected to fill the vacant position. Job descriptions are periodically reviewed and updated as needed.

A salary grade level is assigned by using information gained from public and private entities along with an evaluation of comparative worth or difficulty among other jobs within the Agency. The salary grade level selected determines the pay range for the job.

[HRHuman Resources](#) determines whether the job is to be exempt or nonexempt using federal guidelines. ~~Please reference in accordance with the H-GAC exempt/non-exempt questionnaire titled 'Position-Description-Questionnaire'. You may also learn more on the Department of Labor website, as well as reading the Federal Fair Labor Standards Act-Fair Labor Standards Act ("FLSA").~~

iv. Job Requirements and Qualifications

Job postings, as well as job descriptions, will include minimum and preferred job requirements and qualifications. Job requirements and qualifications are subject to change without advance notice depending on the needs of H-GAC and the job.

Dependent on the job duties and labor laws, job requirements and qualifications may include, but are not limited to, satisfactory passage of job-related testing; professional licenses and certifications; satisfactory proven ability to meet job-related physical demands; minimum age limits; and evidence of academic and/or vocational degrees.

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v. Ineligibility

All in general, applicants will be disqualified from employment if they:

- do not meet the minimum qualifications of the job,
- knowingly make false statements on the application and or any supporting documentation,
- commit fraud during the selection process,
- are not legally permitted to hold the position,
- offer or attempt to offer money, service, or any other thing of value to secure an advantage in the selection process,
- fail to produce original legal document(s) that establish identity and employment eligibility, within three days of employment,
- are employed through a temporary staffing agency and have not yet reached ~~1000~~the required minimum hours of work at H-GAC as established by contract between H-GAC and staffing agency; or,
- cannot perform the essential functions of the job with reasonable accommodation.

~~Please click here to learn more about reasonable accommodations and the American Disabilities Act. You may also view the Department of Labor website for information.~~

vi. Age Requirement

Individuals under the age of 16 are not permitted to work at H-GAC. Other age limitations will be applied only as required by specific applicable state or federal law or occupational hazard. Positions funded through the Older Americans Act are subject to the federal requirement that consideration be given to older workers.

b. Recruitment and Selection Process

i. Application Process

1. Current H-GAC Employee

In competitive consideration with external and internal candidates, H-GAC employees may apply to job vacancies online through the H-GAC SharePoint by clicking on the HR-page Job Opportunities under Human Resources under the Intranet tab. Resumes may be submitted in addition to completing the online application, however, resumes alone are not ~~a~~sufficient for a job application. Current employees may apply for an internal position at any time. Current employment with H-GAC does not guarantee that an employee will be

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selected for the applied position and or give that employee any advantage over other applicants.

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2. Former H-GAC Employee

2. Former H-GAC Employee

Former H-GAC employees that leave H-GAC in good standing are eligible for re-hire. However, pursuant to Texas Government Code Chapter 2252, H-GAC may not re-hire a former or retired employee of the agency before the first anniversary of the last date on which the individual was employed by the agency, if appropriated money will be used to make payments as a contractor or employee under the contract if state-appropriated funds will be used for payment, until at least one year has passed since the individual's last day of employment with H-GAC.

Former employment with H-GAC does not guarantee employment and or give any advantage over other applicants. Resumes may be submitted in addition to completing the online application, however, resumes alone are not a sufficient job application.

3. Employees of Temporary Agencies Working at H-GAC

Only after reaching 1,000 hours worked at H-GAC may in general, employees of temporary agencies working at H-GAC may apply to job vacancies online through the public H-GAC website on the Careers page under the H-GAC Resources tab, through.

H-GAC may require that a temporary agency employee complete the minimum number of hours of service specified in the H-GAC SharePoint on the HR page under the Intranet tab, and other internet recruitment sites where the job is posted.

Dependent on the job and arrangement agreement between H-GAC, the temporary agency, and the temporary agency employee, the temporary staffing agency before becoming eligible for hire as a regular H-GAC employee without incurring a conversion or placement fee. The specific number of required hours may vary depending on the terms of the agency employee may also be able to apply directly through the temporary agency sooner if the employee has not yet reached 1,000 hours worked. agreement. The current placement of the temporary agency employee at H-GAC does not guarantee employment and/or any advantage over other applicants.

Regardless of how an applicant has come to know about a job vacancy, an online job application is required. Resumes may be submitted in addition to completing the online application.

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~~however, resumes alone are not a sufficient job application. Please contact Human Resources for more information about this process.~~

4. All Other Job Candidates (General Public)

The general public and non-H-GAC employees may apply to job vacancies online through the public H-GAC website on the Careers page ~~under the H-GAC Resources tab~~ and other internet recruitment sites where the job is posted. Regardless of how an applicant has come to know about a job vacancy, an online job application is required. Resumes may be submitted in addition to completing the online application, however, resumes alone are not a sufficient job application.

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addition to completing the online application, however, resumes alone are not a sufficient job application.

c. Federal Contract Compliance Program (OFCCP)

c. Federal Contract Compliance Program (OFCCP)

H-GAC strives to follow the Office of Federal Contract Compliance Program ("OFCCP") Internet Applicant Rules when screening the pool of job seekers for vacant positions. These rules generally require an objective, pre-established hierarchy of basic and preferred qualifications when considering applicants within an applicant pool. Interviews of the most qualified applicants occur after the screening of qualifications has been completed. The Office of Federal Contract Compliance Program guidelines can be found here: <https://www.dol.gov/ofccp/regs/compliance/faqs/iappfaqs.htm>

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d. Employing Foreign Nationals

H-GAC may decide to hire Permanent Resident card and visa holders. The decision to hire a visa holder is dependent on several factors, including but not limited to, the specialized experience, skills, and education required for a position and an applicant selection that does not meet the desired requirements and needs for the position.

H-GAC complies with all U.S. Department of Homeland Security ("DHS"), Department of Labor ("DOL"), and Department of Justice ("DOJ") requirements, and does not discriminate on the basis of citizenship status or national origin, as required by the Immigration Reform and Control Act and related regulations.

H-GAC's foreign national employment/sponsorship program is administered subject to the availability of appropriated funds and applicable budgetary approvals. Participation is not guaranteed and may be limited, modified, or discontinued based on funding levels and organizational priorities, with or without notice.

i. H-GAC Immigration Policy

This immigration policy applies to those foreign nationals who will be working for the H-GAC or who are already working with H-GAC and who are subject to U.S. immigration laws. H-GAC complies with all immigration laws. This policy is intended to provide guidance on how H-GAC will handle certain specific scenarios; however, H-GAC reserves the right to make further exceptions and to alter this policy over time.

H-GAC strives to hire employees whose skillsets match the job requirements. This helps, but does not guarantee, that applicants will successfully transition into the working environment of the company. Highly technical or specialized jobs may require additional verification of applicant capabilities. H-GAC reserves the right to test applicant capabilities, regardless of nationality or immigration status, using objective third-party testing criteria to assist in the selection and/or retention process. The weight given to the outcome of such assessments is entirely up to H-GAC and will remain a confidential portion of the applicant/employee file.

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ii. Contingent Employment Clause

Offers of employment are contingent upon an individual’s ability to secure and maintain the legal right to work at the company, including obtaining work authorization. All employees are required to complete and satisfy all I-9 requirements within three days of beginning work for the H-GAC, and H-GAC will verify and comply with all federal E-Verify requirements.

If H-GAC is unable to validate work authorization or complete I-9 requirements, the offer of employment is rescinded with no liability to the company for any expenses incurred, time spent or other inconvenience to the job applicant.

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It is H-GAC’s general practice to pursue immigration sponsorship and to pay for all employer required costs associated with such sponsorship as outlined in this policy, for the purpose of hiring and ensuring legal employment authorization in the United States.

This policy does not alter the nature of at-will employment.

iii. Non-Immigrant Sponsorship (Temporary Visa)

1. Assessment of Visa Options

H-GAC will conduct a visa assessment to determine a foreign national candidate’s immigration options to secure employment authorization, where needed. Depending on the foreign national’s visa status and H-GAC’s recruiting needs, H-GAC may offer a conditional employment opportunity contingent on the immigrant securing the immigration status which H-GAC determines is preferred for sponsorship.

A valid independent employment authorization card or official authorization to begin employment such as through evidence of USCIS receipt of H-1B transfer filing is required before the applicant can begin work. Without such authorized work status, H-GAC may not hire a foreign national.

2. Payment of Fees

H-GAC will pay fees required under current immigration law to be remitted by the employer. This includes the cost of legal fees incurred by H-GAC for the filing of an initial petition and the required fees for an extension of a visa. It also includes fraud prevention and detection fees and other assessments determined by the USCIS to be the responsibility of the hiring employer.

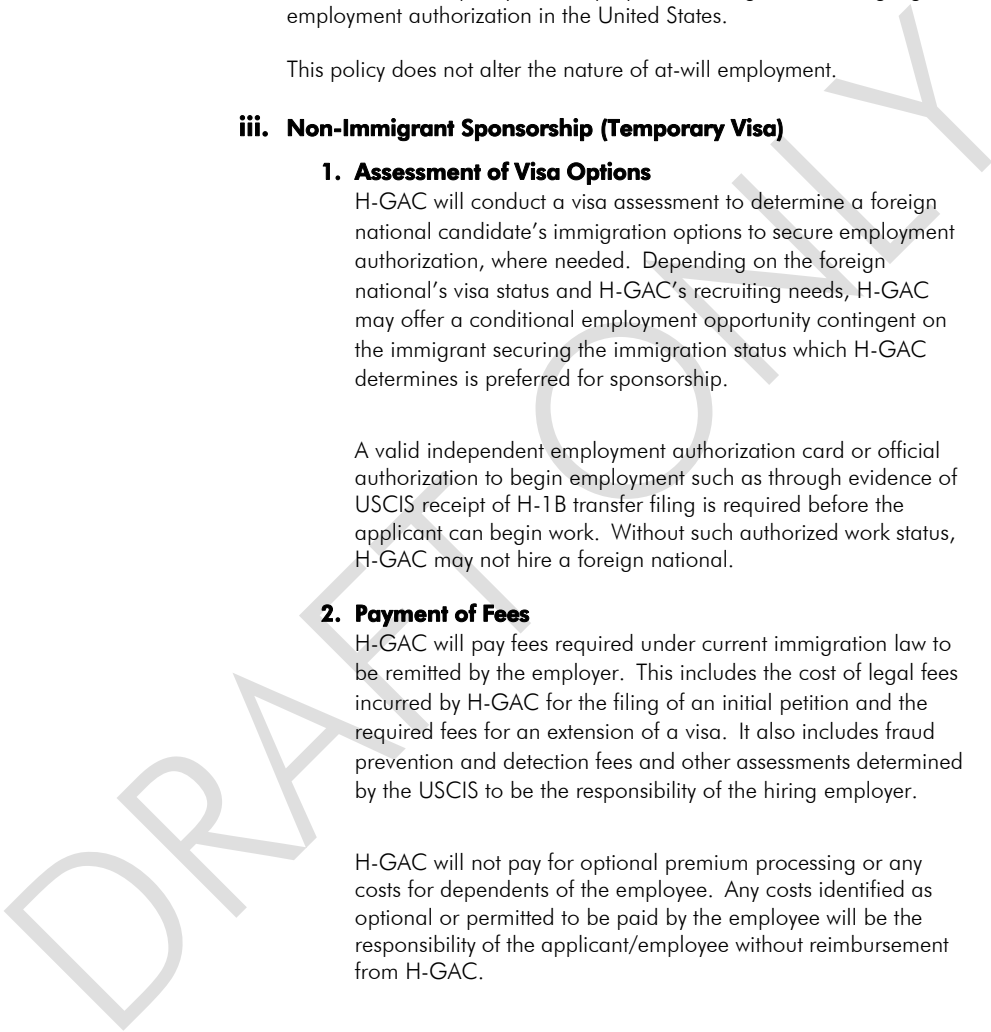
H-GAC will not pay for optional premium processing or any costs for dependents of the employee. Any costs identified as optional or permitted to be paid by the employee will be the responsibility of the applicant/employee without reimbursement from H-GAC.

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iv. Conversion of Temporary Visa to Permanent Residency

H-GAC requires that dual intent immigration status (H-1B) be obtained prior to beginning an immigrant visa (green card) process for any employee. Immigrant visa sponsorship is not guaranteed to any employee.

Immigrant visa sponsorship requires a good faith showing to the government that the employee is needed and will be employed in a particular position into the future. Therefore, H-GAC needs to see that an employee has worked as a full-time employee for at least one year with H-GAC and is in good standing before sponsorship will be pursued. H-GAC will also consider the following factors prior to authorization of an Immigrant Visa conversion process being started:

- Future skills needed of the function and/or department
- Current and expected labor market conditions
- Employee’s current knowledge, skills, and abilities
- Employee’s performance against objectives and values
- Level of position within the company
- Expected duration of employment given employee’s current non-immigrant status.
- Funding status of position and the allowability of costs to grant-funded programs.

H-GAC may make exceptions to this rule where there is a pressing business need. Any exceptions must be reviewed and approved by the H-GAC Executive Director. The company will determine which immigrant visa category will be sponsored after consultation and recommendation with a H-GAC immigration team appointed by the H-GAC Executive Director, which would include H-GAC’s external immigration attorney. Conversion of the immigration visa to permanent residency may be stopped by H-GAC after initiation due to business needs, employee performance or other criteria as determined by the company.

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1. Payment of Fees

H-GAC will cover all fees required by law to be paid by the employer. Any fees an employer is not legally required to pay will be the responsibility of the employee. In general, no fees are covered for dependent family members (~~spouse~~spouses and children under the age of 21); however, the foreign national employee and dependent family member may work with the H-GAC's designated immigration law firm to process such applications, ensuring the most efficient and often the most cost-effective immigration processing. H-GAC may elect to cover some of the ~~employee's~~employees' cost for processing the I-140 and I-485 form with the USCIS. Should H-GAC choose to participate in this cost, the company reserves the right to seek repayment from the employee, where legally permissible, if the employee voluntarily leaves the employment of H-GAC during the application process or within 24 months after receiving the Green Card.

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v. Employment Responsibilities: Maintaining Documentation and Status

Although H-GAC will maintain records of immigration status, it is the foreign national employee's responsibility to ensure that government documentation, including electronic I-94 entry documentation, is accurate and complete.

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The employee is also responsible for notifying H-GAC's Human Resource department ~~six months~~one calendar year ahead of any immigration status expiration to ensure that the company has sufficient time to prepare and file any extension applications. H-GAC will also track these dates but ultimate responsibility for compliance with deadlines rests with the employee; he is required to provide proper and documented notification to ensure the possibility of continued employment. H-GAC will not have any liability to the employee for missed deadlines for applications ~~effor~~ extension, lottery eligibility, etc. if notification was not provided timely.

vi. H-1B Employee Termination Clause

H-GAC is under a legal obligation to notify the USCIS upon termination of employment of a H-1B visa holder and no extension of time for this notification is permitted. Upon termination, H-GAC will withdraw any related immigrant visa applications.

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When an employee is terminated by H-GAC before the H-1B visa status application ends, H-GAC will pay for the return airfare of the employee to his country of origin as required by law. If the employee voluntarily terminates employment with H-GAC, no obligation for such return transportation will be expected or paid.

This policy is subject to periodic review and revision. Any changes to immigration requirements promulgated by state or federal agencies supersede these policies. Any disputes regarding the interpretation of these policies shall be resolved by the H-GAC Executive Director of H-GAC or his designee, whose decisions are final.

vii. H-GAC Immigration Policy Glossary of Terms and Forms

Immigration policy glossary of terms can be found in the general glossary of this handbook. H-GAC immigration policy related terms will be noted with an asterisk (*). Forms referenced in this policy can be found on the websites linked below:

- [ETA-9089 Department of Labor Certification](#)
- [I-129 Petition for Nonimmigrant Worker](#) filed by employer to allow the hiring of a non-immigrant worker under the H-1B program
- [I-140 Immigrant Petition for Alien Workers](#) to obtain permanent residency
- [I-485 Application to Register Permanent Residence or Adjust Status](#) allows an immigrant worker in the United States to apply for a Green Card. This is usually filed concurrently with I-140.

e. Pre-Employment Testing, Verification, and Screening

i. Pre-Employment Testing

1. Job-Related Testing

e. Pre-Employment Testing, Verification, and Screening

i. Pre-Employment Testing

1. Job-Related Testing

Pre-employment or job transition testing will only be administered where job when directly related. These tests are designed with best efforts so as not to create the essential duties and qualifications of the position. H-GAC designs and implements all assessments to avoid creating disparate treatment or adverse impact on applicants. Tests or employees. The type of testing required may vary based depending on the qualifications of the applied for job. This test is paid for specific role. All testing costs will be covered by H-GAC.

2. Drug Testing

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2. Drug Testing

~~Completion of~~ All candidates must successfully complete a pre-employment drug screening ~~is mandatory prior to~~ as a condition of employment. ~~This~~ H-GAC will pay for the cost of this test ~~is paid for by H-GAC~~. A positive drug test result, or refusal to undergo drug testing, will result in disqualification from employment with H-GAC.

Screening Prior to Employment

1. Driving Record

ii. Screening Prior to Employment

1. Driving Record

~~Prospective employees~~ H-GAC may review the driving records ~~may be reviewed of prospective employees~~ prior to employment for positions that require driving as part of job duties. Employees who are required to drive a vehicle on

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H-GAC business must maintain a safe and acceptable driving record. These records requests H-GAC will be paid pay for by H-GAC the cost of obtaining these records.

In From time to time, H-GAC employees may be required to drive to an off-site meeting or location to conduct H-GAC business. Hence addition, H-GAC may additionally review driving records periodically of all employees:

H-GAC review the driving record check focuses on records of current or employees who drive for H-GAC business purposes. The review will focus on recent reporting or current violations that suggest the job candidate or employee may pose indicate a high risk to the safety of the employee, colleagues, and others while driving to conduct H-GAC business. H-GAC does take into consideration a job applicant's or employee's reasonable explanation for negative reporting in a driving record:

H-GAC does consider or the public. Offenses such as Driving Under the Influence (DUIs) offenses and While Intoxicated (DWI) or repeated speeding offenses violations may be considered high risk to the safety of others in recent years.

H-GAC will consider any reasonable explanations provided by job applicants or employees regarding negative entries on their driving records.

2. Eligibility to Work

Pursuant to the Immigration Reform and Control Act of 1986, employees are required to complete and sign a Form I-9 within three calendar days of hire, accompanied with the required I-9 acceptable forms of identification and proof of eligibility to work in the United States. Failure to provide this completed paperwork and required documents will result in revocation of the job offer or immediate termination of employment.

iii. Pre-Employment Verification

1. Reference Check

H-GAC does ask job applicants for their personal and professional references and may reach out to the references provided prior to offering employment to an applicant.

2. Background Check

H-GAC performs background checks prior to employment. A criminal history does not automatically eliminate an

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applicant's employment eligibility. H-GAC reviews several factors to determine if an applicant remains eligible for employment at H-GAC, including but not limited to the crime committed; the time since crime committed; and the position applied to. A satisfactory background screening is mandatory prior to employment.

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3. Credit Check

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3. Credit Check

H-GAC reserves the right to perform may conduct credit checks prior to on applicants or employees when the duties of a position warrant such review, such as roles involving financial responsibilities, access to sensitive information, or other business-related justifications.

Credit checks will only be performed in compliance with the Fair Credit Reporting Act (FCRA) and during any applicable state law. Prior to conducting a credit check, H-GAC will provide written disclosure and obtain written authorization from the individual. If any information in the credit report may result in denial of employment, H-GAC credit or other adverse action, the individual will receive a copy of the report and a summary of their rights as required by law.

Credit checks will focus on current or recent reporting or relevant information that may suggest the job candidate or employee may be an improper fit concern for the specific position-candidate or employee has applied for or holdsheld. H-GAC does take into consideration a job applicant's or employee's will consider any reasonable explanations for explanation provided by the applicant or employee regarding negative reporting information in a credit report.

All credit check information will be kept confidential and used strictly for employment-related purposes.

4. License and Academic Verification

H-GAC may require authenticated proof of academic degrees and certificates or licenses in good standing when employee has listed any on employee's application or resume or if position applied to requires said degree, certificate, or license.

5. Relocation Policy

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H-GAC may offer relocation assistance for newly hired employees who live more than 100 miles from the H-GAC office headquarters. Existing employees that are relocating within the region are not eligible for relocation assistance, no matter the distance of the move or proximity to the office.

All employees of H-GAC are required to reside within the agency's region of service to support our commitment to excellence in service of our region. New employees are typically required to work in office during their first month, regardless of scheduled days/hours. Relocating employees who have not completed their relocation by their first day of work must plan to work from the office during their scheduled hours. Relocation of their residence must be completed on or before 30 days following date of hire, or the employee may be terminated. Extenuating circumstances may be reviewed and approved by the Director of Human Resources.

Should the employee terminate employment on or before their first year anniversary of their hire date for any or no reason, the entire amount of the relocation must be repaid and may be deducted from any final compensation.

f. Employment of H-GAC Employee Relatives

i. Nepotism

Nepotism, the showing of favoritism toward relatives, is prohibited in all hiring practices. An individual cannot be hired if individual is related within the second degree by affinity (marriage) or within the third degree by consanguinity (blood) to any member of the governing body, to the H-GAC Executive Director, or to an employee who would supervise the individual.

An employee may not continue employment if employee is related to the H-GAC Executive Director or a member of the governing body in one of the prohibited degrees unless the employee has been employed continuously for a period of:

- at least 30 days when the H-GAC Executive Director or

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- governing body member is appointed as an official; or
- at least six months when the governing body member is elected at an election other than the general elections for state and county officers; or
- at least one year when the governing body member is elected at the general election for state and county officers.

ii. Prohibited degrees of relationships

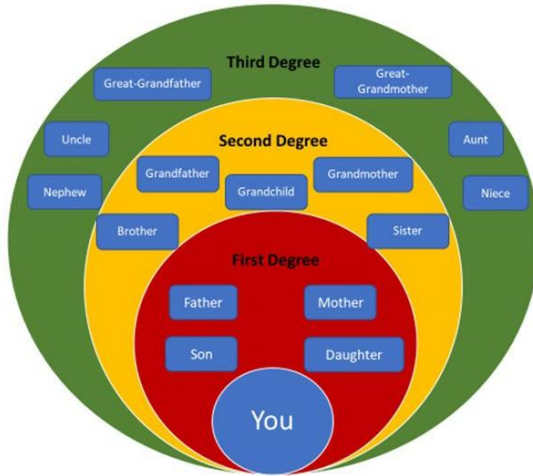
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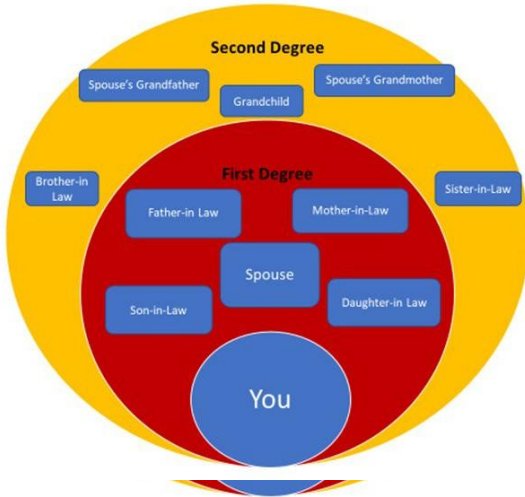
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CONSANGUINITY
Relationship by blood



AFFINITY
Relationship by marriage



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3. GENERAL EMPLOYEE INFORMATION

a. New Employees

i. Orientation and Training

Before an individual can begin his duties, he must complete ~~an~~their first day orientation. ~~HR~~Full onboarding will be completed within the first 2-4 weeks of employment. Human Resources will provide training on ~~these~~ policies, timesheet preparation, benefits, etc. The ~~employee~~employees will also receive training on conflicts of interest and the use of H-GAC equipment. The Data Services department will be responsible for providing training on the computer system and security requirements. All employees are required to complete state-~~mandated~~ cybersecurity training on their first day of work.

~~Employees will not be permitted~~All new hires are required to begin work until complete the orientation full onboarding and all training has been completed and the HR department has authorized the employee to begin work. H-GAC will pay the employee at his agreed salary or hourly rate while he ~~or she~~ is undergoing his orientation, ~~onboarding~~ and training.

New hires will be required to become familiar with H-GAC policies and provide acknowledgement that they have read and understood all policies within five calendar days of ~~employee's~~employees' first day of work.

Specific training related to work assignments is the responsibility of the Supervisor for whom the employee works. Managers and/or Supervisor should ensure that the new employee can productively contribute to the departmental goals by conducting training(s) ~~of~~in the job duties and expectations of performance within a timely manner.

ii. Introductory Period

H-GAC imposes an introductory period of employment for new employees. During this time an individual is considered to be working toward successfully completing the introductory period. This introductory period is a time for employees to become familiar with H-GAC's mission; getting to know fellow employees and Supervisors; and learning the tasks involved in the job. The introductory period is generally six months long but may be extended at the discretion of the H-GAC Executive Director. During this probationary time, employees can expect to be more closely supervised and evaluated to ensure that

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the employee will meet expectations for the job and work well with other personnel and the public served by H-GAC. Employment may be terminated at any time during the employee's introductory period.

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iii. Benefits During Introductory Period

Employees are eligible for paid holidays and to use and accrue sick leave upon hire.

Employees are eligible for medical, dental, vision, prescription plan, Employee Assistance Program, long and short-term disability, Legal Shield, insurance, ancillary benefits flexible spending and health savings accounts on the first day of the month following employee's start date.

iv. Benefits Upon Reaching Six Months of Employment

Employees are eligible to use vacation leave and floating holidays upon reaching six months of employment.

Employees may request a job transfer or apply to a new job internally only upon successful completion of employee's introductory period. However, an employee requested job transfer and or a new job application is not guaranteed to any employee at any time.

On an employee's six-month anniversary, the employee will automatically be enrolled in the H-GAC 401k Retirement Plan. At that time, the employee may access and complete the 401k forms on SharePoint under the [Human Resources Benefits](#) page to manage employee's plan. In accordance with IRS guidance as it pertains to H-GAC and the requirements of H-GAC's Retirement Plan, employee participation in the plan is one of the conditions of employment at H-GAC. Non-participation is grounds for terminating employment or retracting a job offer.

Employees are eligible for tuition reimbursement after successful completion of employee's introductory period and upon reaching employee's one year anniversary at H-GAC.

v. Taking Leave During Introductory Period

Employees are not eligible to take any paid leave, with exception to sick leave, during the introductory period. However, if an employee must take leave during this time, the employee should reach out to Supervisor to notify or request the leave, whether planned or unplanned, as soon as possible. In addition, the employee is required to request and note the time off in the timesheet program, and work with the Payroll Division in Finance to assure the time off is noted as unpaid.

vi. Introductory Period Review

In general, a newly hired employee's introductory period ends after six months. However, based on employee performance and Supervisor recommendation, the H-GAC Executive Director may use their discretion to extend the introductory period in increments of 30 calendar days, but only up to 90 calendar days, for an employee. Additionally, employees may be terminated at any time during the introductory period.

Within six months of employee's introductory period date, the employee's performance to date will be reviewed with employee's Supervisor to discuss employee's work performance to date, the job itself, and how the employee meets the needs of the job at H-GAC. The evaluation and a combination of other factors will determine the employee's future status at H-GAC. Completion of the introductory period does not guarantee continued employment and does not change the at-will nature of the employment relationship.

Supervisors are required to provide newly hired employees with performance evaluations at the employee's three month and six-month anniversaries. However, employees have the option to request performance evaluations at any time within the introductory periods. In the event a Supervisor extends the introductory period for an employee, Supervisors may conduct periodic reviews throughout the extended period. In the least, Supervisors must provide an employee review at the end of the extended introductory period. It is important to note that even during the extended introductory period, an employee may be terminated at any time.

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vii. Extension of Introductory Period

In limited circumstances and subject to H-GAC Executive Director-written approval, this introductory period may be extended in 30-calendar day increments not to exceed 90-calendar days. Supervisor shall develop a Performance Improvement Plan ("PIP") detailing measurable outcomes for employee mandated improvements to be achieved by the end of the extended introductory period:

If, at the end of or any time during the extended introductory period, H-GAC determines that the employee continues to not satisfactorily meet job performance expectations, the employee may be terminated:

viii. Post-Introductory Period

Employee's successful completion of employee's introductory period does not alter the nature of employee's at-will employment.

b. Employee Resources and Interacting with Other Departments

H-GAC has over a dozen departments and sub-departments. Many departments focus on providing and coordinating services to H-GAC's 13-county region, while other departments manage different functions of H-GAC daily operations, including providing direct assistance to employees:

H-GAC encourages employees to learn more about the different departments, the work that they do, and current projects they are and have been involved with. Employees can do this by reading: The H-GAC newsletter; a department's web pages on the public H-GAC website; a department's internal web pages on SharePoint; and, by simply reaching out to their colleagues and asking:

H-GAC encourages employees and departments to develop working relationships with one another and identify cross-collaboration opportunities. It is most efficient when employees and H-GAC departments work with and utilize departments that are the primary managers of specified areas of operations at H-GAC. These departments are in place to provide employee expertise; policies and procedures for the area of operations they manage; and serve as the primary resource to employees and departments for the area of operations they manage:

Below is a brief overview of the primary functions for the various departments at H-GAC:

i. Administration

H-GAC's administration departments provide general management direction in implementing H-GAC Board of Directors adopted policies.

The Executive Director's office formulates strategic planning and policy recommendations for consideration by the Board of Directors. The Executive Director also recommends H-GAC's annual budget.

In addition to the Executive Director's office, administration includes financial management, internal auditing, intergovernmental relations and agency-wide general services such as human resources and purchasing. These offices provide services that support the agency's regional planning and service programs.

ii. Communications and Outreach

The communications team leads the agency's multifaceted communications and outreach strategy that unifies H-GAC's brand, strengthens regional partnerships, and elevates program initiatives that impact the region. Specific examples of what the communications team manages include social media, media relations, branding, messaging, digital communications, multimedia campaigns, graphic design, video production, newsletters, photography, public outreach and engagement.

Any work that has a communications or outreach component should be coordinated through the communications department. When in doubt, just reach out to the communications team at communications@h-gac.com and start a conversation. Perhaps you are doing work that requires working with the media, has a graphic design element or needs outreach to the public; contact the communications team as soon as possible. An excellent resource to find more information about what the department does, agency templates, and more, visit the communications [SharePoint site](#).

iii. Community and Environmental Planning

H-GAC supports a broad spectrum of community and economic development programs, from overseeing federal and state grant programs that deliver wastewater and drinking water grants to rural communities and small cities to supporting regional workforce initiatives and partnering on downtown revitalization and community beautification projects. By partnering with the Gulf Coast Small Business Finance Corporation and the Gulf Coast Economic Development District, H-GAC is able to provide community investment grants, support a rural enterprise revolving loan fund, conduct economic impact assessments, and provide a regional perspective via our monthly economic digest.

iv. Data Analytics and Research

The Data Analytics and Research team focuses on developing robust data models and forecasts for local and regional economic development, transportation planning, air quality, population growth, land use, and flood mitigation. This information is available to local governments in the 13-county region, community partners, institutes of higher learning, state, and federal agencies to use for their planning purposes.

v. Data Services

The Data Services Department is the information technology and services arm of the agency. The Data Services Information Technology team provides technology infrastructure, support, and services including computer, system operations and telecommunications systems. We work with the agency staff to ensure they have all the tools they need to work efficiently and effectively. The Web development team provides content management for our public facing websites while the SharePoint team is responsible for managing a centralized document management system utilizing the Microsoft Office 365 platform.

vi. Facilities

The Facilities Department manages all in-house print jobs; mail and deliveries; Timmons building maintenance requests; worker's compensation claims; office supplies; office furniture; set up for meetings in second floor conference rooms; break rooms maintenance and supplies; and issuing employee badges.

vii. Finance and Budget

The Finance and Budget Department provides a full range of financial information: from detailed information, such as how to process a transaction, to overview information and such as how to interpret the financial reports. The finance department strives to achieve excellence through delivering timely and accurate financial information and providing proper oversight of all expenditures and revenue collections. The department also provides guidance on budgeting, all payment-related processes, invoicing, providing project status reporting, timesheet guidance, grant-related fiscal obligations, and audit compliance.

viii. Human Resources ("HR")

The Human Resources team is an established group equipped with the essential tools and expertise to serve the agency and its employees. The Human Resources department covers a wide range of areas within the agency, in an effort to provide assistance to staff members, implement policies and procedures, and provide overall support to employees. These areas include recruiting, orientation, compensation, employee benefits, employee relations, employee engagement, and much more. Staff members are encouraged to reach out to Human Resources should they need assistance or guidance in any of these areas.

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ix. Human Services

The Houston-Galveston Area Council's Human Services Department provides services that support independent living for senior citizens, assist employers with finding qualified job candidates, and help individuals find jobs.

The Houston-Galveston Area Agency on Aging aims to help older Texans remain independent and healthy in the community through services and assistance with Medicare. The Agency also helps advocate for residents in nursing homes and assisted living facilities.

The Gulf Coast Workforce Board and its operating affiliate Workforce Solutions, are the public workforce system in the 13-county Houston-Galveston region of Texas helping employers meet their human resource needs and individuals build careers, so both can compete in the global economy.

x. Legal Team

H-GAC employs an internal Legal Liaison as well as several external specialty law firms to address and research legal issues on behalf of H-GAC. The Liaison collaborates with each H-GAC department as needed to research issues pertaining to programs and draft contracts, and further assists employees with legal questions pertaining to their projects and H-GAC related work. The Liaison also works closely with HR to address HR issues and the Procurement and Contracts department to review and draft contracts.

xi. Procurement and Contracts

The Procurement and Contracts Department is responsible for the buying, purchasing, renting, leasing, acquiring of any supplies, equipment or services needed for the agency. This also includes all activities that relate to obtaining any supplies, equipment, or services, including but not limited to the description of requirements, selection and solicitation of sources, preparation and award of contracts, issuance of purchase orders, and all phases of contract administration.

xii. Public Services

The Public Services Department assists local governments in the development, coordination, planning and improvement of criminal justice services, emergency communications, homeland security and cooperative purchasing. The H-GAC Cooperative Purchasing Program

assists local governments in reducing costs through this government-to-government procurement service available nationwide.

xiii. Transportation

H-GAC serves as the Metropolitan Planning Organization (MPO) for transportation planning in the eight-county Houston-Galveston area. This area includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller counties. H-GAC's Transportation Policy Council approves the Regional Transportation Plan (RTP) and Transportation Improvement Program (TIP).

e. General

i. Employment Categories

b. In order to General

i. Employment Categories

To determine eligibility for benefits and overtime status and to ensure compliance with federal and state laws and regulations, H-GAC classifies its employees. These classifications are subject to change at any time dependent on the needs of H-GAC.

There are three classifications of employees, and all employees are classified in each of the three levels, with exception to interns and fellowships, who may work less than 80 hours bi-weekly but are considered neither full-time nor part-time employees. The three classification types are:

- Full-time or part-time
- Regular, temporary, and other
- Exempt or non-exempt

1. Full-time or Part-time

Full-time Employees

Full-time employees are regularly scheduled to work 80 hours every bi-weekly period. Full-time employees may be hourly (classified as non-exempt (hourly) or exempt (salaried (exempt) in accordance with the Federal Fair Labor Standards Act (FLSA).

Part-time Employees

Part-time employees are defined as employees that who are regularly scheduled to work less than 6080 hours in a bi-weekly period. However, H-GAC does not employ regular part-time employees may be classified as non-exempt or exempt, based on their job duties and salary basis. Part-time employees are eligible

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for some, but not all benefits, and the proportion of benefits available will be maintained in the employee's personnel file and/or reflected in his or her offer letter. Part-time employees are eligible for some, but not all, benefits, which are provided on a prorated basis according to their regularly scheduled hours.

Other

Interns, fellows, and temporary employees working through a staffing agency are not categorized as regular full-time or part-time employees. Interns, fellows, and temporary employees are not eligible for benefits.

2. Regular or Temporary

Regular employees are employees hired to work a regular schedule with no specified end date of employment. Employment is subject to satisfactory performance and

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continuation of funding for the job:

Temporary employees may be employed through a staffing agency to temporarily supplement the workforce or to assist in the completion of a specific project. Details regarding a temporary employee's pay rates, overtime eligibility, schedule, job description, work assignment, and start and end dates are and should be worked out directly between H-GAC and the staffing agency:

Generally, temporary employees should not exceed 1,000 hours agency-wide in a rolling twelve-month period. Temporary agency employees are not employees of H-GAC, but rather employees of the agency they work through. Temporary employees are not eligible for benefits or paid holidays. While working at H-GAC, temporary employees are subject to all H-GAC policies:

3. Exempt or Non-Exempt

2. Regular or Temporary

Regular Employees

Regular employees are hired for an ongoing position with no predetermined end date. These employees may be classified as full-time or part-time, based on their regularly scheduled hours. Regular employees are eligible for H-GAC benefits as described in the Employee Handbook and their offer letters, subject to the terms and conditions of the relevant benefit plans and policies.

Temporary Employees

Temporary employees are hired for a limited period of time, typically to meet a specific business need, such as covering a leave of absence, completing a short-term project, or addressing seasonal workload increases. Temporary employees may be employed directly by H-GAC or through a temporary staffing agency. Temporary employees are not eligible for most H-GAC benefits, except where required by law or specified by the terms of their employment. Temporary employment does not guarantee continued or regular employment beyond the agreed-upon assignment period.

3. Exempt or Non-Exempt

H-GAC determines an employee's or specific position's status as exempt or non-exempt in alignment with Federal Fair Labor Standards Act (FLSA) guidance and standards.

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Please reference the H-GAC exempt/non-exempt questionnaire titled 'Position Description Questionnaire' on SharePoint on the HR web pages. You may also learn more on the [Department of Labor website](#), as well as reading the [Federal Fair Labor Standards Act](#).

Exempt employees are exempt from the Fair Labor Standards Act and not eligible for overtime premium payment or overtime compensated leave time.

Pursuant to the Fair Labor Standards Act, non-exempt employees are eligible for overtime premium payment or compensated leave time.

Exempt Employees

Exempt employees are exempt from overtime pay requirements under the FLSA. They are paid on a salaried basis and must meet specific criteria regarding their job duties and responsibilities as defined by federal and state law. Exempt employees are not eligible to receive overtime pay or compensatory time for hours worked in excess of 40 in a workweek.

Nonexempt Employees

Nonexempt employees are entitled to overtime pay at one and one-half times their regular rate of pay for all hours worked over 40 in the agency defined workweek, as required by the FLSA and applicable state law. Nonexempt employees may be paid on an hourly or salaried basis but are subject to timekeeping and overtime policies.

Determination and Notification

An employee's exempt or nonexempt status is determined based on the specific duties and responsibilities of the position and is communicated to the employee in the offer letter and maintained in the employee's personnel file.

ii. Other

1. Interns

From time to time, H-GAC accepts higher learning education students on a temporary basis for educational internships. Interns may be paid or unpaid and their hours worked during the internship may vary, dependent on the internship agreement between H-GAC, the student, and the school, if applicable.

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Interns are not H-GAC regular full-time employees and are ineligible for benefits and paid holidays. While working at H-GAC, interns are subject to all H-GAC policies. Employment as an intern does not alter the nature of at-will employment at H-GAC.

2. Fellowships

From time to time, H-GAC partners with another company and provided fellows. Fellows are paid through their fellowship and dependent on the agreement between H-GAC, the company providing the fellow, and the fellow. Fellows are not H-GAC regular full-time employees and are ineligible for benefits and paid holidays. While working at H-GAC, fellows are subject to all H-GAC policies. Fellowships do not alter the nature of at-will employment at H-GAC.

iii. Employment Conditioned on Funding

iii. Non-H-GAC Employees Assigned to Work With and at H-GAC Facilities

H-GAC is in partnership with several government agencies and private entities wherein said agencies and entities assign select employees to work directly with H-GAC and its employees and are housed at H-GAC facilities. As a condition of these work assignments with and at H-GAC, these non-H-GAC employees are required to adhere to H-GAC policies not in conflict with their contract for services. Prior to working with or at H-GAC facilities, these non-H-GAC employees are required to read the H-GAC Employee Handbook and agree to applicable terms. Non-H-GAC employees are ineligible for H-GAC benefits.

iv. Employment Conditioned on Funding

All employment at H-GAC is conditioned contingent upon available continued availability of funding, including grants and contractual agreements with external funding sources. H-GAC employees are subject to termination upon discontinuance of funding. If funding for the employee's position is reduced or discontinued, employment may be terminated or subject to other employment actions, such as reassignment or reduction in hours, as appropriate and permitted by law. H-GAC will provide notice to affected employees as soon as reasonably possible in the event of funding changes impacting employment status.

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4. WORK WEEK, TIME REPORTING, AND PAYCHECKS

a. Core Working Hours

a. Core Working Hours

Core working hours for H-GAC employees are ~~selected~~typically specified in ~~eight- to ten-~~10-hour shifts between 6:00am to 7:00pm, Monday through Friday. Posted business office hours for the general public are listed as 8:00am to 5:00pm. An employee must work with employee’s direct Supervisor to determine start and end times for their scheduled workdays. An unpaid ~~one-~~hour lunch break30 to 60 minute meal period should be built into each regular workday. Nonexempt employees must accurately record their meal periods and are not permitted to perform any type of work during their unpaid meal break.

b. Payroll Period

The H-GAC payroll schedule begins and ends at Noon on Friday and spans a two-week period. The pay date is the first Wednesday following the payroll period. Detailed payroll schedules are available upon request from the Finance Division. A four-week visual of the payroll schedule is below, which reflects the effective payroll period in green:

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--------|--------|---------|-----------|----------|--------|----------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | PAYDATE | | | |

c. Trip Reduction Day (TRD)

Trip Reduction Day is a designated day off during the regular workweek, earned by employees who work additional hours on other days to fulfill their required weekly hours. This flexible scheduling option supports both employee well-being and organizational sustainability goals by reducing the number of single-occupancy vehicle commutes, easing traffic congestion, and lowering carbon emissions. Employees are encouraged to coordinate with their supervisors to ensure coverage and productivity. As a council of government, this initiative reflects our mission to positively impact regional transportation systems and improve air quality for the communities we serve.

b.d. Alternative Work Week Schedules

H-GAC offers employees ~~optional~~alternative work schedules to accommodate work requirements and lifestyle. ~~In addition to the normal eight hours worked~~

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~~in a ten-day work period, some positions allow for an employee to choose between several alternative work schedules.~~ Department Directors determine the work schedules allowed in their department in accordance with the Alternative Work Schedules in this section. An employee must work with employee’s direct Supervisor to determine if ~~the~~ employee’s position is eligible for an alternative work schedule, and if so, which schedule the employee may select. A Supervisor or Department Director may change employee’s schedule as necessary to accomplish the goals of the department. It is recommended whenever possible to give two or more weeks’ notice of a schedule change. Human Resources must be notified to document the change in schedule. Specific schedules offered by H-GAC are outlined in the chart later in this section.

~~Holidays falling on Fridays of employees who are scheduled off will get “in lieu of” holidays for the number of hours they normally work for that day, with exception to those working Schedule D who will not get in lieu of days for Good Friday or the Friday after Thanksgiving.~~

i. Standard Work Schedule 5/40 – Schedule C

A standard work schedule is ~~where 40 hours are 5 8-hour days worked in a five-day work one workweek, totaling 40 hours for each week, Monday through Friday and 80 for the pay period.~~

ii. Alternative Work Schedule ~~(“AWS”) 9/80 – Schedules A, B, F, G~~

A 9/80 work schedule is an alternative work arrangement in which employees work nine hours each day for eight days and eight hours on one day over a two-week period, totaling 80 hours. This schedule allows employees to have one day off every other week, typically resulting in a three-day weekend every pay period, while still fulfilling their full-time responsibilities. The 9/80 schedule can improve work-life balance, reduce commuting days, and support organizational productivity.

Nonexempt employees are only eligible for certain work schedules due to overtime pay requirements and the defined H-GAC workweek. Specifically, nonexempt employees may only participate in Schedules A, C, D, or H.

Eligibility for work schedules is determined by H-GAC policy and applicable wage and hour laws. Please consult Human Resources if you have questions about work schedule eligibility.

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iii. Alternative Work Schedule 4/10 – Schedules D and E

A 4/10 work schedule is an alternative work arrangement that allows employees to work four 10-hour days per week, completing a full 40-hour work week in fewer days. This schedule provides employees with one additional day off each week, typically resulting in a three-day weekend, while maintaining full-time status and responsibilities. The 4/10 schedule can offer improved work-life balance, reduce the number of commutes, and support organizational efficiency. Employees should coordinate with their supervisors to ensure adequate coverage and continuity of operations.

iv. Part-Time Schedules – Schedule H

Part-time schedule is defined as a regular work arrangement in which an employee works fewer hours per week than a full-time employee, typically less than 30 hours. Part-time employees may have set, or variable schedules based on the needs of their department and the organization. While part-time employees contribute significantly to the workplace, they may be eligible for a more limited range of benefits compared to full-time employees, in accordance with organizational policy and applicable laws. The hours worked per day is in accordance with the written arrangement between the employee and H-GAC and maintained in the employee’s personnel file.

v. Chart of H-GAC Work Schedules

Alternative work-schedule where 80 work hours are completed over a nine-day work period 9/80 work plan. While the agency is open each Friday, employees have the option of designating on Friday in the biweekly period as a Trip Reduction Day. In a biweekly pay period, the employee must work eight nine-hour workdays and one Friday in the pay period. On the work-Friday of the pay period employees must establish a work-schedule to satisfy four hours worked before-noon and four hours work after-noon for a total of eight hours.

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iii. ~~Alternative Work Schedule (“AWS”) 4/40 – Schedule D~~

~~Alternative work schedule where forty) work hours are completed over a four-day work period (4/40 work plan). In a biweekly pay period, employees must work eight ten-hour days and do not work on Fridays. Employees electing this AWS should review published Schedule D and consult with employee’s manager regarding the availability of this schedule for employee’s position.~~

iv. ~~Chart of H-GAC Work Schedules~~

| Schedule | Schedule-Name | Description |
|----------|---------------|---|
| 9/80 | A | Employee works eight nine-hour days and one eight-hour day on Friday. The first Friday of the pay period is a trip-reduction day. The employee does not work on a trip-reduction Friday. |
| 9/80 | B | Employee works eight nine-hour days and one eight-hour day on Friday. The second Friday of the pay period is a trip-reduction day. The employee does not work on a trip-reduction Friday |
| 5/40 | C | Employee works ten eight-hour days, Monday – Friday, over the two-week pay period. |
| 4/40 | D | Employee works eight ten-hour days, Monday – Thursday of each week in the pay period. The employee does not work on Fridays. |

| Schedule Name | Schedule Type | Nonexempt* | TRD | Description |
|---------------|---------------|--------------|---|--|
| A | 9/80 | | 2 nd Friday | Employees work 8 9-hour days and 1 8-hour day on the first and third Friday. The second Friday is a trip-reduction day (TRD). |
| B | 9/80 | Not eligible | 1 st & 3 rd Fridays | Employees work 8 9-hour days and 1 8-hour day on the second Friday. The first Friday and third Friday is a trip-reduction day (TRD). |
| C | 5/40 | | n/a | Standard schedule of 5 8-hour workdays per workweek. |
| D | 4/10 | | Every Friday | Employees work 4 10-hour days, Monday through Thursday. |
| E | 4/10 | Not eligible | Every Monday | Employees work 4 10-hour days, Tuesday through Friday. |
| F | 9/80 | Not eligible | 1 st Monday | Employees work 8 9-hour days and 1 8-hour day on the second Monday. The first Monday is a trip-reduction day (TRD). |
| G | 9/80 | Not eligible | 2 nd Monday | Employees work 8 9-hour days and 1 8-hour day on the first Monday. The second Monday is a trip-reduction day (TRD). |
| H | PT | | n/a | Part-time schedules may vary between 40 and 60 hours in a bi-weekly pay period. |

***NOTE: Nonexempt employees are not eligible for Schedules B, E, F or G.** This allows H-GAC to maintain adherence to wage and hour laws related to overtime in a defined workweek. Please refer to

Human Resources for any questions.

vi. Changing Schedules

An employee may request a schedule change once in a calendar year. A schedule change request is not guaranteed approval, and ~~among other factors, may be~~ subject to ~~any negative impact~~ the needs of the department and H-GAC. A Department Director or the Supervisor may also require an employee to ~~change their work schedule depending on the needs of the employee's department colleagues position and the needs of H-GAC at any time.~~

~~A Department Director or Supervisor may also require an employee change employee's schedule depending on the needs of the employee's position and H-GAC at any time.~~

vi. Hours Worked

Hours worked is the time when an employee is performing activities of benefit to H-GAC as the employer and to which H-GAC provides direction or control.

It is recommended whenever possible to give two or more weeks' notice of a schedule change. Human Resources must be notified to document the change in schedule.

vii. Schedule Management

Human Resources will be responsible for managing the balance in the number of employees who have A, B, and D schedules (Fridays off) and those who have E, F, and G schedules (Mondays off) to assist in space planning purposes.

viii. Holiday Observance

Holidays falling on a trip reduction day (TRD) will be recognized as "in lieu of" holidays for the number of hours they are normally scheduled to work for that day. Typically, an employee who is scheduled off on a company holiday that falls on Monday would receive the following Tuesday, and an employee who is scheduled off on a company holiday that falls on Friday would receive the preceding Thursday. Alternative "in lieu of" holidays may be agreed with the employee's supervisor and should be accurately recorded on the timecard. In "lieu" of holidays may not be saved to be used later, they must be used within one calendar week of the company scheduled holiday.

H-GAC adheres to the Federal Labor Standards Act guidance on

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calculating hours worked.

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e. Daily Breaks

i. Meals

e. Daily Breaks

i. Meals

Employees are required to observe a ~~one-hour~~30 to 60 minute unpaid ~~lunch hour~~meal break each full workday. Some positions may require an employee to coordinate ~~employee's lunch~~meal breaks with other staff members to ensure adequate coverage in the office or department ~~for questions or calls.~~

ii. Rest Periods for Non-Exempt Employees

ii. Rest Periods for Non-Exempt Employees

Department Directors have the authority, but are not required, to establish and permit rest periods for nonexempt employees of up to 15 minutes ~~for~~ each four-hour work period. Rest periods are paid work time and are included as work time on the employee's timesheet.

Rest periods may not be used to:

- offset late arrival or early departure from work,
- extend the meal period; or
- accumulate paid time off from one day to the next.

d.f. Overtime and Compensable Time Off

i. Overtime for Non-Exempt Employees

~~H-GAC is H-GAC's policy committed to managing overtime to ensure operational efficiency and to minimize excessive work hours. While every effort will be made to keep overtime to a minimum. However, there may be times that instances when employees are requested required to work in addition to normal additional hours or beyond their regular schedule, including evenings, weekends, or holidays. Employees are expected to work overtime when requested to do so. Non-exempt employees will be paid for overtime hours worked if it is requested by their supervisor.~~

~~Supervisors are responsible for authorizing and scheduling overtime in advance; therefore, a non-exempt employee may not work overtime unless the time is authorized in advance and in writing by employee's manager.~~

~~Any overtime worked, whether approved in advance or not,~~

~~Overtime for nonexempt employees will be paid/compensated in~~

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accordance with applicable laws. Overtime is paid at one and one-half (1.5) times the employee's regular hourly rate and a half for all hours worked over 40 in a workweek.

However, All overtime must be authorized and approved in advance by a supervisor whenever possible. If an employee who works unapproved overtime that has not been pre-approved, the hours will still be compensated as required by law; however, working unauthorized overtime may be subject to discipline result in disciplinary action, up to and including termination of employment. Supervisors are responsible for monitoring and managing overtime usage within their teams.

Exempt employees are not eligible for overtime pay.

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**ii. ~~Compensatory~~Professional Comp Time Off for Exempt Employees-
Compensatory time off**

~~ii. Exempt employees are paid on a salaried basis and are not eligible for overtime compensation under the Fair Labor Standards Act (FLSA). However, when an exempt employee is the means of compensating nonexempt employees for overtime hours worked under required to work significant additional hours due to extraordinary operational needs, a supervisor may approve Professional Comp Time in recognition of that additional effort.~~

circumstances. Compensatory time is earned at a ratio of 1:1 hour(s). Supervisors are responsible for authorizing and scheduling irregular hours or overtime in advance; therefore, an exempt employee should refrain from working irregular hours or overtime unless the time is authorized in advance and in writing by employee's Supervisor. An employee who works unapproved irregular hours or overtime may be subject to discipline up to and including termination of employment.

Employees may not accrue more than 20 hours compensable time in any given pay period and employees must use compensable time off in the same pay period it is earned. In the event this is not feasible, employee may use the compensable time in the immediately following pay period. Employee must coordinate compensable time off with employee's Supervisor in advance. In addition, employee should consult with Payroll Department to determine if and how compensable time should be reflected on timesheet. Employee and employee's Supervisor are equally responsible for keeping track of employee's compensable time at any given time.

iii. Calculating Overtime and Compensable Time Off

In order to calculate overtime properly for non-exempt employees and compensable time for exempt employees using H-GAC's varied alternative work schedules, H-GAC's official work week begins at 12:00 pm (noon) on Friday and ends at 11:59 am the following Friday.

Overtime for non-exempt employees is paid at the employee's hourly rate and a half. Compensatory time for exempt employees is granted only when worked under extraordinary circumstances and hour for hour. Employees may not work overtime without advanced written approval from employee's Supervisor.

iv. Time Not Counted Towards Calculations

Generally, the following are not counted for purposes of calculating overtime and compensable time off:

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Exempt employees are paid on a salaried basis and are not eligible for overtime compensation under the Fair Labor Standards Act (FLSA). However, when an exempt employee is required to work significant additional hours due to extraordinary operational needs, a supervisor may approve Professional Comp Time in recognition of that additional effort.

Professional Comp Time for exempt employees:

- Is granted at supervisor discretion on an hour-for-hour basis
- Should normally be used within the same or next pay period and may not be banked, carried over, or paid out
- Must be scheduled and approved in advance when taken
- Is not FLSA compensatory time and may be modified or discontinued at any time

- Meal periods
- Resting, break periods
- Any kind of time off
- Holidays, including floating holidays

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v. Travel Time Counted Towards Calculations

In order to calculate overtime, it's important to understand what compensable time is (time that counts towards an employee's workday). When travel is included in a workday, it becomes a bit confusing. We've included the table below, provided by the Department of Labor, to assist employees and their Supervisors in, and any paid or unpaid leave do not count toward determining travel time that is countable in calculating overtime or compensable time off additional hours worked.

See table below:

| | |
|--|---|
| <i>Traveling from home to work</i> | An employee who travels from home before the regular workday and returns home at the end of that same workday is engaged in ordinary home to work travel. This travel time is not compensable work time. |
| <i>Traveling from home to a customer's workplace in emergency situations</i> | <p>Traveling from home to a customer's workplace is compensable if the employee:</p> <ul style="list-style-type: none"> Has gone home after completing a day's work; and Is subsequently required to travel a "substantial distance" to perform an emergency job at a customer's workplace. <p>Travel from an employee's home to a customer's workplace is compensable; however, there is no guidance on whether time an employee spends traveling from home to the employer's workplace and back related to an emergency call outside of an employee's regular hours is compensable work time.</p> |
| <i>Travel that is all in a day's work</i> | <p>An employee must be compensated for time employee spends traveling as part of employee's principal activity. Time spent traveling for a principal activity may include travel from job site to job site during the workday. In addition, if an employee is required to report somewhere to pick up materials or perform other work, the travel from that place to the workplace is compensable work time.</p> <p>However, whether time traveling away from the worksite beyond the normal workday is compensable depends on:</p> <ul style="list-style-type: none"> The amount of travel time that is spent traveling away from the worksite; and Whether the employee is required to report back to work or goes directly home from the other location. <p>If required to return to work, the entire travel period is compensable work time. However, if the employee goes directly home, the time spent traveling home is non-compensable.</p> |
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|---|--|
| <p><i>Traveling from home to a special one-day assignment in another city</i></p> | <p>When an employee who regularly works at a fixed location is given a special one-day assignment in another city, the time spent traveling to and returning from the other city is compensable work time. However, the employee's regular home to work travel time or travel time for home to public transportation may deducted.</p> |
| <p><i>Overnight travel away from home community</i></p> | <p>Travel that requires an employee to be away from home overnight is compensable work time when it cuts across the employee's workday. Under these circumstances, compensable time includes not only regular workday hours, but also the corresponding hours on nonworking days.</p> <p>Compensable travel time for an employee who regularly works from 8 a.m. to 4 p.m., Monday through Friday, would include travel time during those same hours on Saturday and Sunday as well as Monday through Friday. Regular meal period time is not counted.</p> <p>Time spent in travel away from home outside of regular working hours as a passenger on an airplane, train, boat, bus, or automobile is not considered compensable work time. However, all time spent driving an automobile is compensable except as described below.</p> |
| <p><i>Traveling away from home community in a automobile:</i></p> | <p>Compensable travel time includes the time an employee drives employee's own vehicle if the employer:</p> <ul style="list-style-type: none"> Offered to cover the costs of the employee's public transportation; and Authorized the employee to drive employee's own vehicle. <p>In these situations, compensable time includes the time that would have been counted as work time during working hours if the employee had used the public transportation.</p> |

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Visit the [U.S. Department of Labor website](#) for more information on what is considered compensable time during employee travel.

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e.g. Timesheets

All employees are required to complete bi-weekly timesheets using H-GAC’s electronic time reporting system. Timesheets should reflect an employee’s hours worked and for what project employee worked during the pay period. Some projects may further require notations of the specific task(s) performed for each increment of time. Timesheets should also reflect any leave and the type taken by the employee during the pay period. *Employees are instructed to reference the [Timesheet Instruction Manual](#) on SharePoint for guidance on completing employee’s timesheet.*

Timesheets serve as a primary source of documentation to support claims for reimbursement with H-GAC’s grantors. Employees are encouraged to complete their timesheet daily to maintain accuracy.

Intentionally recording incorrect work hours on the employee’s timesheet is considered fraud and may result in disciplinary action up to and including termination and/or referral to law enforcement. At the end of each pay period, the employee must submit the timesheet for employee’s Supervisor’s approval. [Supervisors approving time sheets must make reasonable efforts to ensure accuracy.](#)

Employees are required to report any, and all hours worked on employee’s timesheet accurately for the pay period the hours worked should be paid. Timesheet submission for approval through the H-GAC time reporting system serve as employee’s affirmation that reported hours worked are accurate and complete. Employees may not submit hours worked past 30 calendar days or beyond two pay periods the hours have been worked, whichever is longer.

f.h. Paychecks

i. Payday and Pay Periods

H-GAC’s pay period is biweekly and payday is on the Wednesday following the end of the pay period. If a payday falls on a federal holiday, employees will receive their paycheck on the preceding workday.

ii. Texas Pay Day Law

As a political subdivision, H-GAC is not subject to the Texas Pay Day Law.

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iii. Paychecks

Paychecks are directly deposited into employee's designated checking and/or savings account(s). Employees who do not have a checking or savings account will be paid electronically on a replenishing debit card. H-GAC does not make direct deposits into accounts that do not belong to the employee. H-GAC will not reimburse employees for transaction costs associated with payments and disbursements on the debit card. H-GAC does not process paper checks for payroll.

iv. Payroll Deductions**iii. Travel Time**

Compensatory time may be earned for time spent traveling when that travel qualifies as compensable work time under the Fair Labor Standards Act (FLSA). Generally, travel is considered compensable when it is an integral and necessary part of an employee's work activities, regardless of whether the employee is exempt or nonexempt.

Examples of compensable travel include:

- Travel between job sites or work-related locations during the workday.
- Travel required after reporting to a designated location (such as a Council office or worksite) to receive instructions, attend meetings, or collect equipment before proceeding to another job site.
- Travel to attend required off-site meetings, training, or official functions when such travel occurs during the employee's regular work hours.
- In contrast, normal commuting time (travel from home to the regular work location at the start of the day and from the work location to home at the end of the day) is generally not considered compensable and does not qualify for compensatory time.

Employees and supervisors should consult 29 CFR Part 785 Subpart C for guidance on the specific circumstances in which travel time is compensable and may result in accrual of compensatory time. For questions about whether specific travel qualifies for compensatory time, employees should contact their supervisor or the payroll section of the Finance Division.

iv. Paychecks

H-GAC pays all employees through direct deposit. Paychecks are deposited directly into each employee’s designated personal checking and/or savings account. Direct deposit is only available for accounts in the employee’s name; deposits to accounts not owned by the employee are not permitted.

H-GAC does not issue paper payroll checks under any circumstances. Employees are responsible for ensuring that their bank account information on file is accurate and up to date to avoid any delays or issues with payroll processing.

If changes in banking information are needed, employees should contact the payroll section of the Finance Division for assistance in submitting a new Payroll Direct Deposit Authorization Form. H-GAC is not responsible for any fees or charges assessed by the employee’s financial institution related to direct deposit transactions.

If a correction to submitted time is needed, including leaves such as vacation or sick, the employee will submit the correction request into the payroll system which is routed to the manager for approval. If the timesheet has already been processed, the employee and manager must contact the payroll section of the Finance Division immediately.

All other paycheck related questions should also be directed to the payroll section of the Finance Division.

v. Payroll Deductions

Authorized deductions will be made from each employee’s pay for all federal withholdings, retirement contributions, court ordered child support, employee elected benefits, or other mandated garnishments and any other deductions required by law. Employees will authorize the deductions for any group medical, dental, vision, voluntary, Section-125-plans, credit union and other deductions that may be authorized by the H-GAC Board of Directors.

If there is a change in the employee’s family status, address, or other factor affecting payroll withholding, the employee is responsible for notifying HR Human Resources of any required changes. Some changes have notification deadlines; hence, employees should contact

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HR Human Resources as soon as they are aware of a change that will affect their payroll deductions, including benefit changes. H-GAC is not responsible for any adverse effects on an employee's benefits resulting from the employee's failure to promptly notify H-GAC of any changes.

vi. Wage Deductions
~~v. Wage Deductions~~

In general, ~~a salaried and~~ exempt employee must receive employee's full salary for any workweek in which employee performs any work without regard to the number of days or hours worked. However, the Fair Standards Labor Act, 'Salary Rule' in 29 C.F.R. §541.602, 'Salary Rule' in 29 C.F.R. §541.602, and special rules for government employers as stated in 29 C.F.R. §71029 C.F.R. §710 does clarify there are exceptions to this rule. Employers are permitted to make deductions from an exempt ~~salary's~~ salary paycheck for limited circumstances, including:

- Exempt employees ~~do not need~~ required to be paid for any workweek ~~work week~~ in which ~~they perform~~ no work is performed.
- Exempt employee salaries may be prorated for ~~initial~~ the first and ~~terminal~~ workweeks.

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These provisions apply in accordance with the FLSA and related regulations, allowing H-GAC as a governmental employer to maintain exempt status while appropriately administering salary and leave policies. In all cases, deductions will be made in compliance with applicable laws and H-GAC's established accrual and payroll policies.

If you have questions regarding your pay or how deductions may be applied, please contact the payroll section of the Finance Division or Human Resources.

vi.vii. Wage Deduction Authorization Form

There are occasions in which an employee may be required to reimburse H-GAC, such as ~~for~~, but not limited to:

- tuition reimbursement if employee terminates employment less than a year after receiving H-GAC tuition reimbursement,
- moving expenses reimbursement if employee terminates employment prematurely and in breach of job offer agreement,
- Personal or unapproved expenses made on H-GAC credit card,
- Outstanding travel credits for transportation (ex. airfare, shuttle tickets, etc.) in employee's name,
- monies that H-GAC may be reimbursed for (insurance premiums, disallowed travel expenses, etc.); or
- reimbursement for lost or unreturned H-GAC equipment.

Employees may be required to sign wage deduction authorization forms prior to receiving the ~~above mentioned~~ these reimbursable items ~~and~~ in order to allow H-GAC to deduct any such required reimbursements from employee's paycheck ~~prior to during employment or from a final check during termination.~~ If an employee refuses or fails to sign a required Wage Deduction Authorization Form or related document, H-GAC may withhold the related benefit, reimbursement, or item until such authorization is provided. Failure to provide written authorization when required may also result in disciplinary action, up to and including termination of employment.

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vii.viii. Wage Garnishments

Wage garnishment is a legal procedure in which ~~a person's earnings are required to be withheld by an employer, is legally ordered to withhold a specified portion of an employee's wages~~ for the payment of a debt. Wage garnishment is permissible in Texas for the following types of debts:

- Child support
- Alimony/spousal maintenance
- Unpaid income taxes
- Federal student loans
- Certain other governmental debts such as fines and penalties

Texas law prohibits the wage garnishment of consumer debt.

Federal law Title III of the Consumer Credit Protection Act ("CCPA") limits the amount of an individual's earnings that may be garnished and further protects an employee from being fired if pay is garnished for only one debt.

In accordance with federal and local law, in general, an employee whose wages are being garnished and then files a bankruptcy petition effectively stops the wage garnishments. ~~Please feel free~~ Employees are encouraged to consult with an external independent attorney for more information on stopping a questions or assistance regarding wage garnishment garnishments or bankruptcy.

viii.ix. Paycheck Inaccuracy

An employee must bring any discrepancy in a paycheck (such as overpayment, underpayment, or incorrect payroll deductions) to the attention of the ~~Payroll Division in the Finance Department~~ immediately payroll section of the Finance Division immediately. H-GAC will investigate and correct any payroll errors promptly and in accordance with applicable laws and regulations.

ix.x. Salary Advances

Salary advances or loans against future salary are not permitted for any employee for any reason.

x.xi. Missing Direct Deposits

~~H-GAC does not process paper checks for All payroll, but if is processed through direct deposit. If an employee thinks employee's believes their~~ paycheck has not been deposited on the designated ~~pay days, the employee payday, they~~ should bring this to

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the attention of the ~~Payroll~~ payroll section of the Finance Division in
the Finance Department immediately.

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5. EMPLOYEE BENEFITS

In general, regular full-time H-GAC is pleased to offer its employees are eligible for employee competitive benefits package which include:

- Medical
- Dental
- Vision
- 401k (Retirement Plan)
- Prescription Plan
- Insurance (Life, Accidental Death & Dismemberment)
- Long Term Disability
- Vacation
- Sick Leave
- Paid Holidays
- Floating Holidays
- Tuition Reimbursement
- Employee Assistance Program ("EAP")
- Flexible Spending Account ("FSA")
- Health Savings Account ("HSA")
- Ancillary benefits, such as Short-Term Disability, Cancer Insurance, and additional Life Insurance

Please reference the current Benefits Guide provided by HR on the H-GAC SharePoint for details. Aforementioned employee benefits are subject to change without prior notice by H-GAC Board of Directors action.

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i. Medical, Dental, and Vision Insurance

Employees are eligible for group medical, dental and vision insurance but is not limited to paid holidays; medical; dental; vision; life insurance on the first day of the month following employee's start date. New employees are covered the first day of the month following their hire date.

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Under tax code Section 125, insurance changes can only be made within 30 days of a qualifying event as determined by the IRS, such as marriage, divorce, job change, birth, or adoption of a child, or when a dependent child reaches age 26. Upon any such triggering event, employee should submit change requests and supplemental documentation to HR within 30 days of the qualifying change. Changes are not effective until the Plan Administrator has formally approved.

Please reference the current Benefits Guide provided by HR on the H-GAC SharePoint for details.

ii. Domestic Partners

H-GAC does not recognize employee domestic partners with regards to insurance coverage.

iii. Flexible Spending Account ("FSA")

FSAs allow you to set aside pre-tax money to pay for eligible healthcare or dependent care expenses, which helps stretch your money further and lowers your taxable income. H-GAC offers two types of FSAs: healthcare and dependent care.

Please reference the current Benefits Guide provided by HR on the H-GAC SharePoint for details.

iv. Healthcare FSA

The healthcare FSA can be used for eligible health expenses, like copays, coinsurance, prescription, and certain over-the-counter drugs, contact lenses, contact lens solution, and orthodontia.

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v. Dependent Care FSA

The dependent care FSA can be used for day care expenses that allow you (and your spouse, if married) to work. Eligible expenses include costs for day care, preschool, after-school care, or individuals who provide care inside or outside of your home. The expenses must be for children under age 13, or for dependents of any age who are physically or mentally unable to care for themselves.

vi. Health Savings Account (“HSA”)

The HSA is a personal savings account that you can use for eligible healthcare expenses available to anyone enrolled in the H-GAC CDHP (Consumer Directed Health Plan)/HSA medical plan. It helps you set aside pre-tax dollars for healthcare now or in the future.

If you participate in the HSA, H-GAC will make a lump sum contribution at the beginning of the eligibility period to help you build your account, based on the medical plan tier you’ve elected. You can also elect to contribute to your HSA through automatic pretax payroll deductions.

Please reference the current [Benefits Guide provided by HR on the H-GAC SharePoint](#) for details.

vii. Employee Assistance Program (“EAP”)

In effort to provide employees with some tools to maintain a healthy balance of work and family that allows them to enjoy life, H-GAC offers employees access to an EAP. The EAP is a resource designed to provide highly confidential and experienced help for employees in dealing with issues that affect their lives and the quality of their job performance. EAP services are free and confidential for employees and employee’s dependents.

EAP Services include:

- Emotional and work-life counseling
- Financial information and resources
- Legal support and resources

Please reference the current [Benefits Guide provided by HR on the H-GAC SharePoint](#) for details.

viii. Long Term Disability

Long-term disability benefits help replace a portion of your income if you are unable to work for an extended amount of time because of illness or injury. This benefit is paid for by H-GAC. If an employee opts to claim and receive employee's paid leave benefits in addition to long-term disability payments, H-GAC is required to report supplemented income to the IRS. Please reference the current Benefits Guide provided by HR on the H-GAC SharePoint for details and to determine eligibility for long term disability.

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ix. Basic Life and Accidental Death and Dismemberment ("AD&D") Insurance

H-GAC provides basic life and Accidental Death and Dismemberment insurance at no cost to employees at a rate of one multiplied by the employee's annual salary, with a maximum benefit at \$200,000. Employees have the option to add more life and Accidental Death and Dismemberment coverage than the company provides for an additional cost. Please reference the current Benefits Guide provided by HR on the H-GAC SharePoint for details.

x. Unemployment Insurance

H-GAC pays into the Texas Unemployment Tax program in accordance with the Texas Unemployment Compensation Act. The taxes support the state's Unemployment Compensation Fund, a reserve from which unemployment benefits are paid to eligible workers upon unemployment. The Texas Workforce Commission manages and approves unemployment claims in Texas; and, a 401k plan with agency contributions. For more recurrent information, please visit the Texas Workforce Commission website reference the annually updated Benefits Guide provided by Human Resources on SharePoint.

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Unemployment taxes are not deducted from employee wages.

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a. Workers' Compensation (Job-Related Injury or Illness)

Part-time employees must consult with Human Resources to view their individual schedule of benefits. Employees who have been provided with any special benefits should also consult with Human Resources to view their individual schedule of benefits.

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iii. C. Seeking Medical Care for a Workers' Compensation Injury or Illness

Under H-GAC's workers' compensation plan, employees must seek medical care from within the workers' compensation network of medical facilities and medical professionals. The exception to this rule is in the case of a medical emergency. In the event of a medical emergency, ~~employee~~employees should report to the nearest emergency room or call 9-1-1 immediately.

After receiving emergency medical care, employees must notify their supervisor and the payroll section of the Finance Division or Human Resources Department as soon as possible to ensure proper processing of their workers' compensation claim and to coordinate any necessary follow-up care within the network.

D. Injuries Excluded from Workers' Compensation

~~iv.~~
Injuries are not covered if:

- occurred while the employee was in a state of intoxication,
- was caused by the employee's willful attempt to injure himself or to unlawfully injure another person,
- arose out of an act of a third person intended to injure the employee because of a personal reason and not directed at the employee as an employee or because of the employee's job duties or employment,
- ~~arose out of~~resulted from the employee's voluntary participation in an off-duty recreational, social, or athletic activity that ~~did was~~ not constitute part of the employee's work-related duties, unless participation in the activity is a reasonable expectancy of was reasonably expected as part of the job or is was expressly or impliedly implicitly required by the employment H-GAC, or
- arose out of an act of God, unless the employment exposes the employee to a greater risk of injury from an act of God than ordinarily applies to the general public, or
- the employee's horseplay was a producing cause of the injury.

This is not a comprehensive list of acts or injuries excluded from workers' compensation.

v. E. Workers' Compensation Time Off

Depending on the workers' compensation physician's formal report, employees with a work-related injury or illness ~~will~~may be placed on leave beginning on the first scheduled workday of absence due to the injury or illness. Accrued ~~sick leave~~personal time off may be used during the seven-day waiting period of workers' compensation payments. During the time employees receive workers' compensation payments, employees may supplement pay and substitute ~~sick~~personal time in order off to receive up to their regular pay amount. The maximum duration of occupational disability or injury leave is determined by applicable law.

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vi. F. Workers' Compensation Benefits

Workers' compensation benefits (paid or unpaid) will run concurrently with FMLA leave, if applicable, where permitted by state and federal law. In addition, employees will not be paid ~~vacation or sick leave~~ personal time off for approved absences covered by the company's workers' compensation program, except to supplement the workers' compensation benefits such as when the plan only covers a portion of the employee's salary as allowed by state law. Essentially, double payments for the same times are not allowed.

Employees receiving workers' compensation payments do not accrue ~~vacation, sick leave, personal time off~~ or holiday pay during the period in which they are receiving such benefits.

viii. G. H-GAC Benefits While on Workers' Compensation Leave

H-GAC will continue making employee's insurance payments for medical, dental, vision, and life, as well as employer contributions to the employee's 401k through the calendar month the injury first occurred. However, if it is determined that an employee will be on Workers' Compensation leave for more than 30 days the HR Human Resources Department will work with the employee to coordinate how to handle paying the remainder of employee's insurance during employee's leave.

~~In order for~~ For an employee to continue any of these insurances while on ~~extended~~ Workers' Compensation leave, the employee must assume the responsibility for paying both the employee's and H-GAC's portion of these insurance premiums to H-GAC on a strict schedule as instructed by ~~Facilities Administrator~~ Human Resources Department. Payments must be paid timely to HR Human Resources to avoid a lapse in ~~coverages.~~ Employee coverage. ~~Employees~~ may not receive duplicated benefits.

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viii. H. Reporting Requirements

During Workers' Compensation leave, the employee is required to provide Facilities-Administrator/Human Resources with bi-weekly medical status reports, and whenever employee sees a doctor for consultation or treatment. Any change in the employee's/employees' condition which might affect employee's entitlement to workers' compensation payments must also be reported to Facilities-Administrator/Human Resources.

In addition, the injured employee and Supervisor/the supervisor must coordinate a regular schedule, not to exceed bi-weekly periods, to check in with one another regarding employee's condition. Failure to provide the required regular medical status reports to Facilities-Administrator/Human Resources and the employee's Supervisors/supervisor may result in disciplinary procedures, up to and including termination.

ix. I. Light Duty Status

During the course of workers' compensation leave of absence, if an employee is released by employee's doctor for light duty, the employee's job or alternative job assignment(s) will be evaluated for a determination of whether a temporary position is available in which H-GAC can use the employee's limited services for an interim period of time. H-GAC does not create light duty assignments where a need for light duty does not otherwise exist.

If no acceptable light duty assignment can be found, the employee will be placed on inactive status until released by the attending physician and workers' compensation to return to full-time work. If an acceptable light duty assignment is found to accommodate the employee and employee declines/they decline the light duty assignment, the employee may be denied continued workers' compensation.

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An employee who is able to return to work in light duty status is placed on a temporary employee assignment and may be required to work in a different department and perform duties not contained within employee's current regular job duties. When an employee is assigned to light duty status and performing different duties, the employee will be paid according to the level of pay that is appropriate for the light duty job assignment.

In special circumstances, at the discretion of HR Human Resources and the employee's Supervisor supervisor or the H-GAC Executive Director, teleworking may be considered as a light duty assignment option. The parameters of light duty assignments shall be decided by HR Human Resources in concert with employee's Supervisor supervisor or the H-GAC Executive Director. A light duty assignment cannot exceed 90 days. In addition, the employee will receive workers' compensation payments in a reduced amount.

x- J. Final Release or Settlement

At the time of final release or settlement of a workers' compensation claim and in order to return to work, the employee must provide H-GAC with a written statement from the attending physician certifying that the employee: has been released to return to work; specifying the type(s) of work employee is capable of performing; any employee work-related limitation(s), if applicable; and employee's anticipated return to work date.

Employees on workers' compensation leave must return to work after approval of the employee's workers' compensation attending physician. A failure to return to work when directed may result in disciplinary procedures, up to and including termination.

xi- K. Termination of Workers' Compensation

Employee's approval for Workers' Compensation leave ends upon employee's ability to return to work as per employee's workers' compensation attending physician. Upon receiving doctor confirmation that the employee may return to work, the employee must notify Facilities Administrator Human Resources of confirmation within one business day and make arrangements with HR Human Resources to return to work. Failure to properly and timely notify Facilities Administrator Human Resources of the ability to return to work may result in disciplinary procedures, up to and including termination.

b. 401(k) Retirement Plan

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Participation in the H-GAC retirement plan is a condition of employment for employees over 20 years of age and after a six-month waiting period from date of hire. H-GAC will contribute an amount equal to 7% of the participating employee's Considered Compensation for each payroll period during which the participating employee made a 3% minimum salary deferral election. In the event an employee is financially unable to contribute at least 3% to employee's 401k plan, H-GAC is under no obligation to continue making its standard 7% contribution on behalf of employee.

For purposes of calculating vesting periods, the vesting anniversary date is the employee's date of hire. In the event employment is terminated prior to reaching three years of service, subject to the initial six month waiting period, employee will receive a refund of employee's own contributions to the retirement plan plus or minus any gains or losses incurred during that same period.

Please reference the current retirement plan guidance provided by HR on the [H-GAC SharePoint](#) for details.

| YEARS of SERVICE | VESTING PERCENTAGE |
|------------------|--------------------|
| 3 years' service | 25% |
| 4 years' service | 50% |
| 5 years' service | 75% |
| 6 years' service | 100% |

e. Holidays

i. H-GAC Observed Holidays

H-GAC typically observes 11 holidays each year to be announced at the beginning of each calendar year, subject to annual H-GAC Board of Directors approval. The following is a list of the holidays typically observed.

- ~~1. New Year's Day~~
- ~~2. Martin Luther King Day~~
- ~~3. Good Friday~~
- ~~4. Memorial Day~~
- ~~5. Independence Day~~
- ~~6. Labor Day~~
- ~~7. Veterans' Day~~
- ~~8. Thanksgiving Day~~
- ~~9. Friday following Thanksgiving~~
- ~~10. Christmas Eve~~

Christmas Day

~~11.~~

~~If a holiday falls on a Sunday, it will be observed on the following Monday. If a holiday falls on a Saturday, the company will select either the following Monday or the preceding Friday as a substitute holiday. The company reserves the right to pay eligible employees in lieu of time off if the holiday falls on Saturday.~~

~~ii. Holiday Pay~~

~~Regular full-time employees are eligible for holiday pay immediately upon joining the company. Holiday pay shall be at the employee's regular straight-time rate, inclusive of shift premiums, times employee's regularly scheduled hours, not to exceed eight to ten hours, dependent on employee's assigned regular schedule. Holiday time is not used for purposes of calculating overtime.~~

~~If an observed holiday falls within a regular full-time employee's pre-approved vacation day the employee will instead be granted the holiday and will not be charged for a day of vacation.~~

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iii. Working on a Holiday

In general, H-GAC employees do not make it common practice to ask employees to work on a holiday. However, under there may be a few occasions it is required:

Non-exempt employees that are required to and work on a H-GAC recognized holiday will be paid at an hourly rate of time and a half for hours worked.

Exempt employees that are required to and work on a H-GAC recognized holiday will be provided time off equal to the hours worked on holiday that must be taken in the same pay period the holiday is worked. In the event this is not feasible, employee may take the time in the immediately following pay period. Employee must coordinate in-lieu of holiday time off with Supervisor in advance.

iv. Exclusions from Holiday Pay

In order to receive holiday pay, an eligible non-exempt employee must be at work or taking a pre-approved absence on the workdays immediately preceding and immediately following the day on which the holiday is observed.

v. Religious Observances

H-GAC tries to reasonably accommodate individuals' religious observances. Employees who need time off to observe religious practices or holidays not observed by H-GAC may use a floating holiday instead.

vi. Floating Holidays

Regular full-time employees who have successfully completed their introductory period and are not on administrative probation are eligible for and earn floating holidays. Floating holidays are paid.

i. Vacation Time

1. Earning Vacation Time

In general, regular full-time employees earn between 3.69 to 5.54 hours of vacation leave per 80 hours worked in a pay period. Vacation rate of accrual is dependent on employee's years of service with H-GAC. However, the Executive Director does have the discretion to offer employees a higher rate of vacation accrual as part of employee's compensation package, not to exceed more than 7 hours per 80 hours worked in a pay period. Vacation and sick time earned may be reduced on a pro-rata basis when an employee works less than 80 hours in a pay period.

Employees begin to accrue vacation time from the start of employment ~~but may not use.~~ The employee's rate of accrual increases in the vacation time until first full payroll, after completing the employee has worked at milestones of five years of tenure with H-GAC for six months, then again at ten years, and fifteen years. These increases begin at the pay period following each milestone anniversary date.

Employees that have not taken more than 40 hours of sick time by the end of a calendar year may transfer up to 24 to 30 hours of sick time from their sick time balance to their vacation balance. Employees who have not completed a full calendar year of service are still eligible to transfer up to 30 hours of sick time balance to employee's vacation balance calculated on a pro-rata basis in alignment with employee's start date. The hours eligible to be transferred are dependent on employee's regular work schedule. Employees with Schedules A, B, F, or BG may transfer up to 27 hours. Employees with Schedule C may transfer up to 24 hours. Employees with Schedule D or E may transfer up to 30 hours.

Employees may not ~~accumulate~~ carry over more than 256 hours of vacation leave ~~at the end of the calendar year.~~ Any vacation leave balance in excess of ~~these maximums~~ this maximum at the end of the calendar year will be reduced ~~to the maximum~~ without compensation. Employees may request an exception to the vacation cap if they are required to work during the months of November and/or December in lieu of previously planned vacation and are unable to reschedule before year end. Such exceptions are intended to be rare and granted only in response

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to unexpected business needs. Any approved unused vacation under this exception must be taken by March 31 of the following year, after which the standard cap will be reinstated. All exceptions require prior approval from both Human Resources and the Executive Director.

Pay out of accrued but unused vacation is not permitted except upon termination of employment that is not for cause ~~with six months or more of service.~~ The rate of pay for payout will be determined by the employee's rate of pay at the time of termination.

The following chart shows the amount of vacation employees accrue in each calendar year, subject to guidelines in this section with regards to employee hours worked. Employees who were granted additional vacation accrual in their offer letter may accrue vacation at a rate higher than represented in this schedule as noted in their offer letter on file.

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| YEARS EMPLOYED | ANNUAL VACATION LEAVE HOURS | HOURS PER PAY PERIOD | MAXIMUM BALANCE ALLOWED CAP AT END OF CALENDAR YEAR |
|-----------------------|------------------------------------|-----------------------------|--|
| 0 - 54 | 96 | 3.69 | 256 |
| 5 - 102 | 112 | 4.30 | 256 |
| 10 - 1514 | 128 | 4.92 | 256 |
| 15 and over | 144 | 5.54 | 256 |

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2. Using Vacation Time

In general, employees should submit vacation requests to their ~~Supervisors~~supervisor as soon as possible. However, vacation requests exceeding 80 consecutive hours must be submitted at least four weeks prior to. Vacation leave must be approved by employee’s direct Supervisor and should be requested and scheduled pursuant to the process established by said Supervisor.

H-GAC, Department Directors, and Managers may designate, and should communicate to employee’s team, time frames for when vacations may or may not be scheduled depending on the needs of H-GAC. Any conflicting vacation leave requests between employees will be resolved by management and, if necessary, may be resolved by giving preference to an employee with tenure.

Vacation time may be used in increments of one hour. Employees may only request and use vacation time accrued by the time vacation time is taken.

Employees begin to accrue vacation hours from the start of employment ~~but may not use the vacation hours until after the employee has completed the introductory period.~~

Vacation time may be taken up to 120 hours at a time, but in effort not to unfairly or significantly impact an employee’s workload and employee’s teammate workloads for an extended period of time and to continue to meet department deadlines, vacation time should not exceed more than 160 hours in any 60-calendar day period. Employees who have been approved to take over 80 consecutive hours must proactively work with employee’s team and Supervisor to ensure employee’s regular duties and deadlines continue to be met while employee is on leave.

3. Vacation Time Payment

Vacation time may not be used for compensation except upon separation of employment for any reason other than dismissal for cause ~~and only after an employee has successfully completed the six-month introductory period.~~ Upon termination of employment, an employee is paid employee’s unused vacation time balance ~~up not to the maximum allowable accumulation limit exceed 256 hours,~~ and at the employee’s current pay rate.

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ii. Sick Time

1. Earning Sick Time

Regular full-time employees earn 3.70 hours of sick time per pay period worked. Sick time earned may be reduced on a pro-rata basis when an employee works less than 80 hours in a pay period.

Employees begin to accrue sick time from the start of employment and may use available sick time immediately. H-GAC does not make advances of unearned sick time.

~~Employees may accumulate up to a maximum of Sick time balances will be reduced to not more than 480 hours sick time. Any sick time balance in excess of the maximum at the end of the each calendar year will be reduced to the maximum without compensation.~~

2. Using Sick Time

In general, sick time may be used in increments of an hour and is intended to be used for the following:

- personal illness or physical or mental incapacity,
- planned or unplanned healthcare appointments or treatments,
- necessary mental health day,
- medical quarantine resulting from exposure to a contagious disease,
- personal emergency, or,
- illness of a member of the employee’s immediate family who requires the employee’s personal care and attention. In this section, immediate family is defined as the employee’s spouse or domestic partner, child(ren), or anyone who resides in the employee’s household.

In the event an employee experiences an illness during the scheduled vacation, the employee may substitute the vacation time with sick time for time employee was sick.

Employees who have exhausted their sick time balances may request to use available vacation time, other paid leave, or unpaid leave instead. This request is subject to Supervisor approval and employee’s eligibility. A request for unpaid leave requires additional pre-approval from the H-GAC Executive Director. Once approved, unpaid leave may be taken in increments of one hour.

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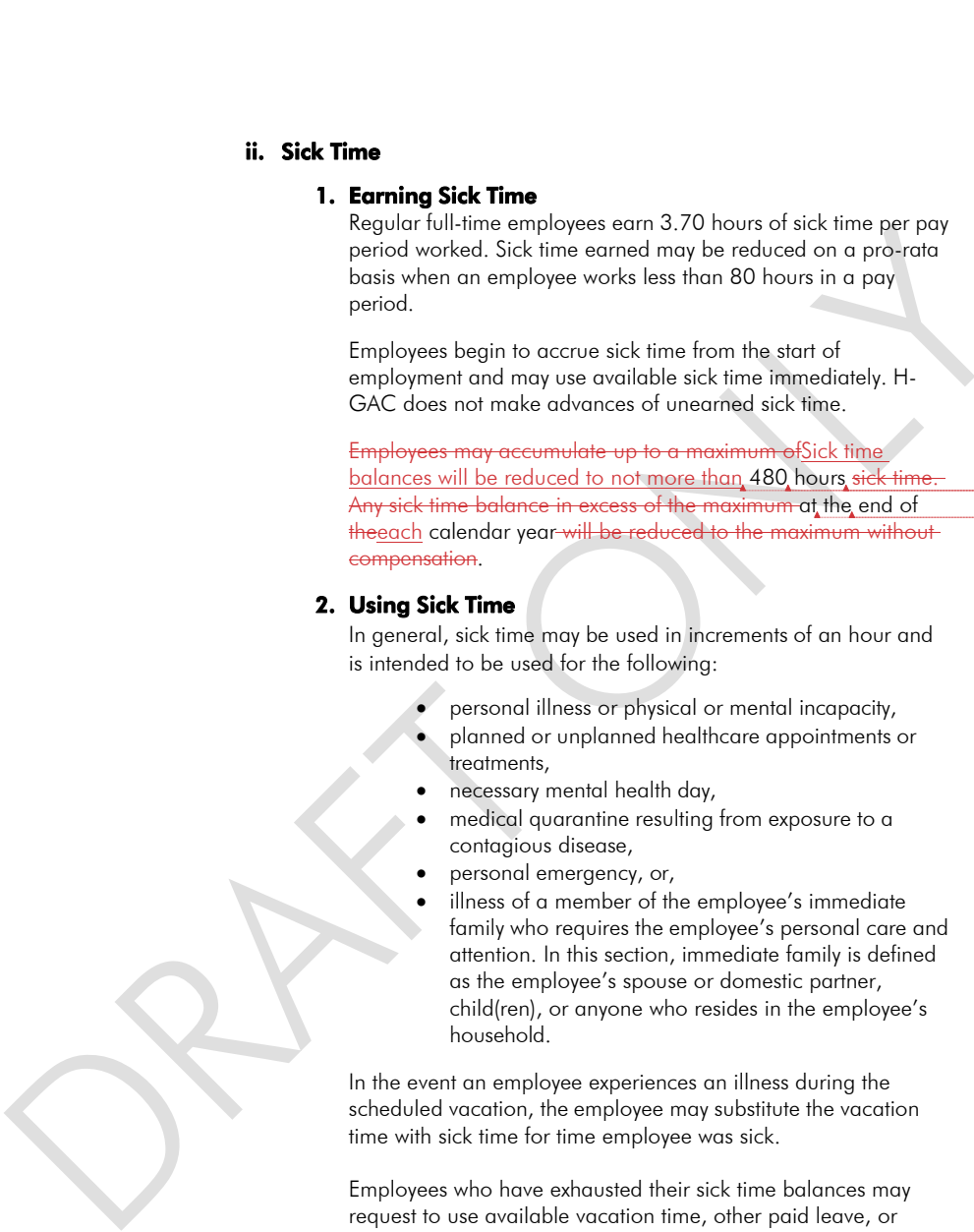
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In addition to daily notifications to the employee’s direct Supervisor, employees must contact HR if ~~employee is~~ they are absent ~~for~~ more than three consecutive scheduled workdays. Sick leave that lasts beyond three consecutive scheduled workdays may qualify for family medical leave (“FMLA”). HR will assist ~~employee~~ employees in determining if ~~employee is~~ they are eligible for FMLA.

Please reference **section 6.a.iii.5** of this handbook. You may also read about Family Medical Leave Act on the Department of Labor website.

To the extent permitted by law, an employee may be required to furnish a written verification from a health care provider at the Supervisor’s or HR’s discretion. Submitted health care provider notes must be original.

- An employee may be denied use of sick time if the employee:
- does not properly and or timely notify Supervisor of absence,
 - does not provide valid verification supporting reason for absence upon Supervisor request; and or,
 - lacks a sufficient balance of sick and vacation time.

If an employee is denied use of sick time, for any reason, this may result in the time missed being unpaid.

3. Providing Notification for Sick Time

An employee who must take an unplanned absence must notify employee’s Supervisor as soon as possible, but not later than 30 minutes after the time the employee is scheduled to begin work, with exception ~~to~~ dire emergencies.

In a situation where an employee’s absence might foreseeably create a significant or time-sensitive problem for a project, event, or fellow employee(s), an employee is expected to exercise all reasonable efforts to notify employee’s Supervisor a minimum of two hours prior to the time the employee is scheduled to begin work, and preferably the evening before, if at all possible.

~~Employee~~ Employees should communicate healthcare appointments or treatments scheduled in advance to ~~employee’s~~ their direct Supervisor upon scheduling. When

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feasible, ~~employee~~employees should not wait until day of appointment or treatment to notify Supervisor.

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4. Sick Time Payment

Sick time may not be used for compensation and is forfeited upon separation of employment without compensation. Employees requesting sick leave within the last two weeks of a scheduled termination may be asked to provide a doctor's note. Submitted doctor's notes must be original.

| ALL REGULAR FULL-TIME EMPLOYEES | ANNUAL SICK LEAVE HOURS | HOURS PER PAY PERIOD | MAXIMUM BALANCE ALLOWED (CAP AT THE END OF CALENDAR YEAR) |
|---------------------------------|-------------------------|----------------------|---|
| | 96 | 3.70 | 480 |

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iii.i. Leaves of Absences (“LOAs”)

Employees may request and H-GAC may instruct an employee to take a leave of absence for the following reasons:

- 1. Floating Holidays
- 2. Administrative Leave
- 3. Bereavement Leave
- 4. Emergency Leave
- 5. Civil Leave (Time Off for Jury Duty or Court Appearance to Testify)
- 6. Family Medical Leave (“FMLA”)
- 7. Medical Leave of Absence (“Medical LOA”)
- 8. Military Leave
- 9. Personal/Unpaid Leave
- 10. Voting Leave (Time off to Vote)
- 11. Workers’ Compensation (Please see section 5.a Employee Benefits, Workers’ Compensation (Job-related Injury or Illness) of this handbook.)

To receive staff holiday pay, an employee must work or be on approved paid leave on both the workday immediately before and the workday immediately after an agency-observed paid holiday. Employees on unpaid leave, do not receive staff holiday pay.

1. Floating Holidays

Floating paid holidays are a benefit H-GAC provides with the intent employees use them to take off holidays that are not a general H-GAC recognized holiday. However, employees are free to use these floating holidays similarly to vacation leave. H-GAC provides employees with two float days each calendar year. Float days may not be carried over and must be used by the end of each calendar year or they are lost.

New employees hired on or before June 30th will receive one floating holiday for the remainder of the calendar year. Employees hired on or after July first will not receive a floating holiday for that year and will become eligible for the full annual allotment on January first of the following year.

1-2. Administrative Leave

An employee may be mandated to take administrative leave, paid or unpaid, at the discretion of the H-GAC Executive Director for special circumstances.

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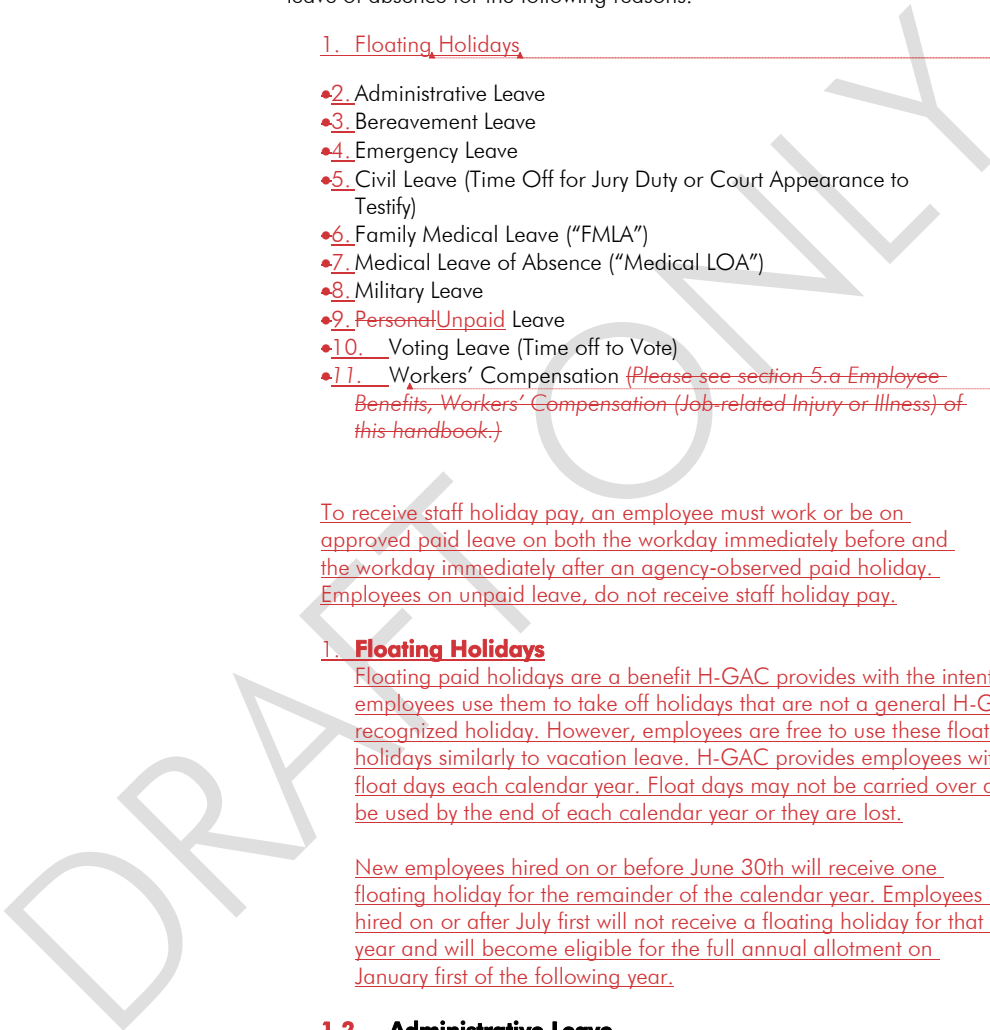
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2.3. Bereavement Leave

Regular full-time employees are provided with up to, but not more than, 27 30 hours paid leave depending on employee's work schedule, per qualifying event, that may only be used for qualified bereavement leave instance or up to 40 hours if out of state travel is required. Bereavement leave may be used in the event of the death of any relative within the first and second levels of consanguinity or affinity of the employee defined in the charts of consanguinity and affinity in section 2.g. of this handbook, employee's domestic partner, or anyone who resides in the employee's

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household, including the loss of an unborn child.

Documentation may be required by the supervisor for approval of bereavement leave. Any additional time off an employee requires beyond 40 hours for the same incident of bereavement leave must be taken as vacation or sick leave or approved unpaid leave.

3.4. Emergency Leave

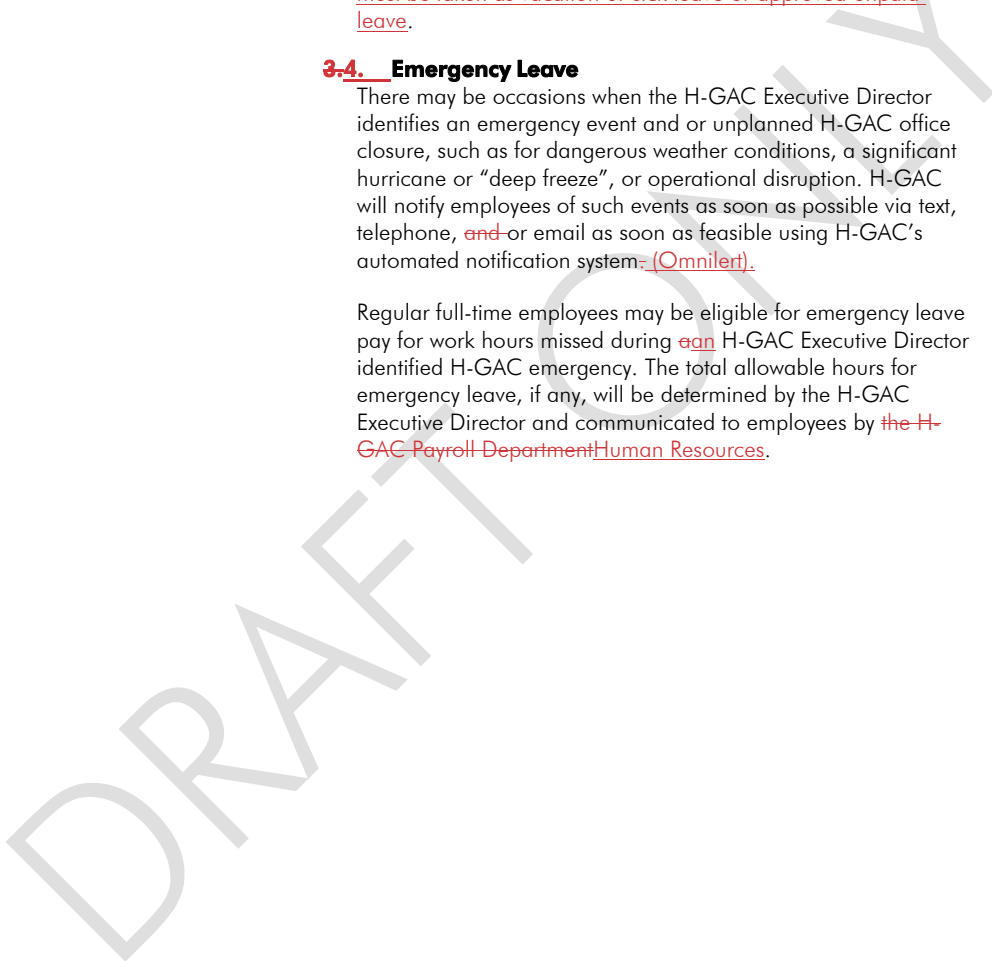
There may be occasions when the H-GAC Executive Director identifies an emergency event and or unplanned H-GAC office closure, such as for dangerous weather conditions, a significant hurricane or "deep freeze", or operational disruption. H-GAC will notify employees of such events as soon as possible via text, telephone, ~~and~~ or email as soon as feasible using H-GAC's automated notification system: (Omnilert).

Regular full-time employees may be eligible for emergency leave pay for work hours missed during ~~an~~ H-GAC Executive Director identified H-GAC emergency. The total allowable hours for emergency leave, if any, will be determined by the H-GAC Executive Director and communicated to employees by ~~the H-GAC Payroll Department~~ Human Resources.

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Only the Executive Director has the authority to determine which occasions may be considered and paid as emergency leave.

If an employee is required to work during emergency leave for any reason, that employee will be paid their regular rate of pay for any hours worked and is not eligible for additional emergency leave compensation. If an employee is on any planned leave during the period that emergency leave is enacted, they are not eligible for emergency leave pay. Their planned method of pay, such as vacation leave, floating holiday, administrative leave, unpaid leave, would be in effect.

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4.5. Civil Leave (Time Off for Jury Duty or Court Appearance to Testify)

Upon receiving a notice to report to jury duty or an order to testify in court, an employee must notify employee’s direct Supervisor and provide proof of notice to report. H-GAC will pay ~~the~~ employee for the time ~~the~~ employee misses work for said jury duty or court ordered appearance, but only so long as court appearance is not due to a court action filed by or against ~~the~~ employee.

Employees must return to work immediately upon release from jury duty or when their requirement to remain in ~~the~~ court has been satisfied. Upon conclusion of jury duty or witness testimony, employees must provide ~~employee’s~~~~their~~ direct Supervisor with proof of times and dates served for jury duty or witness testimony.

5.6. Family Medical Leave Act (“FMLA”)

The Family Medical Leave Act (FMLA) entitles eligible employees of covered employers, as is H-GAC, to take job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.

In the event sections of FMLA law ~~are in contrast to~~~~with~~ H-GAC’s FMLA written policies of this handbook, the actual and most current FMLA law supersedes that of H-GAC’s FMLA written policies. This sub section only contains FMLA information for employees. *For more comprehensive and detailed information about FMLA, please visit the Department of Labor website-Department of Labor website.*

It is H-GAC’s general policy to require employees approved to take FMLA to exhaust any available ~~sick~~~~paid~~ time, ~~vacation~~ time ~~off~~, and floating holidays (in that order) at the beginning of and concurrent to employee’s FMLA. Upon exhausting all available paid leave options, the remainder of employee’s FMLA time will be unpaid.

However, employees participating in a short-term disability plan provided by H-GAC are only required to use ~~sick and~~ ~~vacation~~~~personal~~ time ~~off~~ during the disability plan policy’s waiting period.

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a. Eligibility

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~~In order to~~To be eligible to take leave under the FMLA, an employee must:

- ~~a.~~ have ~~actually~~ worked 1,250 hours during the 12 months prior to the start of leave (earned paid time off is not used to calculate hours worked); and,
- ~~b.~~ have worked for the employer for 12 months.

The 12 months of employment are not required to be consecutive ~~in order~~ for the employee to qualify for FMLA leave. In general, only employment within seven years is counted unless the break in service is (1) due to an employee’s fulfillment of military obligations, or (2) governed by a collective bargaining agreement or other written agreement.

Service performed for the agency in a temporary position counts toward FMLA eligibility. Temporary employees who later transition to regular employment may apply any hours worked during their temporary assignment toward the 12-month and 1,250-hour eligibility requirements. Independent Contractors are not eligible for FMLA.

b. Covered Conditions

~~b. Covered Conditions~~

H-GAC grants an eligible employee up to a total of 12 ~~work weeks~~workweeks of unpaid, job-protected leave in a rolling 12-month period for one or more of the following reasons:

- for the birth of a son or daughter, and to bond with the newborn child,
- for the placement with the employee of a child for adoption or foster care, and to bond with that child,
- to care for an immediate family member, as defined by the FMLA, (spouse, child, or parent – but not a parent “in-law”) with a serious health condition,
- to take medical leave when the employee is unable to work because of a serious health condition; or
- for qualifying exigencies arising out of the fact that the employee’s spouse, son, daughter, or parent is on covered active duty or call to covered active-duty status as a member of the National Guard, Reserves, or Regular Armed Forces.

The FMLA also allows eligible employees to take up to 26 workweeks of unpaid, job-protected leave in a “single

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12-month period” to care for a covered service member with a serious injury or illness.

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6.7. Family Medical Leave (FMLA) Taken for the Birth or Adoption of a New Child

Employees taking FMLA for the birth or adoption of a new child have the option to take up to three weeks of unpaid leave prior to having to exhaust all paid leave. Any unpaid leave may be taken in increments of one hour. The employee may combine unpaid leave with paid leave to preserve some of employee's paid leave balances.

7.8. Medical Leave

Regular full-time employees who have personal medical and health related circumstances that are not covered or protected under FMLA may submit a request for medical leave for up to but not to exceed six months. To the extent permitted by law, a written verification of medical or health issue from a medically licensed health care provider must accompany the request for medical leave. Medical leaves are not guaranteed, but subject to approval dependent on a variety of factors. Medical leaves may be revoked upon discovery that the cause for granting the leave was misrepresented or has ceased to exist.

8.9. United States Military Leave

An employee who needs time off for uniformed service is required to notify employee's Supervisor and HR as soon as possible and submit a request for leave. However, if an employee is unable to provide notice before leaving for uniformed service, a family member may notify the employee's Supervisor or HR as soon as possible. H-GAC supports the U.S. military obligations of all employees and generally approves all military leave requests for uniformed service in accordance with applicable federal and state laws.

In accordance with federal law, employees who were approved for military leave, have the right to return to employment with H-GAC so long as employee:

provided H-GAC with advance written or verbal

Employees who are absent from work due to service in the uniformed services will be granted military leave in accordance with applicable federal and state law.

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Employees should provide advance notice of military service to their Supervisor and Human Resources as soon as practicable, unless military necessity prevents such notice or it is otherwise impossible or unreasonable. Notice may be written or verbal and may be provided by the employee or an appropriate representative.

Employees who are absent for uniformed service have reemployment rights in accordance with USERRA, provided that the employee:

- provides advance notice of **employee's** service, **prior to leaving for uniformed service**, (unless excused under applicable law);
- has five (5) years or less of cumulative service in the uniformed services **while** with H-GAC, **subject to statutory exceptions**;

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- ~~returns timely reports to work or apply applies for reemployment with H-GAC immediately after conclusion~~ following completion of service, ~~as required by law;~~ and
- ~~has not been separated from service with a disqualifying discharge or under other than honorable conditions.~~

~~Upon reemployment with H-GAC, employee will be granted the same seniority, pay, and benefits as if employee had worked continuously throughout the period of military leave. Employee, employees will be restored to the job employee had prior to military leave or a comparable job.~~

~~Employees on military leave who do not immediately report back to work with H-GAC upon conclusion of uniformed service will be considered to have made a voluntary termination of employment with H-GAC.~~

~~It is H-GAC's general policy to require employees approved to take military leave to exhaust any available vacation time, sick time, and floating holidays (in that order) at the beginning of and concurrent to employee's military leave. Under the general policy, upon exhausting all available paid leave options, the remainder of employee's military leave will be unpaid. However, H-GAC does provide employees approved for military leave with the option to take up to three weeks of unpaid leave prior to having to exhaust all paid leave. Any unpaid leave may be taken in increments of one hour. The employee may combine unpaid leave with paid leave to preserve some of employee's paid leave balances.~~

~~*Please visit the [Uniformed Services Employment and Reemployment Rights Act \(USERRA\)](#) to learn more about USERRA—Uniformed Services Employment and Reemployment Rights Act | U.S. Department of Labor (dol.gov)*~~

9. Texas Laws and Texas Military Leave

~~This subsection only applies to and for the leave of Texas military forces and reserve components of the U.S. armed forces.~~

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~~Under Texas Government Code, an employee of the state government, including a political subdivision of this state, such as H-GAC, and is also a member of the Texas military forces, a reserve component of the U.S. armed forces, or a member of a state or federally authorized urban search and rescue team is~~ position and employment benefits to which they are ~~entitled to 15 days of paid leave of absence, per calendar year, for the time in which the employee is engaged in authorized training or duty ordered~~ under USERRA, including the position the employee would have attained had employment not been interrupted by military service (the "escalator position"), with the same seniority, status, pay, and other rights and benefits.

The 15 days of paid leave for Texas military services may be accumulated and rolled over from year to year, but never to exceed 45 days. This leave may not be paid out at termination or used in lieu of any other type of leave. Employees falling under this category of armed forces are not required to exhaust any paid leave prior to using unpaid leave. Any unpaid leave may be taken in increments of one hour.

For example, an employee under this category has a few options:

Option 1: Employee may take military leave with H-GAC and be paid employee's accumulated days of paid leave for Texas Military Leave and upon exhausting Texas Military paid leave may begin to take unpaid leave immediately, therefore preserving employee's vacation and sick time for use upon employee's return to H-GAC.

Option 2: Employee may take military leave with H-GAC and be paid employee's accumulated days of paid leave for Texas Military Leave and upon exhausting Texas Military paid leave may opt to take a combination of unpaid leave and paid leave (vacation time, sick time, and floating holidays, in that order), therefore receiving some pay from H-GAC while preserving some of employee's vacation and sick time for use upon employee's return to H-GAC.

~~Texas Laws and~~ Timeframes for returning to work or applying for reemployment will be administered in accordance with USERRA based on the length of military service.

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Employees will not be required to use accrued paid leave during military service. However, employees may elect to use available paid leave in accordance with H-GAC policy.

Military leave will generally be unpaid, except where paid leave is provided under applicable state law or H-GAC policy.

Unpaid military leave may be taken in increments consistent with H-GAC's payroll and leave administration practices.

10. **Texas Military Emergency Leave**

An employee who is called to state active duty as a member of the Texas military forces by the ~~governor~~Governor or other ~~appropriate~~authorized authority in response to a natural or man-made disaster ~~or an employee called to federal active duty for the purpose of providing assistance to civil authorities in a declared emergency~~

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~~or for training for that purpose~~ is entitled to paid ~~military~~ emergency ~~military~~ leave not to exceed ~~22 days~~ workdays per emergency ~~event~~ activation.

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~~Personal~~ Paid emergency military leave is provided in addition to the paid military leave described in Section 9 of this sub-section.

This section applies only to state active duty. Military leave for federal active duty, including activation for emergency response or support of civil authorities, will be provided in accordance with applicable federal law, including USERRA, and applicable H-GAC policy.

11. Unpaid Leave

Regular full-time employees may submit a request for ~~personal~~ unpaid leave for up to, but not to exceed, six months. Depending on the reason for leave and to the extent permitted by law, a written verification confirming reason and duration of leave from appropriate authenticating party may be required to complete request for personal leave. ~~Personal~~ Unpaid leaves are not guaranteed, but subject to approval dependent on a variety of factors.

~~Personal~~ Unpaid leaves may be revoked upon discovery that the reason for granting leave was misrepresented or has ceased to exist.

The following is a list of acceptable reasons to request ~~personal~~ unpaid leave:

- parental leave,
- to pursue education that benefits ~~employee~~ employees' work at H-GAC,
- to volunteer for public service within the H-GAC region,
- personnel exchange programs that emphasize intergovernmental relations; or
- other special circumstances approved by the H-GAC Executive Director.

~~It is H-GAC policy to may~~ require employees ~~approved to take personal leave to exhaust any~~ all available ~~vacation time, sick time, and floating holidays (in that order) at the beginning of and concurrent to employee's personal~~ paid leave options prior to taking unpaid leave. ~~Upon~~ if an employee requires additional leave after exhausting all available paid leave options, the remainder of employee's personal leave will be unpaid.

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~~Personal~~Unpaid leaves are considered voluntary leaves, approved at H-GAC's discretion, and does not offer job protection to the employee. This means that while ~~a~~ ~~personal~~unpaid leave may be approved, the employee is not guaranteed employment of any kind upon return unless otherwise covered under FMLA.

12. Voting Leave (Time Off to Vote)

In the event an employee's schedule completely overlaps with that of voting days and hours at local polls, an employee will be granted paid time off to ensure employee has adequate time to vote but said time off may not exceed more than two hours.

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Employees' direct Supervisors are also provided discretion to allow employees leave early or arrive late to work for voting purposes. Hereto, this allowance should not exceed more than two hours.

ii. Benefits While on Leave

Employees on paid leave are eligible for staff holiday pay in the same period. Employees on unpaid leave do not receive staff holiday pay for the same period.

Employees on leave not covered under FMLA are subject to monthly (COBRA) premiums for current benefit plans. Failure to make payment by the 1st of the month could result in loss of coverage.

7.B. EMPLOYEE COMPENSATION AND JOB CHANGES

a. Employee Compensation

H-GAC's compensation program is committed to retaining and attracting high-skilled, high-performing staff capable of delivering the highest standards of public service to our community. The H-GAC strives to administer pay and benefits in a way that is fair and transparent to all, that provides equal pay for equal work, and that does not take into consideration race, ethnicity, religion, sex, gender, sexual orientation, gender identity or expression, or other factors unrelated to work performance.

An employee's total compensation consists of, but is not limited to, direct compensation (salary or hourly wages) as well as indirect compensation such as health insurance, retirement, professional development, and time-off benefits.

In order to provide employees with competitive, sustainable, and responsible compensation, H-GAC considers the following:

- Financial sustainability as reflected by the H-GAC's financial forecasts and revenue projections, competing service priorities, long-term liabilities, capital improvement and other asset requirements, and fund reserve levels.
- The "relevant labor market" which may vary depending upon classification but is primarily defined by geographic region (predominately local and/or state-wide) and key markets (municipal and other government agencies) and if applicable,

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- private sector when readily available and effectively comparable.
- “Internal Relationships” referring to the relative value of job classifications to one another as determined by H-GAC.
- H-GAC compares responsibilities, skill level, knowledge, ability, and judgment to determine similarity, and evaluate the equity of pay differentials.
- Other relevant factors may include unforeseen economic, regulatory, or service changes.

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Transparency with the community, recognizing that taxpayers and ratepayers ultimately fund all employee compensation and deserve commensurate value from all those who work for HGAC.

i. Merit Increases

Each year the H-GAC Board of Directors decides whether ~~or not~~ it is financially feasible and warranted to set aside funds for employee merit increases ~~that year during the budget review cycle~~. In ~~such~~the years these funds are made available, employees who have received an annual performance review reflecting ~~exceptionally good and consistent~~ work performance ~~that meets or exceeds expectations~~ are eligible for merit increases, subject to ~~Supervisors~~supervisor recommendation and ~~in accordance with the merit pay procedures as approved by the~~ H-GAC Executive Director ~~approval~~. A merit increase may or may not ~~accompany an employee~~. Merit increases are determined ~~independently from market adjustments and~~ promotion ~~awards~~. Employees are not guaranteed merit increases in any year.

~~ii. Performance Bonus~~

~~If a merit award will cause an employee to exceed the maximum of the salary range for their salary grade, the merit award will be issued in a lump sum amount without change to the base salary.~~

ii. Performance Bonus

A bonus may be provided to employees in addition or in lieu of a merit increase upon recommendation by employee's ~~Supervisors~~supervisor and approval by H-GAC Executive Director.

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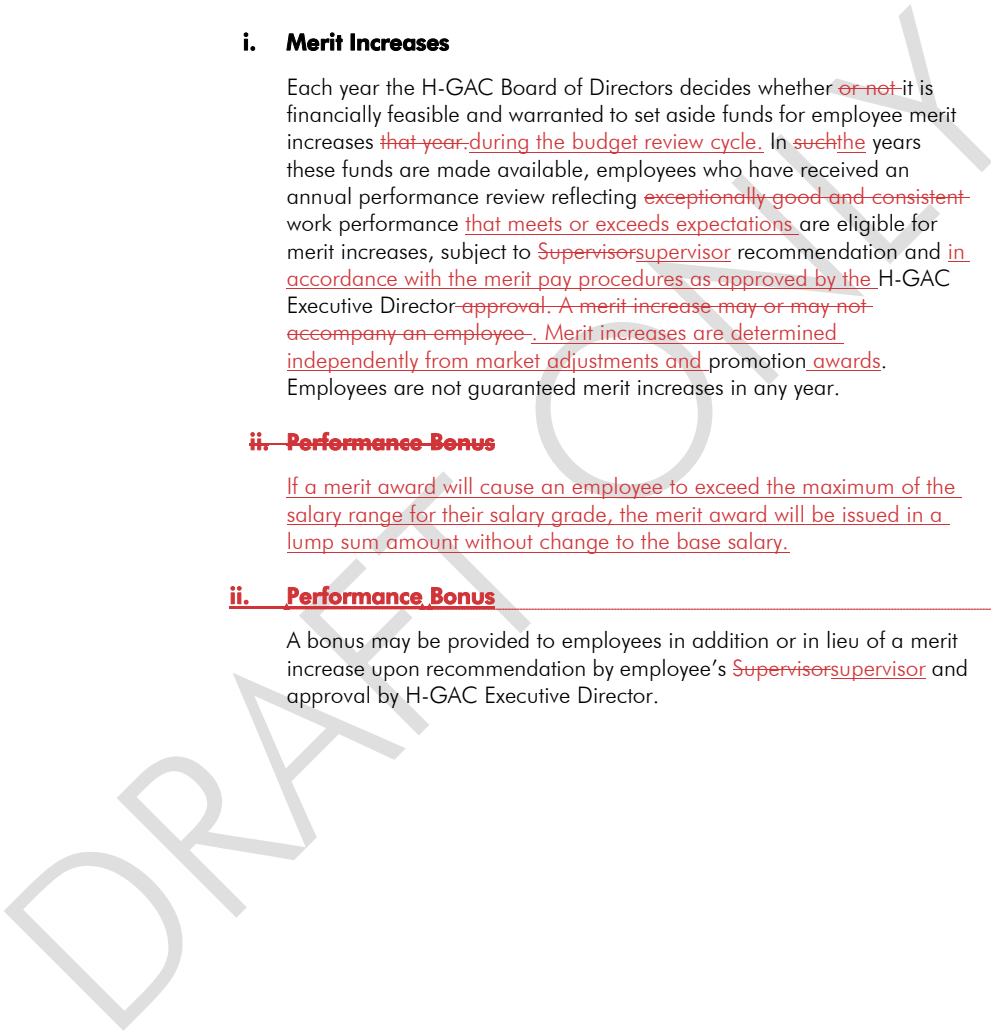
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iii. **Across the Board Pay Increases**

~~From time to time, and subject~~Subject to H-GAC Board of Directors approval, H-GAC may ~~determine to grant across the board pay raises or a blanket~~ cost-of-living pay increase to all regular full time H-GAC employees in recognition of the rising local costs of living or in years H-GAC has performed financially and exceptionally well as a whole. These ~~typetypes~~ of pay raises are paid to all employees in the form of a uniform percentage amount of each employee’s annual salary and without regard to individual employee job performance.

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b. Employee Promotions

Employee promotions are considered every 6 months at the agency and are awarded following the approval of the bi-annual budget process. Promotions

~~An employee promotion, also referred to as are the advancement of an~~ employee ~~advancement, is an increase in an employee's position, the same job~~ ~~path to a higher-level~~ job title ~~and, higher complexity of job~~ duties, and/or pay grade within the organizational hierarchy of H-GAC.

A promotion may be an employee's reward for outstanding work performance and or a reflection of H-GAC's growing needs. Promotions are ~~typically the~~ ~~result of an employee filling a current open position at a higher grade or a~~ ~~business need for the employee to take on higher responsibilities within~~ ~~employee's same department~~ considered in advance and submitted for review ~~during the budget cycle.~~

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c. Other Employee Recognition

Supervisors are encouraged to use the HR provided 'Employee Tracking Form' found on SharePoint under the HR web pages to document occasions when a reporting employee has done an extraordinary job or exceeded job expectations. This tracker may prove helpful in supporting an employee promotion or merit increase.

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c. Other Employee Recognition

Upon employee’s one year work anniversary, an employee receives an H-GAC lapel pin and is recognized in the next coming all-staff meeting by H-GAC Executive(s). Upon the employee’s five-year anniversary, and every five years thereafter, employees may select a tangible award from H-GAC’s award catalog.

The quarterly “Be Extra” Recognition Program honors staff members at H-GAC who exceed customer service expectations. This award celebrates individuals who make a notable, positive impact, whether by supporting a colleague or assisting a community member in an exceptional way. Award winners receive a trophy, a limited reserved parking spot, a \$120 gift certificate, and an extra floating holiday.

In addition, employees are provided opportunities to verbally recognize their colleagues for recent jobs well done in the next coming all staff exceptional work and support through various online resources and at select All-Staff meetings.

Employees recognized this way are eligible to win nominal prizes, not exceeding \$50.00 each in value. Supervisors may also acknowledge an employee or entire team for extraordinary performance with a lunch outing or other off-site event, upon Department Director approval within applicable financial policies and guidelines.

Monetary awards and non-cash awards may be considered taxable income under federal and state law. Any applicable taxes will be withheld and reported in accordance with IRS regulations. Employees are responsible for understanding how such awards may affect their personal tax situation.

d. Employee Reassignments, Transfers, and Demotions

i. Reassignments

Employee reassignments are generally the result of reduced or discontinued funding or a general reduction in staffing in H-GAC programs or departments. H-GAC utilizes reassignments to avoid layoffs of employees affected by the aforementioned these events.

Reassignments may result in demotions, lateral job transfers, or promotions, dependent on what is available at the time and at the discretion of H-GAC. Employee reassignments are typically facilitated through the internal employee job application process.

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~~ii. Lateral Job Transfers~~

ii. Lateral Job Transfers

A lateral job transfer is when an employee moves from one position to another that does not result in a change in pay grade nor require more experience and is likely to be of similar job title and bear similar ~~(level|levels of) responsibilities~~ responsibility as that of the employee's previous job. A lateral job transfer is not a promotion or a demotion. Lateral job transfers are typically facilitated through the internal job application process.

Lateral job transfers are carried out at the discretion of H-GAC for a variety of reasons, including but not limited to:

- meet the evolving needs of H-GAC and its different departments and programs, and

permit an employee to move to a different department, project, or program, subject to any competitive job application process; ~~and,~~

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iii. **Demotions**

A demotion is a reduction in an employee's position, job title and duties, and/or pay grade within the organizational hierarchy of H-GAC. A demotion may also include a loss of certain benefits or perks, ~~such as a personal office associated with the former role.~~

Demotions may be made at an employee's reasonable request for less responsibility; as a reasonable accommodation for an employee with a disability; as a disciplinary measure because of unsatisfactory job performance or work behavior; or to avoid layoffs of employees affected by reduced or discontinued funding or general reduction in staffing.

8.C. Employee Performance Evaluations and Personnel Files

a. Employee Performance Evaluations

Employee performance evaluations are conducted on an annual basis ~~generally~~ within thirty calendar days of an employee's anniversary date.

Newly hired employees ~~receive two formal performance evaluations during complete a Self-Assessment after their introductory period, the first on their three-month 30 days of employment. They then work anniversary with their supervisor to complete a 6 Month Evaluation beginning to assess strengths and development areas for the role along with measurable objectives and tasks for the second on remainder of their six-month work anniversary. The evaluation provided at the six-month work anniversary specifically determines the status of employee's introductory period. Upon the approval of the H-GAC Executive Director, the introductory period may be extended up to an additional 90 calendar days in increments of 30 calendar days.~~

~~first year.~~ Any employees transferred between H-GAC departments or that have been recently promoted shall ~~receive work with their former supervisor to complete an interim evaluation evaluation~~ as a form of measuring progress ~~or checking in the role they are leaving. This evaluation is to be reviewed and considered in with the employee post transfer or post promotion the overall evaluation at the end of the full performance year.~~

The objective of a performance evaluation is to provide an open dialogue for employees and Supervisors to discuss ~~the~~ employee's previous year's performance ~~and provide feedback on employee's, determine~~ future goals and objectives, as well as discussing how the Supervisor may enhance the work environment for the employee and ways to assist ~~employee's performance with the identified development areas. Any significant employee comments and~~

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supervisor responses pertaining to the final evaluation should be included within the evaluation.

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Performance evaluations are used in part to support employment decisions such as, but not limited to, job transitions, ~~areas requiring additional employee and or organization training, motivations next-level promotions,~~ and to justify merit pay increases when appropriate. Employees who receive an evaluation that is less than satisfactory in any area should work with employee’s Supervisor and Human Resources to develop clear goals or establish a Performance Improvement Plan (“PIP”) that may be reviewed withinduring the next six months or following annual evaluation; performance period. The time frame for achievement of goals should be clearly outlined and the length of time to complete a PIP would be dependent on the level of improvement required and by when. Most PIPs are established to cover a period of 30, 60, or 90 days. PIPs may be completed early or extended if necessary. While the goal of a PIP is to clarify expectations and build a successful path for the employee, failure to complete the requirements outlined in a PIP may result in disciplinary action up to and including termination.

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b. Employee ~~Dissatisfaction~~Disagreement with Annual Performance Evaluation

In the event an employee ~~is dissatisfied~~disagrees with employee’s annual performance evaluation and recommendations, the employee may consider expressing the ~~dissatisfaction with employee’s direct Supervisor~~basis for their disagreement with their supervisor during the performance evaluation meeting or within five calendar days of the review. The employee should include clear reasons and tangible examples as to why the employee is dissatisfied with the evaluation. The Supervisor then has ~~seven~~five calendar days to respond to employee’s expressed dissatisfaction, if needed. While the employee’s dissatisfaction and the Supervisor’s response will be noted and kept in the employee’s personnel file, the Supervisor has the discretion to determine whether ~~or not~~ employee’s reasonings support any change in the initial evaluation.

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~~An employee’s dissatisfaction with any performance evaluation is not a valid cause for grievance unless supported by an occurrence listed in section ‘10.a.i Occurrences a Grievance May Be Filed For’.~~

~~This practice does not extend to an employee’s reviewed conduct during employee’s introductory or a probationary period.~~

c. Employee Personnel File

i. Contents

H-GAC keeps certain records relating to employees’ employment in a personnel file. The documents contained within that file are the property of H-GAC and must be maintained for H-GAC recordkeeping purposes.

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Some employment records are kept in separate files, such as records relating to medical conditions, workers' compensation, and any types of medical leave.

All files connected with an employee are considered strictly confidential, and access will be limited only to those who have a job-related inquiry and have been authorized to see the file in question.

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ii. Employee Access

The contents of employee personnel files ~~from 2020 and current~~ are stored online in the Human Resources Management System and ~~accessible to employees~~ via SharePoint. ~~Any personnel file content placed in file prior to 2020, are kept in H-GAC paper files.~~

If an employee wishes to view the contents of employee’s personnel file, the employee should submit an email request to ~~HR. HR will determine whether the files are available online or paper format.~~ HR Human Resources. Human Resources will then work with the employee to schedule a time for ~~the~~ employee to view ~~employee’s~~their file.

An employee may ~~not delete~~have view-only access to any ~~electronic files found~~site in ~~employee’s~~their personnel files ~~nor may an employee remove the file or its contents outside of the HR department office.~~

Employees may not take or alter any document found within employee’s personnel file. Employees may submit a Public Information Act request to receive specific information from their personnel file as duplicate copy. If an employee disagrees with any of the documents in the employee’s file, the employee may submit, and request HR include a document containing comments regarding the document with which the employee disagrees.

iii. Process for Updating Personal Employee Information

Employees are responsible for informing ~~HR~~Human Resources via SharePoint of any changes in or corrections to information recorded in their individual personnel files such as home address, telephone number, persons to be notified in case of emergency, or other pertinent employee information as soon as possible.

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9.D. EMPLOYEE DISCIPLINARY POLICY

H-GAC expects its employees to strive to always use good judgment, behave professionally, and deliver good work. H-GAC genuinely believes that most of its employees will not encounter a corrective action that rises to the level of requiring disciplinary action required at H-GAC. ~~In the event that~~ if an employee's work performance or behavioral conduct becomes problematic ~~for H-GAC~~, H-GAC will generally utilize a progressive disciplinary system that employs counseling, corrective action plans, and ~~probationary periods~~ Performance Improvement Plans (PIP) to resolve employee issues, prior to considering termination of employment. However, H-GAC's preference for progressive discipline when the circumstances warrant ~~it~~ is not an exception to the at-will nature of the employment relationship; and H-GAC reserves the right to consider termination on the first offense ~~in or for any legitimate reason as appropriate cases.~~

~~The exception~~ Exceptions to using this disciplinary system ~~is if include but are not limited to when~~ an employee poses an immediate threat to H-GAC, its staff, or others; has committed an egregious act; or has abandoned or voluntarily resigned from employee's job. In those instances, H-GAC may exercise its discretion to forego the disciplinary procedure entirely.

a. Employee Actions Subject to Discipline

The following is a partial list of actions that may be subject to employee discipline, up to and ~~leading to~~ including termination of employment. This list is not comprehensive, and H-GAC reserves ~~its rights~~ the right to exercise discretion in determining when an employee act warrants discipline, which includes termination of employment.

H-GAC Policy Violation

H-GAC employee does not or has not complied with H-GAC policies and procedures.

Insubordination

Employee does not comply repeatedly or with specific instructions, including a failure to perform satisfactorily with duties as assigned, by direct Supervisor, H-GAC Management, or H-GAC Executives.

Falsifying Documents and Misrepresentation of H-GAC Information

Employee falsifies, destroys, conceals, or misrepresents H-GAC documents, records, and information, including information and documents provided to H-GAC during employee's job application process.

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Dishonesty and Fraud

Employee commits acts of dishonesty or fraud with H-GAC material, documents, information, time, equipment, or property. This includes forgery.

Unauthorized Possession of H-GAC Property

Employee has or has had unauthorized possession of H-GAC property or records. This includes damaging or destroying said property or records during unauthorized period of possession.

Unauthorized Use of H-GAC ~~Internal~~ Information

Employee shares H-GAC information internally or externally without proper authorization, which may or may not result in disclosure of confidential information.

Obstructing H-GAC Investigation

Employee obstructs or impedes H-GAC's investigation into a H-GAC matter. Employees are expected to cooperate with integrity, honesty, and to protect confidentiality in the investigative process as directed by investigators.

Jeopardizing H-GAC Relationships

Employee engages in egregious behavior or acts that unnecessarily and inappropriately jeopardize H-GAC's relationships with its clients, customers, contractors, subrecipients, vendors, partners, or funders.

Threatening and Belligerent Behavior

Employee behaves in a threatening, belligerent, intimidating, or coercive manner. This includes an employee abusing employee's authority as an H-GAC representative or Supervisor.

Egregious Conduct

Employee engages in conduct or behavior, in or out of the workplace, that negatively impacts and reflects adversely on H-GAC, its partners, and grantors.

Harmful, Offensive, or Excessive Horseplay

Employee horseplay might include fighting, ~~roughhousing~~rough housing, throwing objects, pranks, offensive jokes, or other conduct performed while working and or acting as a representative of H-GAC, that poses a danger, jeopardizes ~~the~~ well-being, and decreases work productivity for and to others or employee's self.

Conflict of Interest

Employee fails to disclose material conflict of interest to H-GAC upon discovery.

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Excessive Absences

Employee has excessive absences. At minimum, employee has more than 5

days unplanned absences within a 30-day period or is tardy beyond 30 minutes more than five days within a 30-day period, or a combination of both.

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Excessive Tardies and Early Departures

Employee has excessive tardies or early departures. At minimum, employee is absent more than five days within a 30-day period or is tardy beyond 30 minutes more than 5 days within a 30-day period, or a combination of both. Pre-approved absences and tardies do not count towards these tallies.

Retaliatory Behavior

Employee engages in retaliation. Retaliation occurs when an employee takes any adverse action against an employee of lower rank for exercising their rights or truthfully reporting employer misconduct or illegal activities.

Disruptive Behavior

Behavior that disturbs others to the point of impairing their performance.

Unsatisfactory Job Performance

Employee does not meet job expectations or required qualifications.

Criminal Conduct

Any criminal conduct resulting in a conviction that would negatively impact H-GAC's reputation with its partners and grantors or raises a concern for the safety of H-GAC employees and others.

b. Documenting Employee Performance and Behavior

All Supervisors are required to track each reporting employee’s negative performance and behaviors, as well as maintaining supporting documentation for said performance and behavior issues. Supervisors are expected to clearly communicate expectations of employees and address any issues with ~~employee~~ performance and behavior immediately with ~~employeeemployees~~, providing clarity on how the employee may correct or improve performance or behavior, which may include implementing a Performance Improvement Plan. ~~Supervisors are encouraged to use the HR provided ‘Employee Tracking Form’ found on SharePoint under the HR web pages. (PIP). Supervisors should seek guidance from Human Resources before issuing any formal type of disciplinary documentation, including a warning or PIP.~~

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c. Progressive Disciplinary Process

The decision of whether to use counseling/corrective action and what type to use will be based on the judgment of management in consultation with ~~HR~~Human Resources regarding the employee’s conduct/performance, ~~the employment record, as well as documentation, and~~ the circumstances of the situation. Some types of conduct or performance may result in an executive review and immediate termination of employment with no prior corrective action on file. ~~This level of review also ensures consistency in treatment of corrective action across the agency.~~

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Additionally, if an employee receives one level of counseling/corrective action for a conduct or performance issue and then engages in future inappropriate behavior of any type, the employee may receive a more serious level of counseling/corrective action up to and including termination of employment. At the discretion of the H-GAC Executive Director, an employee may be granted ~~up to a ten-hour~~either paid or unpaid administrative leave at any time during this process. Any employee who believes they have been treated unfairly with respect to counseling or corrective action should pursue their concern using the Agency’s Problem Resolution Policies.

An employee’s ~~Department Director or~~ direct Supervisor, ~~or line management~~ may take disciplinary action against an employee, subject to advanced notification of ~~HR~~io and ~~or a~~ H-GAC Executive coordination with Human Resources. An Employee Action Notice (“EAN”) must be completed and submitted prior to ~~any disciplinary~~an action of termination.

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The severity of the disciplinary action is dependent on the nature of the infraction. When feasible and appropriate, H-GAC will utilize the recommended sequential progressive discipline system described below. H-

GAC may opt to apply the system in its complete sequential order or pass oversteps, largely dependent on the nature of the infraction and what H-GAC determines would be the best course of action for the situation.

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i. Supervisor and HR Human Resources Review

This step may occur at any time during the progressive disciplinary process. The review is a fact-finding process in which management and/or the employee meet with HR Human Resources to evaluate the situation and decide what course of action to take.

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ii. Coaching and Counseling

ii. Coaching and Counseling

Coaching and/or counseling is the an informal and regular process of assisting an employee to understand expectations for work performance and behavior. This may look like entail a direct Supervisor: clarifying expectations to the employee verbally or via email or providing the employee with constructive criticism and a request for corrective behavior or performance. Supervisors should keep record of all coaching/counseling activities including the date and the content of the discussion, as well as any applicable employee response or acknowledgement.

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iii. Employee Discussion

iii. Verbal Warning

This is the first formal, non-disciplinary meeting between the employee and employee's direct Supervisor to review and discuss employee's performance or behavioral issues. This discussion may or may not must be noted in employee's personnel file. Supervisors must seek guidance from Human Resources prior to delivering this or any other formal method of disciplinary action below.

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iv. First Level Corrective Action

iv. Written Warning

This is the first formal corrective action step. Employee's direct Supervisor addresses the employee's performance or behavioral issues with the employee and an action plan for correcting or improving employee's issues are developed.

v. Second Level Corrective Action

v. Final Written Warning

This is the second final formal corrective action step conducted after a first level reminder has other coaching and documented warnings have proven unsuccessful in correcting or improving employee's performance or behavior or performance. In situations that warrant a more severe disciplinary action, H-GAC may opt to skip this or the

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~~second level corrective action~~ **steps above** and instead move directly to the optional executive review or termination.

vi. Optional Executive Review

vi. Optional Executive Review

This is the final step taken when previous attempts have proven unsuccessful in correcting or improving employee's performance or behavior. In situations that warrant a more severe disciplinary action, H-GAC may opt to skip the first and second level reminders and apply an Optional Executive Review instead.

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At the discretion of the H-GAC Executive Director, an employee may be granted ~~up to a ten-hour defined period of paid or unpaid~~ administrative leave at any time during this process, ~~dependent on employee's schedule.~~ The employee is expected to use ~~forementioned~~ administrative leave to determine whether, ~~or not~~ the employee is able to and willing to correct or improve the behavior or performance causing problems at H-GAC and if the employee can meet the expectations of the job consistently without further problems.

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The employee is required to return to work ~~on~~ the next scheduled workday morning following the Optional Executive Review and provide employee's direct Supervisor and/or ~~HR~~ Human Resources with a written statement of employee's decision. If the employee fails to return to work the next scheduled workday morning following the Optional Executive Review, H-GAC will consider the employee to have abandoned employee's job effective immediately.

vii. Termination

If an employee poses an immediate threat to H-GAC, its staff, or others, ~~z~~ has committed an egregious act, ~~z~~ or has abandoned or voluntarily resigned from employee's job, an employee is subject to immediate termination, without the application of any portion of H-GAC's progressive disciplinary system.

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If any or all of the progressive disciplinary system steps prove unsuccessful in correcting or improving an employee's performance or behavior, the employee is subject to termination.

Any termination of employment is subject to proper advanced ~~HR~~ Human Resources notification and ~~legal department~~ notifications approval by the line management, Director of Human Resources, and ~~the~~ H-GAC Executive Director approval.

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iv. Additional Impacts of Employee Disciplinary Action(s)

Any ~~formal~~ disciplinary action ~~an~~ employee receives ~~at a Second Level Reminder level or higher,~~ will typically, but not always, bear a negative impact on the employee's following performance evaluation.

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Additionally, employee may be ineligible for a promotion or ~~an~~ employee-requested lateral job transfer and/or barred from applying to another H-GAC position, at the discretion of employee's current Supervisor, ~~line management, and Human Resources.~~

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~~10. WORKPLACE GRIEVANCES AND CONSTRUCTIVE FEEDBACK FOR H-GAC~~

E. FORMAL COMPLAINT POLICY

It is H-GAC's intent to promote a positive, equitable, safe, healthy, and welcoming environment for its employees to support employees' abilities to flourish, professionally and personally. In effort to maintain this environment, H-GAC has developed formal and informal channels for employees to voice concerns and suggestions and seek resolutions to problems.

A. Employee Options for Submitting Complaints or Concerns to H-GAC

Employees have several options for having their concerns and complaints addressed by the Agency.

i. Speaking to Supervisor

If an employee has a problem, concern, or suggestion, typically the easiest and ~~most often~~ effective way to resolve the situation is to have an honest discussion with employee's direct Supervisor. Employees should generally strive to follow the chain of command whenever reporting anything work-related, including airing of problems, concerns, or suggestions, starting with the employee's direct Supervisor and then involving the subsequent management levels after that if necessary ~~supervisor~~.

ii. Speak Up Tool

H-GAC has developed a Speak Up Tool. The Speak Up Tool offers an informal, confidential channel for employees to report workplace bias, discrimination, or harassment. You can read more about the nature of Speak Up Tool here.

iii. Whistleblower Hotline

H-GAC also has a Whistleblower hotline. The Whistleblower Hotline provides a secure way for stakeholders and ~~the matter~~ public to report suspected fraud, waste, or abuse anonymously and confidentially. You can read more about the H-GAC Whistleblower hotline here.

iv. Mediated Discussion

Mediated discussions are available for employees who are n disagreements with colleagues that are not illegal, nor a H- GAC

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policy violation, and do not rise to the level of egregious behavior or do not present an unsafe or hostile work environment. Human Resources may also decide that a Request for Investigation submitted to Human Resources is such that the better suited for a mediated discussion.

v. **Human Resources Investigation**

In the alternative to employee, understandably is in fear of reprisal at voicing the issue options (i) through (iv) above, the employee may escalate the issue immediately to an internal investigation conducted by Human Resources; and requesting an internal investigation is strongly encouraged where the issue involves potentially illegal conduct, discrimination or retaliation prohibited by law or H-GAC policy, or that rises to the level of egregious behavior or otherwise presents an unsafe or hostile work environment.

In through the grievance procedure. The deciding which channel the employee should elect, the employee should consider several factors, including:

- The also has the option to submit severity of the issue as constructive feedback to H-GAC.

a. **Grievance Policy**

- In the event that Whether the issue is eligible for a Request to Investigate
- Whether the issue is time sensitive

a. **Request for HR Investigation**

If an employee believes employeehe or she, has experienced a negative situation in the workplace that rises to the level employee thinks mustshould be addressed by H-GAC, the employee may follow the following procedures: submit a Request for Investigation to Human Resources.

i. **Occurrences a Grievance May Be Filed For**

Requests for Investigation may be filed for but are not limited to:

1. Policies and procedures that are or have been improperly applied to an employee.
2. Policies and procedures that another employee has violated resulting in a wrongdoing against an employee.

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- 3. Illegal discrimination of an employee as a member of a legally protected class, such as: race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (over 17), disability, genetic information (including family history), and any other characteristic protected by federal, state, or local law.
- 4. Any type of harassment or abuse, including verbal, psychological, emotional, physical, and sexual.
- 5. Wrongful termination.
- 6. Unsafe or improper working conditions.

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An employee may only file a grievance on employee's own behalf for acts committed against the employee, with exception to offensive or illegal behavior an employee witnesses against other employees who may be too passive, or afraid, to complain on their own.

Further, employees should not attempt to file a grievance based on:

- H-GAC policies and procedures that are legal and within the scope of H-GAC's discretion;
- false allegations and fabricated or false evidence and complaints; or,
- minor disagreements with colleagues that are not illegal, nor a H-GAC policy violation, and do not rise to the level of egregious behavior or do not present an unsafe or hostile work environment.

ii. **Grievance Procedure**

There are three levels of reporting a grievance and they are sequential, meaning generally each level must be attempted before reaching the next level of reporting a grievance. These levels should be followed in order, Level 1 through Level 3, unless the reporting employee is in danger, does not understandably feel safe, or the grievance involves an illegal act. In any of those events, employee should skip the Informal Grievance – Level 1 and move forward with a Formal Grievance – Level 2 immediately.

With exception to discrimination, anti-retaliatory, and harassment laws that provide a timeline employers must allow for submitting a grievance, all other grievances must be submitted within 15 calendar days following the event(s) pertaining to grievance.

In the event, any involved employee or H-GAC is concerned for an employee's safety, H-GAC will work with employees to establish an interim solution in effort to keep all employees involved safe until the investigation has been completed and a permanent resolution has been determined.

iii. Informal Grievance – Level 1

An informal grievance does not require submitting forms or documents. If an employee feels comfortable doing so, employee should reach out to employee's direct Supervisor, via email to record the date, and request a meeting to report an informal grievance. Employee may or may not include supporting material at this time. If the employee is not comfortable reporting informal grievance to employee's direct Supervisor, the employee may reach out to HR instead and HR will act in Supervisor's stead in accordance with this section.

The Supervisor must initially meet with employee within 15 calendar days of when employee has sent request for informal grievance meeting. The process with which the Supervisor chooses to employ in conducting the informal grievance investigation is left to the Supervisor's discretion. However, the Supervisor must conduct the investigation fairly, discreetly, and with diligence. The Supervisor must complete the investigation, determine a resolution, and initiate the resolution within 15 calendar days of the initial meeting with employee.

Should the parties directly involved with the informal grievance disagree with the Supervisor's investigation and proposed resolution, the employee may move forward with filing a Formal Grievance.

iv. Formal Grievance – Level 2

In the event parties directly involved with the informal grievance disagree with the Supervisor's investigation and proposed resolution, either party may move forward with filing a Formal Grievance – Level 2 within five calendar days of Supervisor addressing employee's Informal Grievance – Level 1.

If an employee is in danger, does not understandably feel safe, or the grievance involves an illegal act the employee should skip the Informal Grievance – Level 1 and move forward with a Formal Grievance – Level 2 immediately.

Employee may access the Formal Grievance Form – Level 2 form on H-GAC's SharePoint under the HR tab. Employee must complete the form and submit to HR via email to record the date submitted. Employee must include supporting material, if any, with the submission.

HR must initially meet with employee within 20 calendar days of when employee has submitted a formal grievance report. HR may or may not begin investigation before initial meeting with employee. HR must

conduct the investigation fairly, discreetly, and with diligence. HR's investigation may include, but is not limited to:

- Interviewing parties directly involved with the grievance.
- Reviewing submitted Formal Grievance form and supplement documents provided by employee.
- Reviewing informal grievance investigation conducted by employee's Supervisor.
- Interviewing employees that may have pertinent information related to grievance.
- Requesting and reviewing additional documents and information from involved parties.
- Reviewing involved parties' personnel files.
- Consulting internal Legal Team and H-GAC Executives.
- Consulting external attorneys.

Upon completing investigation, HR must complete a Formal Grievance Report detailing findings, relevant opinions, and a recommended resolution. HR's Formal Grievance Report requires H-GAC Executive Director approval before finalizing. Upon finalizing, HR must distribute report to involved parties and their direct Supervisors, the Legal Team, and affected H-GAC Management. A copy of report will be kept in involved parties' personnel files. The HR investigation and final report must be completed within 15 calendar days that employee submit Formal Grievance form to HR. If the HR investigation will take longer than 15 calendar days, the employee will be notified immediately and provided an updated expected completion date.

Immediately following distribution of Formal Grievance Report, HR will schedule follow up meetings with directly involved parties, as individuals and as a group, to discuss Formal Grievance Report and initiate recommended resolution. Some resolutions may carry an immediate effect, others may take more time and have a more gradual effect.

HR's Formal Grievance Report as approved by the H-GAC Executive Director is considered final. Involved parties may not negotiate the terms of the recommended resolution. If any of the involved parties are dissatisfied with the final report and resolution, said party may file an appeal with the H-GAC Executive Director:

v. Appeal of Formal Grievance Report — Level 3, Final Level of Escalation

The [Grievance Report Appeal form](#) can be found on H-GAC's SharePoint under the HR tab. The appeal form must be completed and

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submitted by the employee within 15 calendar days of receiving the Formal Grievance Report, to the H-GAC Executive Director via email to record date submitted. HR and the Legal Team should be CC'ed in this email.

Upon receiving appeal, H-GAC Executive Director may choose to form a Grievance Committee, which may include a Legal Team member and HR. In the event a Grievance Committee is formed, the Committee shall begin its own collective investigation of the grievance and a review of the Formal Grievance Report and the Informal Grievance.

The Grievance Committee investigation will rely heavily on the Formal Grievance Report for its fact findings and will focus primarily on the recommended resolution employee is disputing. If the Committee chooses to collect additional information not included or investigated during HR's Formal Grievance investigation, it may do so. The Committee may also revisit questionable sections of a Grievance Report as necessary.

The Committee must complete its investigation and submit an Addendum to the Formal Grievance Report stating additional pertinent findings and state determination whether in with all, part, or none of the initial report's recommended resolution. In the event the Committee does not agree with any part of the original report's recommended resolution, it will present its own recommended resolution, which may or may not include portions of the initial recommended resolution. This Addendum is subject to H-GAC Executive Director's approval.

Upon receiving H-GAC Executive Director approval the Committee shall distribute the Addendum to involved parties and their direct Supervisors, and affected H-GAC Management. A copy of Addendum will be kept in involved parties' personnel files.

The Committee investigation and Addendum must be completed and distributed within 15 calendar days of date employee submits Appeal to the H-GAC Executive Director unless employee has been notified of a different timeline.

Immediately following distribution of Addendum, the Committee will schedule a follow up meeting with directly involved parties as a group to discuss Addendum and initiate recommended resolution. Some resolutions may carry an immediate effect, others may take more time and have a more gradual effect.

The Committee's Addendum as approved by the H-GAC Executive Director is considered final. Involved parties may not negotiate the terms of the recommended resolution. If any of the involved parties are dissatisfied with the Addendum and resolution, said party may consider seeking outside counsel. The Appeals process is the final escalation opportunity for any grievance.

vi. Wrongful Termination Grievance Procedure

This appeals process is the final escalation opportunity for a terminated employee to submit a wrongful termination grievance. Terminated employees are encouraged to utilize this grievance procedure if the individual believes the termination was wrongful. The [Wrongful Termination Grievance Appeal form](#) can be found on H-GAC's SharePoint under the HR tab and/or may be requested from HR. The appeal form must be completed and submitted by the employee within 15 calendar days of termination to the H-GAC Executive Director via email to record date submitted. HR and the Legal Team should be CC'ed in this email.

Upon receiving appeal, H-GAC Executive Director may elect to meet with terminated employee and employee's representative to hear employee's wrongful termination grievance and appeal within 15 calendar days of receiving appeal. Under this option, H-GAC Executive Director may determine and propose a resolution following the meeting.

Otherwise, and/or in addition to, the H-GAC Executive Director may elect to form a Grievance Committee, which may include a Legal Team member and HR. In the event a Grievance Committee is formed, the Committee shall begin its own collective investigation of the grievance and a review of the Wrongful Termination Grievance Appeal submitted by terminated employee.

The Grievance Committee investigation will conduct its own fact-finding process and may meet with terminated employee and employee's representative if it chooses to do so. If the Committee chooses to collect additional information not included in the Wrongful Termination Grievance Appeal, it may do so.

The grievance procedure is not an adversarial trial but a fact-finding inquiry by the Executive Director and/or Grievance Committee. There is no right of confrontation in a grievance proceeding.

The Committee must submit a written report containing its pertinent findings with supporting documentation and state committee's determination whether it is in agreement with all, part, or none of terminated employee's Wrongful Termination Grievance Appeal to the H-GAC Executive Director.

In the event the Committee determines employee may have been wrongfully terminated, it will present its own recommended resolution in its report. The H-GAC Executive Director will consider this committee recommended resolution.

The Committee investigation, meeting with terminated employee, and report must be completed and submitted within 15 calendar days of date H-GAC Executive Director has appointed Grievance Committee, unless employee has been notified of a different timeline.

Upon reviewing the Grievance Committee report and committee recommended resolution, the H-GAC Executive Director will determine and present the final resolution to the terminated employee and employee's representative. This resolution is considered final. Involved parties may not negotiate the terms of the final resolution. If any of the involved parties are dissatisfied with the final resolution, said party is free to consider seeking outside counsel at terminated employee's expense.

b. Constructive Feedback

H-GAC welcomes constructive feedback that help make H-GAC a great place to work, including suggestions to improve internal policies and procedures; working relationships between H-GAC and vendors or customers or partners; and employee morale. H-GAC would also like to hear about what types of trainings and resources H-GAC can provide employees and departments with that might help make processes, projects, and employees more efficient in the workplace. If an employee has constructive feedback it would like to share with H-GAC employee may do so using the online Constructive Feedback form. This online form can be found on H-GAC's SharePoint under the HR tab and it may be submitted with anonymity at the employee's discretion.

i. Appropriate Feedback That May be Submitted Through the Constructive Feedback Online Form

- Concerns about and suggestions to improve H-GAC policies and procedures, both formal and informal
- Concerns about and suggestions for boosting employee morale

- Suggested employee training or team building opportunities
- Suggested resources for employees and
- Relevant concerns that do not rise to the level of any level of grievance

~~ii. Inappropriate Feedback to Submit Through the Constructive Feedback Online Form~~

Inappropriate feedback to submit through the Constructive Feedback online form includes:

- Unprofessional feedback or feedback containing obscenities
- Anything irrelevant to H-GAC or employment with H-GAC
- Complaints without providing reasonable and feasible suggested solutions
- Anything that falls under a level of grievance that should be reported as such
- Anything that is not within H-GAC's control to address or improve
- Anything that is better suited to be discussed in active dialogue with employee's Supervisor or HR to allow H-GAC consider and examine more closely
- Anything time sensitive or requires immediate attention
- Irrelevant or unconstructive complaints about colleagues, Supervisors, or H-GAC
- Confidential information
- Unsubstantiated rumors

iii. Review of Constructive Feedback

The constructive feedback will be checked by HR on a monthly basis only. HR will read all allowable online feedback and determine if the constructive feedback is (still) valid, relevant, and within H-GAC's capacity to further consider and address in some manner. Feedback that HR determines to be valid, relevant, and within H-GAC's capacity to address will be forwarded to the Policies and Procedures Committee for consideration at its following bi-annual meeting. The remaining feedback will not be reviewed further.

Subject to the approval of H-GAC Executive Director, the Committee will determine if any concerns, suggestions, or feedback should be acted on and how. After careful Committee consideration and for a variety of reasons, the Committee may determine that the feedback will not be reviewed further or acted on beyond Committee consideration.

However, when deemed valid, appropriate, reasonable, and feasible, the Committee may decide to act on employee-provided feedback. Any feedback submitted will not be treated as time sensitive or as an emergency, hence, even if Committee takes action, it may not do so right away. Any actions the Committee takes may have immediate effects, while others may be more gradual over time. Some actions may prove unsuccessful and be discontinued.

H-GAC does not have the capacity, nor would it be appropriate or reasonable, to take action on all the feedback submitted to it, even if H-GAC would like to. However, the Committee makes record of and does consider all of the feedback it reviews and may even reconsider at a later date.

e.b. H-GAC Anti-Retaliation and Whistleblower Policy

In alignment with federal and state labor law protections, H-GAC prohibits retaliation against employees for exercising their protected rights, including speaking out against and reporting in good faith illegal activities occurring within the agency.

i. What is Retaliation?

~~Retaliation occurs when an employer (through a Director, Manager, Supervisor, or Executive) fires an employee or takes any other type of adverse action against an employee for engaging in legally or H-GAC policy protected activity.~~

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According to the DOL workplace retaliation is defined as any negative action taken by an employer against an employee for engaging in protected activities such as reporting discrimination, harassment, or participating in workplace investigations. This can include actions like demotion, discipline, firing, salary reduction, or job or shift reassignment. Retaliation can also be subtle, such as excluding employees from important meetings or changing their job duties. It is illegal and can have a negative impact on employee morale and overall workplace culture. Employees have rights to report discrimination, raise safety concerns, or ask coworkers about pay without fear of retaliation.

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What are the Whistleblower Acts?

1. Federal Whistleblower Act

The federal government whistleblower laws are intended to encourage employees to report environmental, legal, financial, or safety violations made by their employers. These laws are intended to protect employees by making it illegal to fire or otherwise retaliate against an employee who reports an employer's illegal or unethical acts.

Five federal agencies enforce whistleblower and anti-retaliation laws on behalf of the U.S. Department of Labor: Occupational Safety and Health Administration (OSHA); Mine Safety and Health Administration (MSHA); Office of Federal Contract Compliance Programs (OFCCP); Wage and Hour Division (WHD); and, Veterans' Employment and Training Service (VETS).

Please visit the [U.S. Department of Labor website](#) [U.S. Department of Labor website](#) for more information on the federal whistleblower laws. Please be aware that as a political subdivision of the state of Texas, H-GAC is not subject to Occupational Safety and Health Administration (OSHA) rules.

2. Texas Whistleblower Act

Chapter 554 of the Texas Government Code, known as the Texas Whistleblower Act, protects a public employee from retaliation by a public employer, such as H-GAC, when the employee in good faith reports a violation of law by the employer or another public employee to an appropriate law enforcement authority.

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Please review the ~~Texas Government Code~~ Texas Government Code for more information on the Texas Whistleblower Act.

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iii. What Employee Acts Are Protected from Retaliation and are Whistleblowing Protected Acts?

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Pursuant to the Texas Government Code and to the extent permitted by other applicable laws, a public employee is protected from retaliation by a public employer when the employee in good faith reports a violation of law by the employer or another public employee to an appropriate law enforcement authority.

Pursuant to the Office of Federal Contract Compliance Programs and to the extent permitted by applicable laws, employees are generally protected from retaliation, intimidation, threats, coercion, harassment and discrimination because employee engaged in protected activity under any equal employment opportunity law enforced by Office of Federal Contract Compliance Programs, such as filing a discrimination complaint, providing information to Office of Federal Contract Compliance Programs during a compliance evaluation, or opposing practices made unlawful by equal opportunity laws.

Pursuant to Wage and Hour Division laws and to the extent permitted by applicable laws, employees are generally protected from retaliation for reporting issues relating to minimum wage, overtime pay, recordkeeping, lie detector testing, family and medical leave, and youth employment (regardless of immigration status).

Pursuant to the Uniform Services Employment and Re-employment Rights Act and to the extent permitted by applicable laws, employees are generally protected from retaliation based on an employee's current or former military status.

Please visit the U.S. Department of Labor website and the Texas Government Code for more information on the federal and state whistleblower laws and provided protections. Please be aware that as a political subdivision of the state of Texas, H-GAC is not subject to Occupational Safety and Health Administration (OSHA) rules.

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11.F. HEALTH & SAFETY IN THE WORKPLACE

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a. Drug, Alcohol-, and Smoke-Free Workplace

H-GAC wishes to provide a safe and drug-, alcohol-, and smoke-free work environment for its clients, customers, partners, and employees.

i. What is Prohibited?

H-GAC explicitly prohibits:

- The use, possession, solicitation for, or sale of narcotics or other illegal drugs, alcohol, or prescription medication without a prescription on H-GAC or customer premises or while performing an assignment.
- Being impaired or under the influence of legal or illegal drugs or alcohol away from the H-GAC or customer premises, if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk the H-GAC's reputation.
- Possession, use, solicitation for, or sale of legal or illegal drugs or alcohol away from the H-GAC or customer premises, if such activity or involvement adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk H-GAC's reputation.
- The presence of any detectable amount of prohibited substances in the employee's system while at work, while on the premises of the company or its customers, or while on company business. "Prohibited substances" include illegal/recreational drugs, alcohol, or prescription drugs not taken in accordance with a prescription provided by a licensed Texas medical professional.
- Smoking cigarettes or tobacco in or on H-GAC property and offices, aside from designated smoking areas.
- The use or presence of any detectable amount of federally prohibited drugs, as described in the Controlled Substances Act, in the employee's system while at work, while on the premises of the company or its customers, while on company business, or during a H-GAC mandated drug test.

ii. Drug and Alcohol Testing

H-GAC may conduct drug and or alcohol testing under any of the following circumstances:

1. Random Testing

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Employees may be selected at random for drug and or alcohol testing at any interval determined by H-GAC.

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2. For-Cause Testing

H-GAC may ask an employee to submit to a drug and or alcohol test at any time it feels that the employee may be under the influence of drugs or alcohol, including, but not limited to, the following circumstances: evidence of drugs or alcohol on or about the employee's person or in the employee's vicinity, unusual conduct on the employee's part that suggests impairment or influence of drugs or alcohol, negative performance patterns, or excessive and unexplained absenteeism or tardiness.

3. Post-Accident Testing

Any employee involved in a workers' compensation claim, an on-the-job accident or injury that suggest possible use or influence of drugs or alcohol in the accident or injury event may be asked to submit to a drug and or alcohol test. "Involved in an on-the-job accident or injury" means not only the one who was or could have been injured, but also any employee who potentially contributed to the accident or injury event in any way.

4. Other Testing

If an employee is tested for drugs or alcohol outside of the employment context, such as during an arrest, and the results indicate a violation of this policy, or if an employee refuses a request to submit to testing under this policy, the employee may be subject to appropriate disciplinary action, up to and including termination from employment.

b. Sexual Harassment Policy

H-GAC is committed to providing a workplace that is free from sexual harassment. Sexual harassment in the workplace is against the law and will not be tolerated. If ~~and when~~ H-GAC determines that an allegation of sexual harassment is credible, it will take prompt and appropriate corrective action. H-GAC subscribes and adheres to local and federal laws pertaining sexual harassment in the workplace.

Please see ~~Texas state law and the U.S. Equal Employment Opportunity~~ Please see Texas state law and the U.S. Equal Employment Opportunity Commission websites for additional guidance on sexual harassment.

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i. What is the Legal Definition for Sexual Harassment

Per Texas state law, "sexual harassment" means an unwelcome sexual advance, a request for a sexual favor, or any other verbal or physical conduct of a sexual nature if:

- Submission to the advance, request, or conduct is made a term or condition of an individual's employment, either explicitly or implicitly,
- submission to or rejection of the advance, request, or conduct by an individual is used as the basis for a decision affecting the individual's employment,
- the advance, request, or conduct has the purpose or effect of unreasonably interfering with an individual's work performance; or
- the advance, request, or conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment.

ii. Partial List of Examples of Sexual Harassment

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when:

- An employment decision affecting that individual is made because the individual submitted to or rejected the unwelcome conduct; or
- The unwelcome conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile, or abusive work environment.

Certain behaviors, such as conditioning promotions, awards, training, or other job benefits upon acceptance of unwelcome actions of a sexual nature, are always prohibited.

Unwelcome actions such as the following are also inappropriate and, depending on the circumstances, may in and of themselves meet the definition of sexual harassment or contribute to a hostile work environment:

- Sexual pranks, or repeated sexual teasing, jokes, or innuendo, in person or via e-mail,
- Verbal abuse of a sexual nature,

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- Touching or grabbing of a sexual nature,
- Repeatedly standing too close to or brushing up against a person,
- Repeatedly asking a person to socialize during off-duty hours when the person has declined or has indicated said person is not interested (Supervisors ~~in particular~~ should be careful not to pressure their employees to socialize),
- Giving gifts or leaving objects that are sexually suggestive,
- Repeatedly making sexually suggestive gestures,
- Making or posting sexually demeaning or offensive pictures, cartoons, or other materials in the workplace, or
- Off-duty, unwelcome conduct of a sexual nature that affects the work environment.

A victim of sexual harassment can be a man or a woman. The victim can be of the same sex as the harasser. The harasser can be a ~~Supervisors~~supervisor, co-worker, another H-GAC employee, or a non-employee who has a business relationship with H-GAC.

Please note, the above is not a comprehensive list of examples of sexual harassment.

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iii. Employees’ Rights and Responsibilities Under This Policy

Any employee who believes ~~employee has~~ they have been the target of sexual harassment is encouraged to inform the offending person orally or in writing that such conduct is unwelcome and offensive and must stop.

If the employee does not wish to communicate directly with the offending person, or if such communication has been ineffective, the employee has multiple avenues for reporting allegations of sexual harassment and/or pursuing resolution.

Employees are encouraged to report the unwelcome conduct as soon as possible to employee’s Supervisor, a Department Director, ~~HR, the Legal Department~~Human Resources, or ~~an~~ H-GAC Executive.

Nothing in this policy shall prevent the complaining employee or accused employee from pursuing formal legal remedies or resolution through state or federal agencies or the courts.

iv. Employer Legal Obligations

H-GAC is legally required by the state of Texas to take immediate and appropriate corrective action if it knows or should have known that the conduct constituting sexual harassment was occurring.

Hence, it is imperative that any H-GAC Supervisors, Department Directors, notify ~~HR, the Legal Department~~Human Resources, or ~~an~~ H-GAC Executive immediately upon learning of any confirmed or possible sexual harassment conduct occurrence, this includes learning of any office rumors. Employees who have witnessed such an incident are also encouraged to report the incident to a Supervisor, Department Director, or ~~HR~~Human Resources immediately. A Supervisor, Department Director, HR staff member, a Legal Department staff member, or a H-GAC Executive may be held individually liable for any resulting sexual harassment claims for a failure to report.

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v. Sexual Harassment Claim Procedure

Upon notification of a sexual harassment claim, sexual harassment conduct, or possible sexual harassment occurrence, [HR Human Resources](#) will proceed with a 'Formal Grievance-Level 2' investigation. In the event, any involved employee or H-GAC is concerned for an employee's safety, H-GAC will work with employees to establish an interim solution in effort to keep all employees involved safe until the investigation has been completed and a permanent resolution has been determined.

c. Policy Protections Against Discrimination and Other Prohibited Practices

Employer discrimination is against the law. H-GAC subscribes and adheres to local and federal laws pertaining to discrimination in the workplace. In the event an employee believes the employee has experienced employer discrimination, employee is encouraged to contact [HR and or file a grievance Human Resources](#) immediately.

i. Title VII of the Civil Rights Act of 1964

Title VII of the Civil Rights Act, as amended, protects employees and job applicants from employment discrimination based on race, color, religion, sex and national origin. Title VII protection covers the full spectrum of employment decisions, including recruitment, selections, terminations, and other decisions concerning terms and conditions of employment. It also prohibits employers from retaliating against an applicant or employee who asserts his or her rights under this law.

The Equal Employment Opportunity Commission enforces Title VII. The Equal Employment Opportunity Commission has offices throughout the country. To learn more about Title VII and other [antidiscrimination anti-discrimination](#) laws, visit the Commission's website [at www.eeoc.gov](http://www.eeoc.gov).

ii. Pregnancy Discrimination Act (PDA)

The Pregnancy Discrimination Act (PDA) amended Title VII to make it illegal for employers to discriminate on the basis of pregnancy, childbirth, or a related medical condition (including those related to miscarriage or termination of a pregnancy). All employers covered by Title VII are covered by the Pregnancy Discrimination Act.

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The Equal Employment Opportunity Commission enforces the Pregnancy Discrimination Act. To learn more about the Pregnancy Discrimination Act, visit the Commission’s website [at www.eeoc.gov](http://www.eeoc.gov).

iii. The Americans With Disabilities Act (ADA)

The Americans ~~With~~with Disabilities Act prohibits employers from discriminating against people with disabilities in any aspect of employment, including applications, interviews, testing, hiring, job assignments, evaluations, compensation, leave, benefits, discipline, training, promotions, medical exams, layoffs, and firing.

The Americans ~~With~~with Disabilities Act applies to private employers with at least 15 employees, local governments and their agencies, employment agencies, and labor unions. Although state employees are protected by the law, these employees may not sue their state government employers for monetary damages.

Two government agencies enforce the Americans ~~With~~with Disabilities Act: the U.S. Department of Justice, [at www.ada.gov](http://www.ada.gov), and the Equal Employment Opportunity Commission, [at www.eeoc.gov](http://www.eeoc.gov).

iv. Age Discrimination in Employment Act (ADEA)

The Age Discrimination in Employment Act, as amended, protects ~~persons~~people 40 years of age or older from age-based employment discrimination. A separate law, the Older Workers Benefits Protection Act (OWBPA), protects employees over the age of 40 from discrimination in benefits. It also prohibits employers from retaliating against an applicant or employee for asserting employee’s rights under the Age Discrimination in Employment Act.

Although the Age Discrimination in Employment Act protects state government employees, these employees may not file lawsuits claiming age discrimination -- they may assert their rights only through the Equal Employment Opportunity Commission. ~~To learn more about the Age Discrimination in Employment Act, visit the Commission’s website at~~ www.eeoc.gov.

v. Immigration Reform and Control Act of 1986 (IRCA)

The Immigration Reform and Control Act can be found at 8 U.S.C. 1324 and prohibits employers from discriminating against applicants and employees on the basis of their citizenship or national origin.

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Immigration Reform and Control Act's prohibition on discrimination applies to all terms, conditions, and privileges of employment, including hiring, firing, compensation, benefits, job assignments, promotions, and discipline. This ~~antidiscrimination~~ anti-discrimination provision applies to federal, state, and local governments and to private employers with at least four employees.

The Immigration Reform and Control Act also makes it illegal for employers to knowingly hire or retain employees who are not authorized to work in the United States. Employers are required to examine employee documents and keep records verifying that their employees are authorized to work in this country.

The Immigration Reform and Control Act is enforced by the U.S. Department of Justice, Office of Special Counsel for Immigration-Related Unfair Employment Practices, ~~at www.justice.gov/crt/osc~~.

vi. Equal Pay Act

The Equal Pay Act requires employers to give men and women equal pay for equal work. Employees do equal work when they perform, under similar working conditions, jobs that require equal skill, effort, and responsibility. Two jobs may be equal even if they have different job titles. For example, a hotel may not pay its janitors, who are primarily men, more than its housekeepers, who are primarily women, if they are doing the same work.

There are a few exceptions to the Equal Pay Act. Employers can pay men and women different salaries for doing equal work if the difference is based on seniority, merit, an incentive system, or any factor other than gender.

Practically speaking, all employers must comply with the Equal Pay Act. This includes private employers (regardless of size), the federal government, state and local governments, and labor unions.

The Equal Employment Opportunity Commission enforces the Equal Pay Act. ~~To learn more about the Equal Pay Act, visit the Commission's website at www.eeoc.gov~~.

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d. Workplace Violence Prevention

H-GAC has a zero-tolerance policy on workplace violence. The U.S. Department of Labor defines workplace violence as an, "...incident is a verbal, written, or physically aggressive threat or attack intended to intimidate, cause injury or death to others in a place of employment..." In the event an employee thinks employee might have experienced such an incident from a fellow employee, including a ~~Supervisor~~supervisor, a customer, client, vendor, or H-GAC partner, H-GAC requests that the employee immediately report such behavior to ~~HR and or file a grievance~~Human Resources.

It is imperative that any H-GAC ~~Supervisors, Department Directors~~supervisors, ~~department directors~~, notify ~~HR, the Legal Department~~Human Resources, or ~~an~~ H-GAC Executive immediately upon learning of any confirmed or possible workplace violence incidents, this includes learning of any office rumors. Employees who have witnessed such an incident are also encouraged to report the incident to a ~~Supervisor, Department Director, or HR~~supervisor, ~~department director, or Human Resources~~ immediately.

Upon notification of a possible workplace violence incident, ~~HR~~Human Resources will proceed with ~~a "Formal Grievance Level 2"~~an investigation. In the event, any involved employee or H-GAC is concerned for an employee's safety, H-GAC will work with employees to establish an interim solution in effort to keep all employees involved safe until the investigation has been completed and a permanent resolution has been determined.

e. Emergency Office Closures

i. Notification of Closures

Emergency office closures will be determined at the discretion of the H-GAC Executive Director. Regional disasters are determined by local government officials; however, the H-GAC Executive Director determines whether the disaster may impact H-GAC.

In the event of an emergency closure at H-GAC facilities or a regional disaster that may affect H-GAC has occurred, employees will be notified of closure via text, telephone, and or email as soon as feasible using H-GAC's automated notification system: ~~(Omnilert)~~.

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Given that H-GAC may not be in complete control of buildings housing H-GAC satellite offices or other off work site locations, H-GAC may not be immediately aware of or be able to notify employees ahead of time of emergency closures at these locations. In the event an employee has been scheduled to work at a satellite H-GAC office or other off work site location, and the facilities or site is closed for an emergency, employees are required to notify their Supervisors of such closures immediately.

For purposes of this section, an employee's home used for regular teleworking is not considered a satellite or off work site location.

ii. Working During an Emergency Office Closure

If an emergency office closure, regional disaster, satellite office, or other off work site location is closed for emergency, but an employee can feasibly telework from home that day, that employee is required to telework for the remainder of the workday.

iii. Emergency or Disruption at Employee Teleworking Location

In the event a teleworking employee is experiencing a regional disaster that affects employee's home or another emergency disruption, such as a power outage, which reasonably prevents the employee from teleworking that day, the teleworking-employee must notify employee's Supervisor immediately. The Supervisor has the discretion to determine if employee is excused from working due to said emergency or disruption or if employee is required to report to the office or other suitable worksite, instead of teleworking, for the remainder of the day.

Employees that have been excused from work by the H-GAC Executive Director or the employee's Supervisor due to an emergency office closure, regional disaster or telework location emergency may report lost work time as 'Emergency Leave' on employee's timesheet for the pay period. Also, reference Section 6.a.iii.3 Emergency Leave: section of this handbook.

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12.G. STANDARDS OF OTHER WORKPLACE CONDUCT, RULES OF BEHAVIOR, AND FURTHER GUIDANCE

a. General

i. Core Working Hours

General H-GAC office hours are Monday through Friday 8am to 5pm. General employee work shift hours are Monday through Friday starting between 6am and 9am and ending between 3pm and 7pm, ~~dependent~~depending on the work shift agreed upon between the employee and employee’s Supervisor. An employee’s regular work shift should not begin later than 9am or end later than 7pm.

ii. Conducting Personal Business During Work Hours

H-GAC allows employees to conduct personal business during work hours, as necessary, but limited to reasonable amounts of time that do not interfere with the ~~employee’s~~employees’ work or the workplace. Any outside business that the employee is engaged in may not be conducted during employee’s scheduled H-GAC work hours.

iii. Using the Internet

Most, if not all, of the jobs at H-GAC require using the internet for work purposes regularly. H-GAC does allow occasional and reasonable personal use of the internet during work hours; however, inappropriate use of internet resources exposes the agency to risks including virus attacks, compromise of network systems security, and legal liability.

The H-GAC Information Services Policies & Procedures Manual defines standards for systems that monitor and limit web use from any host within H-GAC’s networks. The standards included in those policies are designed to ensure employees use the internet in a safe and responsible manner and ensure that employees’ web use can be monitored or researched during an incident.

Please ~~referencer~~refer to the H-GAC Information Services Policies & Procedures Manual.

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iv. Punctuality and Attendance

Employees are expected to be punctual in reporting for work, keeping appointments, and meeting schedules for completion of work.

1. Notification

An employee who is running late to work or must take an unplanned absence must notify employee’s Supervisor as soon as possible, but not later than 30 minutes after the time the employee is scheduled to begin work, with exception ~~to~~of dire emergencies.

In a situation where an employee’s tardiness or absence might foreseeably create a significant or time-sensitive problem for a project, event, or fellow employee(s), an employee is expected to exercise all reasonable efforts to notify employee’s Supervisor a minimum of two hours prior to the time the employee is scheduled to begin work, and preferably the evening before if at all possible. (It is preferable, and may be required in some departments, for an employee who will be late or absent to contact employee’s Supervisor or department head at least one hour prior to the employee’s scheduled time to begin work unless emergency conditions exist.)

2. Excessive Tardies or Unplanned Absences

A cumulative combination of five unplanned absences, tardy attendance, and failure to properly notify Supervisor of either within a 30-day period may be considered job abandonment and is grounds for disciplinary action up to and including termination.

~~v. Dress Code~~

3. Wellness Checks

In the event of an unexpected, unexplained, or extended absence, a supervisor may initiate a wellness check to ensure the employee’s safety and well-being. The supervisor will first attempt to contact the employee directly using the information on file. If the supervisor is unable to reach the employee, Human Resources may assist by reaching out to the employee or, if necessary, to the emergency contact designated by the employee. Wellness checks are conducted solely out of concern for the employee and to ensure appropriate follow-up on work-related responsibilities.

v. Dress Code

Employees are expected to dress professionally and in accordance with

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the type of occasion or event being attended, what they are doing, and where they are working that day, and in consideration of regular job duties that include manual labor that might reasonably require dressing down.

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In general, the dress code for employees is business casual. However, as appropriate, staff should follow a ~~dress code of~~ business professional dress code for face-to-face meetings with board and committee members, vendors, clients, and other H-GAC partners.

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While we understand that business casual may be subject to interpretation, the objective is to maintain a professional and well-groomed appearance. Supervisors will counsel employees who come to work in attire that is inappropriate, and employees may be asked to make arrangements to change into appropriate work attire for the remainder of the day.

Examples of inappropriate attire include, but are not limited to athletic wear, revealing clothing, bare torso, distressed clothing, clothing with any slogans, clothing with brand names or logos larger than 2" inches squared, slippers, or beach sandals, baseball caps, or visors.

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vi. Maintaining H-GAC, H-GAC’s Partners, and Client Confidentiality

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As a regional area council and political subdivision of the state, information and work conducted ~~in the course of~~during business at H-GAC is subject to the Public Information Act (“PIA”), with some limited exceptions. This means H-GAC must submit specified information to the public pursuant to an official PIA request. Such a request may only be handled by the H-GAC Records Administrator. ~~You may also download the latest Public Information Act handbook~~You may also reference the latest Public Information Act handbook on the Attorney General of Texas website.

With the exception of a Public Information Act request, H-GAC strives to protect and maintain the privacy of those fiscally and fiducially involved with H-GAC. To maintain such relationships H-GAC requires its employees, agents or representatives, and volunteers to utilize their best judgement when discussing anything H-GAC related, in and outside the walls of H-GAC. Using best judgement means not divulging information that would be deemed unprofessional or harmful to H-GAC, H-GAC partners, H-GAC clients, and any other companies or individuals that may have a fiscal and fiduciary relationship with H-GAC. Such protected and sensitive information may include discussing H-GAC clients and former clients, H-GAC staff, H-GAC ~~Executives~~executives, and volunteers, and unpublished financial data and business records of H-GAC.

Some employees may also have access to protected information that is considered sensitive and confidential and is not intended to be shared with all employees. These employees are required to take reasonable care to ensure that unauthorized individuals do not learn of such confidential information and that documents containing confidential information ~~are not~~be left in the open or inadvertently shared. All equipment containing confidential information must be properly stored as to ensure that no confidential information ~~be~~is shared on accident or purposefully.

Failure to maintain H-GAC’s confidentiality standard may result in termination of employment or other corrective action. This policy is intended to protect H-GAC, as well as H-GAC employees, partners, and clients.

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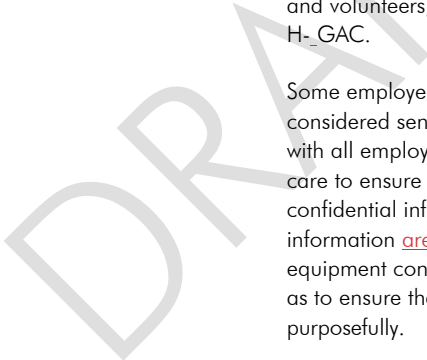
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vii. Maintaining H-GAC Records

All work documents and ~~product~~products are the property of H-GAC. In accordance with state law, grants compliance, and best business practices, H-GAC and its employees are required to adhere to agency records retention policy. This applies to emails, work ~~product~~products, supporting back up, and other written or printed documents. Essentially, this means employees may not simply dispose of or delete H-GAC emails, records, or documents without consulting and then conforming to H-GAC’s record retention policies. *These policies may be found on H-GAC SharePoint under Records Management as well as the ‘Information Services Policies.*

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b. Use of H-GAC Property

i. H-GAC Credit Cards

H-GAC does have company credit cards, but only pre-authorized employees may access and use these company credit cards on behalf of H-GAC for H-GAC purposes only. Employees that do not possess a company credit card are prohibited from saving H-GAC credit card information for later use. Employees are prohibited from applying for and using a credit card in H-GAC’s name without proper and prior authorization.

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Please ~~referencerefer~~ to the H-GAC Financial Policies for more information.

~~ii. Building and Premises~~

~~ii. Building and Premises~~

Employees should treat all H-GAC ~~building~~buildings and premises with respect and care and are prohibited from performing illegal conduct on the premises. Employees may only use H-GAC building and premises, including conference and meeting rooms for H-GAC related business. Alcohol, recreational drugs, tobacco, and weapons are not permitted in any H-GAC facility or work site, in accordance with lessor’s policies.

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~~Reserving Second Floor Conference Rooms~~

~~Employees are required to work with the Facilities team to reserve and set up any meetings or events held in the second-floor conference rooms. Employees facilitating or coordinating meeting are responsible for ensuring H-GAC policies noted in this subsection are adhered to during the meeting. H-GAC utilizes security cameras to monitor various areas at the H-GAC headquarters office location. Employees are required to sign an agreement acknowledging the agency’s use of security cameras in H-GAC workspaces.~~

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1. Visitors

Visitors are only permitted access to the first and second floors of the H-GAC headquarters at 3555 Timmons Lane in Houston.

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iii. **Equipment, Tools, Furniture, and Supplies**

Employees should treat all H-GAC equipment, tools, furniture, and supplies ~~building in the workspaces~~ with respect and care. None should be used for personal use, in any illegal capacity, or to be lent ~~out~~ to a third party. Supplies should not be wasted. Upon termination of employment ~~or a leave longer than 15 calendar days~~, an employee must return all equipment, tools, furniture, and supplies in employee's possession to H-GAC. Employees should have no expectation of privacy when using and ~~or~~ storing information on H-GAC equipment.

~~Generally, H-GAC does not provide employee with mobile phones; however, some employees may be reimbursed for the standard monthly mobile phone charges at the discretion of the H-GAC Executives.~~

~~iv. **Software**~~

~~Employees should treat all H-GAC software with respect and care. H-GAC software should not be used for personal use, in any illegal capacity, or to be lent out to a third party. Employees should have no expectation of privacy when using and or storing information on H-GAC software.~~

~~v. **Data, Information Resources, and Credentials**~~

~~Please reference the H-GAC Information Systems Manual.~~

~~vi. **Passwords**~~

~~Employees may not access other employees' files unless so authorized. Employees should not provide their passwords to anyone. H-GAC has the right to access electronic communications for legitimate business or emergency reasons.~~

e. H-GAC Contracts

For purposes of this section, a contract is any document requiring the signature from a representative of H-GAC, a third party, or both. The third party may be a current or prospective H-GAC client, vendor, partner, program participant, a company, or an individual. Contracts include, but are not limited to, any kind of written agreements, Memorandums of Understanding (MOUs), Waivers of Liability, Letters of Intent (LOIs), rental agreements, Interlocal Agreements (ILAs), and written agreements where no money or minimal money is exchanged.

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i. Recordkeeping

All H-GAC contracts, past and present, shall be provided to and stored by the Procurement and Contracts Department. While employees may keep copies of H-GAC contracts, the original and finalized contract shall be provided to the Procurement and Contracts Department. Contracts are maintained in an electronic contracting system.

ii. Authorized H-GAC Representative Signatory

The only authorized H-GAC representative permitted to sign a document on behalf of H-GAC as the H-GAC Representative is the H-GAC Executive Director. In the event that the Executive Director decides to delegate or add signing authorities to another employee, the permission must be presented before and approved by the H-GAC Board of Directors. Employees may not sign a document or enter into any contract or agreement on behalf of H-GAC without specified signing authority provided by the Executive Director and approved by the Board of Directors.

An employee who signs a document or enters into any contract or agreement on behalf of H-GAC without specified signing authority provided by the Executive Director is subject to discipline, up to and including termination. An employee who knows, or has reason to know, that a contract or agreement the employee is involved with has been signed by someone other than the Executive Director, or the Executive Director's Board approved signing delegate, is required to inform the Procurement and Contracts Department or Legal Team immediately.

iii. Drafting and Negotiating Contracts

All contracts, of any type, must be approved by the Procurement and Contracts Department. Employees are required to collaborate with the Procurement and Contracts Department and or the Legal Team in drafting and negotiating contracts with third parties. *Please reference the H-GAC Contracts Policy and visit the Procurement and Contracts web pages on SharePoint for more information.*

d. Hosting Meetings**i. General Meeting Information**

1. Meeting Materials and Presentation

Meeting facilitators and coordinators should prepare and aim to distribute meeting materials to participants ahead of the meeting. H-GAC is striving towards a paper-less workplace and as such, employees should distribute materials electronically, whenever feasible.

Employees should consult with the Communications Department in preparing branded materials or a PowerPoint presentation. Employees should also use and apply the formatting guidelines and templates found on the Communications web pages on SharePoint in preparing materials or PowerPoint presentation.

2. Non-H-GAC Employee Speakers

When scheduling an outside speaker to present at a public or internal meeting, meeting coordinators and facilitators must provide the speaker's information, including bio and planned topics of discussion, to H-GAC Executives ahead of the meeting. Speaker may not present unless a H-GAC Executive has provided written approval for speaker's presentation.

In addition and when feasible, meeting coordinators and facilitators should instruct outside speakers to print their own handouts or materials. This promotes H-GAC's goals to become a paperless workplace and avoids unnecessary printing costs.

3. Meeting Logistics

When a meeting requires using a conference room, employees should work directly with the Facilities Team or their department Administrative Assistant to reserve a conference room ahead of time and indicate meeting requirements, at that time, such as audio visual, room set up, food or beverage, or other equipment.

ii. Meeting Etiquette

In an effort to respect people's time, employees should aim to begin a meeting no later than five minutes after the start time.

When participating in meetings online with ten people or less, employees are expected to turn on their cameras to create the actual essence of a face-to-face meeting.

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When participating in meetings online with 11 or more people and an employee is facilitating or has a speaking role in the meeting, employees are expected to turn on their cameras. In the least, employees are encouraged to turn on their cameras as they are speaking, even if speaking impromptu during meeting such as when asking a question.

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Employees participating in online meetings with third parties are strongly encouraged to turn their cameras in effort to promote a more authentic and professional relationship with external parties.

Employees should present themselves in a professional manner and dress when participating, whether in an in-person meeting or online meeting with the camera on. Please reference Section 12.a.vii Dress Code.

iii. Public Meetings

1. H-GAC Governance

Some public meetings are subject to rules as provided in H-GAC's and its related entities' bylaws. These rules may include, but are not limited to, how a meeting must be conducted, the required quorum, what topics may or may not be discussed publicly, when notifications and materials must be provided to participants, and how to conduct voting. Meeting facilitators and coordinators are responsible for being aware of, preparing for, and adhering to these requirements.

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2. Open Meetings Act

Many of H-GAC's meetings are subject to the Texas Open Meetings Act, which requires said meetings to be held open to the public and the public is provided ample notification of said meetings:

There are additional requirements prescribed in the Open Meetings Act that must be properly and strictly adhered to, to remain in compliance with local law and H-GAC's, and its related entities', governance. Meeting facilitators and coordinators are responsible for being aware of, preparing for, and adhering to these requirements. Please review [Chapter 551 of the Government Code](#) to learn more. You may also [download the latest handbook on the Texas Open Meetings Act](#) provided by the Texas Attorney General's Office.

Meeting facilitators and coordinators should consider if security will be needed at an open meeting.

e. Communications**i. Communicating with H-GAC Leadership****1. Communicating with the H-GAC Board of Directors**

An employee may request that a matter be considered by H-GAC's Board of Directors by submitting the item in writing to his or her Supervisor or Department Director.

Matters that involve H-GAC policy, operations, and organization are brought before H-GAC's Board of Directors by the Executive Director or by a person designated to do so by the Executive Director.

2. Communicating with H-GAC Executives, Department Directors, and Other Managers

H-GAC maintains an open-door policy. An open-door policy means that every manager's door is open to every employee. That said, employees are encouraged to exercise communicating through the chain of command, when appropriate.

ii. Communications and Outreach Department Guidance

The Communications Department maintains the H-GAC Style Guide and H-GAC Communications Reference Guide to maintain agency

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branding guidelines and standard communication and outreach practices. The style guide outlines creative and editorial standards that staff should follow when developing outreach and promotional materials for internal and external audiences. The H-GAC Communications Reference Guide ensures that programs and departments communicate to our internal and external stakeholders in a consistent and complementary way.

Employees and third parties involved in the development, delivery, and management of agency programs and initiatives shall adhere to the H-GAC Communications Reference Guide and its components. It is best practice to consult with the H-GAC Communications and Outreach Department in the early stages of working on such projects.

Prior to developing a request for proposal and a scope of work for external communications and outreach consultants, project managers shall work with the Communications Department to determine what can be completed in-house and what can be outsourced to a consultant.

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iii. Electronic Communications

In general, all electronic communications transmitted by, received from, or stored in the company's information systems are the property of H-GAC. As with all other H-GAC property, electronic communications may be used solely for H-GAC related business.

Upon hire, H-GAC employees are asked to acknowledge H-GAC's policy regarding and authorizing Data Services, high level Administration, and other Executive Director specified personnel to access and monitor all electronic communications, including employee emails and hard drives. Electronic communication systems are inclusive of, but not limited to, electronic mail, voice mail, public/private networks, and all other electronic systems H-GAC provides its employees.

1. Professional Conduct Using Electronic Communications

a. Solicitation

H-GAC electronic communication systems may not be used to solicit unrelated H-GAC business ventures, personal parties, social gatherings, charities, personal memberships in unrelated H-GAC organizations, political causes, religious causes, or other matters not related or relevant to H-GAC business.

b. Electronic Communications Etiquette

Employees are expected to conduct themselves professionally and respectfully when using H-GAC electronic communications.

Employees may not use offensive messages. H-GAC's electronic and other information systems may not be used in a way that may be disruptive or disparaging to others or harmful to morale. Foul, inappropriate, or offensive messages such as those including, but not limited to, sexually explicit language or materials; racial, sexual, or religious slurs; etc., are prohibited. The sending of anonymous messages is also prohibited.

c. Using H-GAC Emails

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H-GAC emails should only be used for H-GAC related work. H-GAC emails may not be used to promote an employee's own business or business employee may be affiliated with, personal events, personal fundraisers, or events not endorsed by H-GAC.

The official agency email signature should be used across all email communications sent from a H-GAC email address. No substitutes, omissions, or additions allowed except for affiliate programs as outlined in the H-GAC Communications Reference Guide and the H-GAC Style Guide. Special provisions for agency outreach campaigns and initiatives may be approved by the Executive Director.

iv. Acting as an Agent and Representative of H-GAC

Any time an employee is acting in an employee's capacity as an H-GAC representative and communicating or speaking to the public and third parties, it is imperative that the employee understands that the employee is indeed speaking on behalf of H-GAC in such instances, and as such, an employee should take care in what employee says or does not say to the public and third parties. H-GAC expects employees to exercise good judgment in such communications.

This section addresses some of those situations in which employees must consult or work with the Communications Department when communicating with the public and third parties:

1. Public Speaking Engagements

Employees acting as a H-GAC representative and giving remarks, a speech, or presentation at a special event should consult with the Communications Department in preparing remarks, H-GAC branded materials, or presentation. Employees must also use and apply the formatting guidelines and templates found on the communications web pages on SharePoint in preparing materials or PowerPoint presentation.

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2. Communicating with the Media and Third Parties as a H-GAC Representative

Any and all requests from external media, including bloggers, vloggers, podcasts, and public radio, for comment, information, or interviews of you in your capacity as a H-GAC representative should be directed to the Communications Team.

In the event a third party, including H-GAC vendors or partners, request official comment, interviews, or testimonials, of you in your capacity as a H-GAC representative, these requests should be directed to the Communications Department.

This section is also applicable in situations where an employee, acting as a H-GAC representative, is seeking to speak on behalf of H-GAC to external media or provide official comments, interviews, or testimonials to third parties.

v. Media Inquiries and News Releases

All media inquiries and requests must be referred to the H-GAC Communications Department as soon as the request is received. With limited exception to social media posts managed by Department Directors, employees may not answer questions from any and all media outlets, which includes lesser-known websites and bloggers, on behalf of H-GAC, without written permission from the Communications Department or a H-GAC Executive.

Upon referral to the Communications Department, the Communications Department or an H-GAC executive may ultimately determine that provided their guidance and direct instruction an employee may move forward and speak on behalf of H-GAC to said media outlet specific to that instance only. This permission must be provided in writing from the Communications Department or a H-GAC Executive.

News releases on H-GAC matters of public interest are encouraged. However, all proposed news releases must be reviewed, approved, and distributed by the Communications Department.

vi. Social Media

H-GAC recognizes electronic media including social media as valid communications tools in the workplace. H-GAC is committed to maintaining the reputation, consistency, and professional integrity of the

agency; therefore, all H-GAC social media presence should abide by the following policy:

1. Use of Social Media Defined

The use of social media using agency resources is for H-GAC business purposes only. Personal use of social media should be limited to personal time away from the office. Social media can include text, audio, video, images, etc., and includes media such as blogs, RSS, social news, social networking and bookmarking. Some examples include Instagram, Facebook, LinkedIn, Twitter, YouTube, and others.

Social media may be used by H-GAC:

- as a communication tool to engage the public;
- to promote programs or services, and
- to receive public comments about H-GAC's programs and services.

Information published on H-GAC's social media pages by H-GAC staff, and its representatives must comply with agency policies.

The Communications Department provides oversight of social media accounts for the agency and a limited amount of agency staff should be designated to manage social media accounts. New social media accounts may be considered on a case-by-case basis by the Communications Department. The Communications Department shall have access to all social media accounts, usernames, and passwords and regularly evaluates social stagnant accounts to determine if they should be closed based on factors such as purpose, function, engagement, and analytics.

2. Posting on the General Internet

Posting on the general internet can exceed beyond social media sites and forums. For example, posting on community forums such as Reddit, the comment sections of websites—including media and company websites, and public bulletin boards is considered posting on the general internet. For purposes of this handbook, sections pertaining to social media also applies to postings on the internet regardless of whether or not the section mentions "postings on the internet".

3. Business Use of Social Media and Internet Postings

H-GAC expects that all employees should exercise good professional judgment in any use of work-related social media and internet postings. Only authorized staff as delegated and approved by the Communications Department shall be allowed to create a social media presence for H-GAC. These social media accounts belong to H-GAC and not to the authorized staff person. All requests for an H-GAC presence on any social media space require prior approval of the department director and the Communications Department. All content shall be monitored by the Communications Department.

Public relations professionals or other consultants may be hired to assist authorized staff in the creation of content for social media presence; however, all content delivered from non-H-GAC personnel shall first be approved by the Communications Department prior to publishing online.

H-GAC staff must request access to social media via an email to the appropriate department director and the Communications Department. If and once approved the Communications Department will notify data services via SysAid that access should be given to requesting employee.

Consultants who are hired to provide content on social media platforms are required to sign the *Consultant Access Request Form* to be submitted by the program manager responsible for the consultant contract. Always allow at least two calendar days for each step of the approval process.

4. Personal Social Media and Internet Postings

Employees are expected to use good judgment in posting to their personal social media and the general internet. Employees may not post about or discuss online any private, personal, or confidential information about H-GAC, its employees, and vendors, partners, funders, clients, and customers.

Employees may not show direct non-support of H-GAC, its staff, policies, or programs in any social media or internet setting. Use of social media outside H-GAC's network and work hours, staff should understand that they cannot make disparaging remarks about H-GAC, its staff, or its programs.

Employees should not respond to public comments about H-GAC plans or policies to disagree or attempt to change the opinion of the public. However, employees should inform the Communications Department of erroneous information an employee may have seen on a website or social media and the Communications Department will determine how to proceed with correction.

Hate speech, bullying, retaliations, and discriminatory conduct on any social media platforms or the internet may be grounds for discipline, up to and including termination.

Use of personal email accounts or H-GAC's email account to create any type of business account or presence on a social media network on behalf of H-GAC is strictly prohibited. When necessary, data services should set up specific email accounts for use with social media outlets upon approval of both the department director and the Communications Department.

Use of H-GAC's email account for personal social media outlets or non-related internet accounts is prohibited.

f.13. Teleworking Policy and Hybrid Schedules

The purpose of this policy is to set forth H-GAC's philosophy and administrative guidelines for the telework program. Its intent is to promote telework as a means of achieving administrative efficiencies, reducing traffic congestion, achieving commute trip reduction goals, improving environmental quality, saving energy, creating an environment for employees to increase productivity and job satisfaction, and sustaining the hiring and retention of a highly qualified workforce by enhancing work/life balance. The teleworking program is subject to change or cancellation at any time based on organizational and business needs.

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ii.iv. Teleworking

Teleworking is an alternative work arrangement available to employees through a mutual agreement between employees, Supervisors, and Department Directors. Telework means to work from the employee’s home, rather than from the principal place of employment. Employees may telework from other locations temporarily, subject to approval. Telework must be performed during employee’s assigned work hours and schedule.

ii.v. Teleworking Hours

H-GAC headquarter business hours are generally from 8:00am to 5:00pm Monday through Friday. Employee working hours are set between the time frames of 6:00am to 7:00pm, even when teleworking.

This time frame of work hours is intended to: provide clarity to employees as well as the public and H-GAC business partners; provide guidelines for permissible work times at H-GAC; and encourage employees to practice a healthy work life balance with a hard end time when H-GAC may not expect any employee to be available or working.

Employees may not unilaterally decide not to work ~~employee’s~~ regularly scheduled hours and instead choose when to make up or work their H_GAC schedule after hours, whether working from office or teleworking.

Employee must be online and be able to be contacted and respond via Email, Teams and other H-GAC communication methods during their regular work hours. As stated in this section, a functioning Broadband internet service is required. Unless otherwise coordinated with the employee’s Supervisor, times of internet connectivity issues or outages are not eligible to be counted as hours worked. In the event an employee is aware a current or upcoming internet outage will be four hours or longer, employee is expected to work from the employee’s H_GAC office that day.

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iii.vi. Eligibility for Teleworking

Telework arrangements are not appropriate for all positions or all employees in the agency. Each position and employee will be assessed by both the employee and the Supervisor using the telework assessment tools provided to determine feasibility. In the event, H-GAC determines that teleworking is not a fit for employee or employee’s job, the employee may become ineligible for teleworking. Additionally, if H-GAC determines an employee is abusing the teleworking policy, the employee may become ineligible for teleworking.

At a minimum, to be eligible for teleworking:

- 1. The employee’s job must be of a nature where face-to-face interaction may be scheduled in such a way as to permit teleworking.
- 2. The teleworker must have a portion of his/her workload that can be performed away from the office without diminishing the quality of customer service or the overall productivity of the work group.
- 3. The employee must possess the appropriate equipment to allow the job to be performed away from the central worksite.
- 4. The needs of internal and external customers can be satisfied without adverse impact to H-GAC.
- 5. Both the employee and Supervisor are willing to abide by the terms of the teleworkteleworking agreement and the guidelines of the teleworking and hybrid schedule policies.

Other considerations for eligibility include:

- 6. The employee is self-motivated and effective at working independently for extended periods.
- 7. The employee demonstrates good time-management skills by completing assignments on time.
- 8. The employee communicates information fully and timely with leadership, coworkers, support staff and others.
- 9. The employee demonstrates dependability and responsibility by meeting attendance standards, following through on projects and work assignments, and maintaining confidentiality.
- 10. The employee’s work assignment requires quiet time to complete projects.

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- ◆11. The remote work can be performed in a way that does not detract from maintaining a high level of customer service.
- ◆12. The employee’s job is characterized by clearly defined tasks and deliverables.

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- ◆13. There is minimal need for on-site files, records, special equipment, software, or other resources.
- ◆14. The teleworker can maintain connections with the work group or team from a remote location.
- ◆15. The employee's job can be monitored by output, not time spent doing the job.
- ◆16. The ~~employee's~~ employees' work activities are portable and can be performed successfully outside the office.
- ◆17. The employee has no recent (12 months or less) ~~or~~ pending corrective or disciplinary actions.

iv.vii. Home-Office Setup

The employee shall designate a workspace within the remote work location for placement and installation of equipment to be used while teleworking. It is the responsibility of the employee to provide a safe remote workspace free of hazards.

The teleworker is responsible for providing a work environment free of interruptions and distractions that would affect work performance. The employee will be responsible for all costs associated with remodeling, electrical modifications, or other permanent improvements to the home office workspace.

The employee will be responsible for providing furniture for the home office. In general, H-GAC will not reimburse employees for the purchase of special equipment or software to support telework. Employees who work at a telework location will be responsible for absorbing any costs related to remodeling, office setup, individual auto/homeowners or rental insurance, taxes, and incidental residential utility costs.

Employees will be responsible for absorbing any costs related to remodeling, office setup, individual auto/homeowners or rental insurance, taxes, and incidental residential utility costs.

v.viii. Tax Implications

It is the employee's responsibility to determine any income tax implications of maintaining a home office. H-GAC will not provide tax guidance, nor will H-GAC assume an additional tax liability. Employees are encouraged to consult with a qualified tax professional to discuss tax implications.

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vii.ix. Other Teleworking Requirements and Prohibited Acts

Employees are prohibited from holding business meetings with clients or customers, the public, office staff, H-GAC employees, or professional colleagues in employee’s home office.

Any H-GAC materials taken home should be kept in a secure area at home and not made accessible to others. The teleworker must comply with H-GAC’s security policy and must adequately safeguard and dispose of confidential and proprietary data as described in the H-GAC’s Data Services Manual.

Employees may not engage in work-related to other jobs or run a business or any other outside activities such as church, community agency, or club activities during core hours on telework days. Violation of this rule will result in termination of the telework agreement and could result in disciplinary action up to, and including, termination of employment.

viii.x. Home Office Safety

The employee shall maintain this workspace in a safe condition, free from hazards and other dangers to the employee and equipment provided by H-GAC, if any.

Employees are required to report any and all injuries or hazards that are directly related to the immediate work area and incurred when performing H-GAC business at their respective workstations.

The employee is responsible for avoiding work that is not normally part of the job when working at the alternative workplace, such as heavy lifting, and for taking normal precautions to avoid accidents.

viii.xi. Equipment Use and Office Supplies at Home

Teleworkers are responsible for maintaining and repairing their personally owned equipment. H-GAC assumes no obligation for damage or loss to personal property at the alternate worksite.

Teleworkers will protect against damage to H-GAC property, if any, at the alternate worksite. Surge protectors are required to be used with H-GAC’s computers. If not used, the employee is responsible for any damage caused.

All property owned by H-GAC used by the teleworker may not be used for personal purposes and must be returned to H-GAC when the employee ceases to telework.

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The employee must prepare and sign a department inventory of all H-GAC-owned property provided to the employee for telework purposes. All inventory forms signed by employees will be forwarded to Human Resources to be placed in the personnel files. Upon termination of employment all H-GAC-owned property will be returned to H-GAC, unless other arrangements have been made.

The employee is responsible for providing a functioning and uninterrupted internet connection.

Office supplies necessary to complete work assignments should be obtained during the teleworker's in-office days. The teleworker will not be reimbursed for supplies normally available in the office. The employee must have prior approval from his/her manager for the purchase of any supplies that cannot be obtained through normal supply channels. Without prior approval, such purchases will not be reimbursed.

ix-xii. Information Security in Home-Office

As a general rule Generally, tangible materials containing confidential and/or proprietary information may not leave the premises. If it is necessary for data to be downloaded or transported to be used off-site, employees seek approval of their *Supervisor*supervisor and inform them of the methods being used to safeguard the information. Failure to use due care in safeguarding H-GAC's confidential and/or proprietary information in all phases of possession (transportation, use, storage, and disposal) is a performance matter covered by H-GAC's disciplinary action policy.

Data Services will provide teleworkers *with a* Virtual Private Network (VPN) account to access H-GAC's network and any internal systems necessary to perform the employee's regular job.

Employees may not give their VPN username and password to family members or allow them access to H-GAC's systems. Any violation of H-GAC's Password Policy or Information Technology Policy may result in suspension of remote access to H-GAC's network.

It is not permitted to leave a computer connected to the H-GAC network unattended.

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The employee will be responsible for performing a manual virus scan on any removable storage media used to transport work products back and forth between the agency office and the home office. Storage media will be scanned before each use. The employee will follow H-GAC procedures to avoid computer viruses and data contamination, and to protect the agency network by regularly downloading anti-virus definitions and antivirus and firewall updates. If required by Data Services, the employee will enable automatic updating of anti-virus software.

H-GAC reserves the right to terminate remote access privileges to individuals when necessary to protect the security, integrity, and availability of H-GAC's network.

Employees should always save work documents on shared network drives or SharePoint. Data Services does not perform data backup on the local hard disk drive on workstations at the office or offsite.

The employee agrees to immediately report to his/her manager and Data Services any incident or suspected incidents of unauthorized access and/or disclosure of H-GAC resources, databases, or other information.

xiii. Intellectual Property Rights

As is the case when employees are in the office, intellectual property developed or conceived of while a worker is attending to H-GAC's business at an alternate worksite is the exclusive property of H-GAC. Such intellectual property includes patent, copyright, trademark, and all other intellectual property rights as manifested in memos, plans, strategies, products, computer programs, documentation, and other H-GAC materials.

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xii-xiv. Record Retention While Working in Home Office

H-GAC records, including documents and email correspondence, that may be created at, sent to, or sent from an employee’s home-office, or alternative work site, may be subject to disclosure in response to a public records request. The fact that the record resides on an employee’s home computer or personal mobile phone does not affect its status as a public record.

As such, employees telework must refrain from using ~~employee’s~~ ~~employees’~~ personal laptop, computer, or mobile phone to conduct any H-GAC business. All H-GAC related business and communications must be performed and maintained on H-GAC laptops and computers consistent with the state public and electronic records retention policies.

~~Any questions regarding H-GAC’s record retentions policy should be directed to the H-GAC Intergovernmental Relations Manager.~~

xiii-xv. On the Job Injuries While Working in Home Office

If the employee is injured in the course and scope of performing official duties during the agreed upon work hours, regardless of work location, the employee is covered under the state’s worker’s compensation law. The employee must notify his/her ~~Supervisors~~ ~~supervisor~~ immediately of any at-work injury and complete necessary forms.

~~Worker’s~~ ~~Workers’~~ compensation does not apply to nonwork-related injuries that might occur in the home, even if they occur during the employee’s agreed telework hours.

H-GAC is not responsible for any injuries to family members, visitors, or others in the employee’s home. Teleworking employees who permit third parties to enter their home-office area should consider carrying insurance that covers third-party injuries arising out of, or relating to, the use of the home under a telework policy and should consult their personal insurance carrier for advice. Their existing policy may not provide adequate coverage when the home is used for business purposes.

xiii-xvi. Home-Office Inspection

In the event of injury, theft, loss, or tort liability related to employee’s teleworking at home office, employee must allow H-GAC to investigate and/or inspect employee’s home-office area used for teleworking.

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xiv.xvii. Teleworking in Lieu of Any Type of Leave is Strictly Prohibited

Telework is not intended to be used in place of vacation or sick leave, family and medical leave, or any other type of leave. If an employee is not feeling well or needs to handle personal business on a workday, both instances reasonably take away from employee’s work time during H-GAC’s work hours. Supervisors are required to inform HR/Human Resources immediately in the event an employee has requested, or Supervisor has allowed an employee to telework regularly (not hybrid) for longer than two weeks.

Employees are expected to work and be available on their scheduled workdays and times in their scheduled places of work and if they are experiencing instances that take away from their work time during H-GAC work hours, then the employee should appropriately take leave, whether it is a work from home day or a scheduled day in the office.

Employees may not utilize teleworking on a day, or even a few hours, they are scheduled to work in office for a headache or other illness, to take care of a sick dependent or take care of personal business, or simply because the employee chooses to work from home that day.

Employee should take sick, ~~or vacation~~ leave to take care of such occurrences.

xv.xviii. Hybrid Schedule

~~Following~~During the worldwide pandemic and quarantining periods in 2020 and 2021, ~~in which~~ H-GAC adopted a temporary full-time teleworking policy. In 2022, H-GAC elected to adopt a hybrid work schedule.

~~The standard H-GAC hybrid work policy offers three options. The first of which is to work from the office full time, the second and third options allows~~schedule allows an employee to work ~~different variations a~~minimum of ~~working two or more~~ days in the office ~~and with~~ the remaining days as teleworking from a designated space at home or other working location close to home. An employee’s assigned hybrid schedule is set by employee’s Supervisor and dependent on the needs of H-GAC and employee’s specific job duties. ~~Some roles require the employee to work a full schedule in office or at a designated work location other than their home office.~~

The H-GAC hybrid working policy does not ~~currently~~ offer options to

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work from home full-time, except under approved accommodation.
Supervisors are required to inform HR Human Resources immediately in
the event an employee has requested, or Supervisors supervisor has
allowed an employee to telework regularly, which is no longer hybrid,
for longer than two weeks.

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xvi-xix. Hybrid Schedule Guidance

On the days an employee is scheduled to telework, work must be performed in employee’s designated teleworking space and during employee’s assigned work hours, pursuant to employee’s weekly schedule.

On the days an employee is scheduled to work from office, work must be performed in the office, or other H-GAC assigned work site, and during employee’s assigned work hours, pursuant to employee’s weekly schedule, unless otherwise approved by the supervisor. If an employee is scheduled for a teleworking day, but chooses to work in the office, this is acceptable without prior approval for business purposes such as in person meetings, board meetings, training, access to internet, weather impacts, etc.

Supervisors may approve and/or require an employee to substitute another work from office day during the same week if an employee cannot come into the office on employee’s regular scheduled work from office day.

g. Expenses

i. Business and Travel Expenses

Please reference the

xx. Out of Region Work

All H-GAC Travel Policies and Procedures.

ii. Purchasing Products and Services on Behalf of H-GAC

Please reference the H-GAC Financial Policies and Procedures.

iii. Recurring Expense

Please reference the H-GAC Financial Policies and Procedures.

iv. One-Time Purchases

Please reference the H-GAC Financial Policies and Procedures.

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v. Deferring to Procurement and Contracts

It is imperative that employees, including Department Directors and administrative assistants, are aware of, seeking clarification if necessary, which purchases must be procured and/or require a contract. Purchases requiring procurement and/or a contract may not be paid with either of the department credit cards. The purchasing process required to work in region except for these items or services must be processed through the Procurement and Contracts department.

Any contracts, agreements, or purchases that require a H-GAC representative signature must be deferred to or consulted with a Procurement and Contracts team member. Employees may not sign attendance for conferences or external meetings required for their role. Work performed outside of region for any contracts, agreements, or purchases on behalf of H-GAC or as a H-GAC Representative without obtaining prior written approval from a Procurement and Contracts department team member or an H-GAC other purpose must be approved by Human Resources and/or the Executive. Violation of this section may be grounds for disciplinary action, up to and including termination. Director.

Employees are expected to be fully off and disengaged from work during scheduled vacations. As a result, performing work while out of the region during vacation is generally not permitted. In rare and exceptional business circumstances, an exception may be approved in advance by the Executive Director.

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c. Professional Development

d. Tuition Reimbursement

Please reference the H-GAC Procurement Policy and H-GAC Financial Policies and Procedures.

h. Professional Development

i. Tuition Reimbursement

H-GAC offers regular full-time employees limited tuition reimbursement (tuition and required books) for courses related to employee's work at H-GAC, subject to employee's department's fund availability and up to but not to exceed the current year's IRS limit. Approved tuition reimbursement is paid upon completion of courses and may be treated as wages for employment and dependent on current IRS regulations, subject to tax withholdings.

ii. Additional Eligibility Requirements

Request for tuition reimbursement must be approved by the employee's direct Supervisor and H-GAC Executive Director in advance of enrolling for courses.

Employee

- Employees must be employed with H-GAC for one year or more at the time of submitting request.

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- b. Courses must be related to employee's/employees' work at H-GAC.
- c. Courses must be taken at an accredited college or university.
- d. Course schedule may not conflict with employee's/employees' current regular scheduled work hours at H-GAC nor require a change in employee's/employees' schedule to accommodate course attendance.
- e. Employee/Employees must complete courses with a grade of C or better and provide satisfactory evidence of such to employee's/their direct Supervisor.
- f. Employee/Employees must continue working for H-GAC for at least one year following completed courses receiving tuition reimbursement or repay H-GAC for entire tuition reimbursement upon separation of employment.

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iii. Professional Memberships and Licenses

g. Employees must sign an agreement acknowledging the eligibility requirements.

iii. Professional Memberships and Licenses

Employees may be reimbursed for membership dues to professional associations, license, or certification renewals necessary or related to employee’s primary field of work at H-GAC. Employees may submit a standard request for reimbursement with employee’s direct Supervisor’s approval signature for the membership and or license expenses. An employee’s Supervisor, Department Director, and executive staff have discretion to deny reimbursement if any determine that the membership and or license are not required for or clearly in line with employee’s work at H-GAC.

iv. Continuing Learning Education (CLEs), Workshops, Webinars, and Conferences

H-GAC will pay for any CLEs, workshops, and conferences that H-GAC requires an employee to attend. This includes registration fees and allowable travel expenses employee incurs to attend.

Subject to advance approval from employee’s direct Supervisor, employee may attend and request to be reimbursed for CLEs, workshops, webinars, and conferences that are related to employee’s primary field of work at H-GAC.

i. Weapons in the Workplace Policy

To the extent permitted by law, H-GAC prohibits employees from the carrying all weapons listed and defined in the Texas Penal Code, Title 10, Sections Texas Penal Code, Title 10, Sections, 46.01(1)-(17) and 46.01(19) onto H-GAC premises, offices, and off work site locations, and when conducting H-GAC business or representing H-GAC.

Pursuant to current local statutes, H-GAC employees who are also Concealed Carry License holders and legally possess firearms may store said firearms and ammunition inside employee’s own locked vehicle parked on H-GAC’s property. Private property parking lots not within H-GAC’s control may have different rules with regards to storing firearms in a vehicle. Employees in the course of while conducting H-GAC business or acting as a representative of H-GAC at off-site work locations, meeting, or conference locations, are expected to adhere to that privately owned parking lot’s rules regarding storing weapons in vehicles.

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13.H. CONFLICTS OF INTEREST

a. Conflicts of Interest

a. Conflicts of Interest

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While acting as an agent or employee of H-GAC, employees owe H-GAC a duty of fidelity and loyalty. Additionally, in the regular course of business, employees may have the opportunity to advance their own personal interests with or against the interests of H-GAC, creating a conflict of interest between H-GAC and the employee. Acting in such a manner is unacceptable and any employee who acts outside of H-GAC's best interest may be subject to disciplinary action, which may include termination of employment.

Upon the event of a known or potential conflict of interest, an employee must inform ~~the HR Department~~ Human Resources in writing as soon as possible. Upon receiving notification, H-GAC will conduct further investigation into the potential conflict. If H-GAC determines that a conflict exists, steps will be taken to address the conflict, which includes but is not limited to retroactively reviewing any transactions that may have been affected. Affected parties both within and outside of the business, including shareholders, directors, employees, and contractors will be notified. If no conflict exists, the inquiry may be documented, but no further action taken.

Please review the Conflict-of-Interest Questionnaire ~~for more information.~~ Human Resources (sharepoint.com) found on SharePoint for more information.

i. Conflicts of Interest Examples

Conflict of Interest Example:

XYZ Consulting gifts several employees tickets to a Houston Astros game valued at \$65 each, which the employees accept. A few months later XYZ Consulting is selected to become an Agency subrecipient for the Agency.

Potential Conflict of Interest Example:

You are an Agency employee. Your spouse works for a company that regularly submits grant applications or Response to Proposals (RFPs) to different programs at H-GAC.

Conflict of Interest Example:

Employee is on the procurement team to select a new health benefits provider. The team eventually awards the contract for services to Crossing Health. Employee's sister is a VP at Crossing Health.

Potential Conflict of Interest Example:

You tour ABC Company headquarters and go to lunch with their staff afterwards. Later that year Agency awards ABC Company a new contract.

The best way to determine if you are facing a potential or actual conflict of interest is to complete the 'H-GAC Conflict of Interest Questionnaire' submit it to both Human Resources and your direct supervisor and let H-GAC make a final determination for you.

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a. Outside Employment and Activities

~~**b. Outside Employment and Activities**~~

H-GAC employees are expected to use good judgment on and off duty. Outside work or activities that are prohibited by statute or regulation, present conflicts of interest that may, or ~~have~~ have the potential to, adversely impact H-GAC or the employee’s duties as an H-GAC representative are not permitted. If an employee seeks further clarification regarding a specific outside activity, the employee is encouraged to reach out to employee’s Supervisor or ~~HR~~Human Resources.

When an outside work or activity presents a situation that is subject to reasonable misinterpretation that the employee’s participation, attendance, or statement may extend to and even represent H-GAC as employee’s employer, H-GAC requests employees to provide a disclaimer, clearly stating, verbally or otherwise, such is not the case.

An employee’s ~~Employees~~ outside work, or activities that present a conflict of interest or negatively impact H-GAC, may be cause for termination.

Please review the ~~Conflict-of-Interest Questionnaire~~Conflict-of-Interest Questionnaire for more information.

b. Relationships in the Workplace

~~**c. Relationships in the Workplace**~~

Employees are expected to behave with professionalism, common courtesy, respect, and to exercise good judgment when interacting with fellow employees

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and H-GAC contractors, vendors, customers, clients, and other third parties who have a relationship with H-GAC in and out of the workplace.

A romantic relationship between employees where one employee is in a direct subordinate position to the other is not allowed. In the event of any type of romantic relationship between employees, the employees involved are required to disclose the relationship to ~~the HR Department~~ Human Resources in writing immediately.

Employees in a relationship may be asked to confirm in writing that the relationship is indeed consensual.

There may be circumstances in which employees that are in a romantic relationship and working in the same department or are in an insubordinate position to the other may be required to transfer departments or terminate employment.

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d.c. Political Activities

Current employment with H-GAC does not prohibit an employee from exercising employee’s legal rights and civic duties to run for or serve in political office in tandem to employee’s employment with H-GAC, with exception to public office positions held by a member of governing bodies for H-GAC or any of H-GAC’s related business and subject to the limitations provided in the ~~Federal Hatch Act~~ Federal Hatch Act.

However, H-GAC, state laws, and state and federal ~~grant~~ grants, as well as other grants, received by H-GAC do prohibit an employee, acting in employee’s official capacity as a H-GAC representative, certain acts associated with running for and serving political office, including but not limited to:

- Use of the employee’s official authority or influence to interfere with or affect the result of an election or nomination for office,
- Directly or indirectly coerce, attempt to coerce, command, or advise a local or state officer or employee to pay, lend, or contribute anything of value to a party, committee, organization, agency, or person for a political purpose,
- Appropriate funds for political aid or for influencing the outcome of any election or the passage or defeat of any legislative or any other prohibited acts as prescribed in local, state, and federal law,
- Use funds provided under the Job Training Partnership Act in any way to attempt to influence in any manner a member of Congress to favor or oppose any legislation or appropriation by Congress, or for lobbying with state or local legislators,
- Be a candidate for election to a public office held by a member of the governing body of H-GAC or any of H-GAC’s other entities,
- Use of state, federal, and grant appropriated funds for lobbying, as defined in state and federal rules and grant compliance requirements.

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e.d. Contracting with Former Employees

Pursuant to the ~~Texas Government Code~~, Texas Government Code, H-GAC may not enter into an employment contract, a professional services contract under Chapter 2254, or a consulting services contract under Chapter 2254 with a former or retired employee of the agency before the first anniversary of the last date on which the individual was employed by the agency, if appropriated money will be used to make payments under the contract.

Pursuant to ~~Texas Government Code Chapter 2254~~, Texas Government Code Chapter 2254, a former employee who offers to provide consulting services to ~~a~~ H-GAC and who has been employed by H-GAC or by another agency at any time during the two years preceding the making of the offer shall disclose in the offer:

- the nature of the previous employment with the agency or the other agency,
- the date the employment was terminated; and
- the annual rate of compensation for the employment at the time of its termination.

H-GAC is not prohibited from entering into a professional services contract with a corporation, firm, or other business entity that employs a former or retired employee of the agency within one year of the employee's leaving the agency, provided that the former or retired employee does not perform services on projects for the corporation, firm, or other business entity that the employee worked on while employed with H-GAC.

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f.e. Gifts and Gratuities

H-GAC employees and the H-GAC Board of Directors are considered public servants working for the government. As such, H-GAC employees and the H-GAC Board of Directors are subject to the Texas Penal Code ~~Texas Penal Code~~, Chapters 36 and 39 addressing bribery, corrupt influence, and abuse of office.

AAn H-GAC employee commits an offense if the employee intentionally or knowingly offers, confers, or agrees to confer on another person or company, or solicits, accepts, or agrees to accept from another person or company:

- any benefit as consideration for the employee's decision, opinion, recommendation, vote, or other exercise of discretion employee holds,
- any benefit as consideration for the employee's decision, vote, recommendation, or other exercise of official discretion in an administrative proceeding,
- any benefit as consideration for a violation of a duty imposed by law on an employee.

Furthermore, it is no defense that the employee whom the bribing actor (person or company) sought to influence was not actually qualified to act in the desired way or that the benefit is not offered or conferred, solicited or accepted until after the decision, opinion, recommendation, vote, or other exercise of discretion has occurred.

AAn H-GAC employee commits an offense if the employee solicits, accepts, or agrees to accept any benefit from a person or company the public servant knows to be subject to regulation, inspection, or investigation by the public servant or his agency.

AAn H-GAC employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his discretion.

H-GAC employees and the H-GAC Board of Directors may not knowingly or intentionally accept or agree to accept, directly or indirectly, any benefit as a consideration for the employee's decision, opinion, recommendation, vote, or other exercise of discretion. These benefits may include, but are not

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limited to, gift(s), free or discounted service(s), favor(s), loan(s), or other service(s) or item(s), tangible or intangible, deemed to be of personal benefit that might tend to reward or influence the employee’s actions or impair the employee’s independence of judgment in performance of the employee’s duties for H-GAC.

In effort to deter employees from an unintended violation of this subsection and Chapters 36 and 39 of the Texas Penal Code, Chapters 36 and 39 of the Texas Penal Code, H-GAC employees may not accept:

- a gift from a third party valued at \$50 or more,
- a gift of cash, credit, or other negotiable instrument,
- any kind of favor that may benefit ~~employee~~employees, or
- any service, gift, favor, discount – with or without a monetary value - that is or can be reasonably perceived as a bribe or exchange for a likewise favor or bear favorable influence from third party.

A violation of the policies in this section may also be a legal offense subject to punishment by the state.

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Please review the Texas Penal Code Chapters 36 and 39, Texas Penal Code Chapters 36 and 39, as well as the Texas Ethics Commission website Texas Ethics Commission website, to better understand what may be considered bribery and inappropriate gifts and gratuities. Also, review the Conflict-of-Interest Questionnaire, for examples.

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g. Workforce Solutions Conflicts of Interest

In addition to the standard H-GAC Conflicts of Interest in this section, Workforce Solutions employees, the Agency and Workforce Solutions Board of Directors and Executive Directors, Director of Procurement, Procurement Staff, and General Counsel are further subject to this subsection as it relates to Workforce Solutions contracts, pursuant to Texas Government Code 2261.252 and the ongoing Agency Board Agreement(s) between H-GAC and the Texas Workforce Commission.

i. Required Disclosures: Upon entering each new Workforce Solutions contract using Texas Workforce Commission monies, the following persons must resubmit the 'Conflict of Interest Questionnaire', even if there are no changes, to confirm there are not any potential (or appearance of) conflicts of interest with respect to the new Workforce Solutions contract.

- All Workforce Solutions employees;
- an H-GAC or Workforce Solutions Board Director;
- H-GAC or Workforce Solutions Executive Directors;
- H-GAC or Workforce Solutions (acting) Director of Procurement;
- H-GAC or Workforce Solutions (acting) General Counsel; and
- any H-GAC Procurement Staff involved in Workforce Solutions procurements.

This disclosure requirement extends from the procurement process through the term of said Workforce Solutions contract. This requirement may be satisfied by completing the 'Conflict of Interest Questionnaire' for each Workforce Solutions contract.

ii. Conflict of Interest Examples: See Section 13, Conflicts of Interest, a. Conflicts of Interest, i. Conflict of Interest Examples.

iii. Prohibited Contracts: Workforce Solutions **may not enter into a contract** for the purchase of goods or services with a private vendor with whom any of the following persons have a financial



interest:

-
- H-GAC or Workforce Solutions Board Directors;
- H-GAC or Workforce Solutions Executive Directors;
- H-GAC or Workforce Solutions (acting) Director of Procurement
- H-GAC or Workforce Solutions (acting) General Counsel, and
- any family members related to the aforementioned persons within a second degree by affinity or consanguinity. Please see page 33 of this handbook to reference graphs showing affinity and consanguinity relationships.

iv. Financial Interest Defined and Examples: The persons listed in **g. jii. of this section** has a financial interest if they:

- own or control, directly or indirectly, an ownership interest of at least 1% in the person/entity, including the right to share in profits, proceeds, or capital gains; or
- could reasonably foresee that a contract with the person/entity could result in a financial benefit to the persons listed in **g. iii. of this section.**

Potential Conflict of Interest Example:

You are a Workforce Solutions Board Director. Your father-in-law is a 10% shareholder of ABC Company. ABC Company is entering into contract with Workforce Solutions to provide them with consulting services.

Potential Conflict of Interest Example:

You are the Workforce Solutions Executive Director. Your daughter is a supervisor in the sales department at XYZ Contractors. XYZ Contractors is entering into contract with Workforce Solutions to provide them with various services. All sales department employees at XYZ Contractors, including your daughter, will receive a monetary bonus for being awarded the contract with Workforce Solutions.

v. Notifying Texas Workforce Commission: Workforce Solutions staff are responsible for promptly providing all required notifications regarding conflicts of interest to the Texas Workforce Commission.

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14.i. SEPARATION OF EMPLOYMENT

H-GAC Employee Handbook

Adopted by the H-GAC Board on October 8, 2022

Last revised and approved by H-GAC Board, MONTH DAY, 2025

Employees of H-GAC are employed at-will, which means that it is for no definitive period, and may be terminated by either the employee or H-GAC at any time with or without cause, prior notice, or procedural requirements, for any reason not expressly prohibited by law.

a. Types of Separation

i. Voluntary Termination

1. Employee Resignation

H-GAC requests an employee provide a minimum of two weeks or 15 calendar days advance written notice to employee's Supervisor- with their intention to resign employment. Upon notification, Supervisor must notify Human Resources to complete and submit an Employee Action Notice ("EAN") to HR- within five (5) calendar days.

2. Job Abandonment

2. Job Abandonment

Unauthorized absence from work for a period of three consecutive scheduled workdays will be considered by the H-GAC Executive Director as a resignation. Unless otherwise determined by the Executive

Director upon presentation of supporting documentation of extraordinary circumstances, the employee's resignation in this situation is not considered to be in good standing, and the employee is not eligible for rehire.

Employees may avoid mistaken job abandonment by notifying employee's Supervisorsupervisor of reason for absences within the three (3) consecutive scheduled workdays being missed.

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A family member may also notify Human Resources if the employee is unable to do so.

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ii. Involuntary Termination – Dismissal

The terms “involuntary termination,” “termination of employment,” “let go,” and “dismissal” may be used interchangeably and mean the same thing as referenced in this handbook.

All H-GAC employees are employed at-will and, within the limits of state and federal law, may at any time during their employment be terminated for any reason or no reason. Many, but not all, of the reasons for an employee’s dismissal are addressed throughout this handbook.

A request for ~~employee’s~~ employees’ termination must be submitted to ~~HR with an Employee Action Notice.~~ Human Resources. Any employee termination request must be reviewed by ~~HR~~ Human Resources, and approved by H-GAC Executive Director in advance of termination- ~~an~~ formally approved an Employee Action Notice (EAN). Failure to obtain proper review and approval prior to terminating an employee is grounds for disciplinary action.

In the event an employee is dismissed by H-GAC, and when feasible, the employee’s ~~Supervisor~~ supervisor and ~~or HR~~ Human Resources will advise the employee of the reasons for employee’s dismissal. At this time, the employee is provided with the opportunity to ask questions regarding the reason(s) for the employee’s dismissal.

Terminated employees will receive a final paycheck in accordance with federal and state law. Any payment of severance will be made at the discretion of H-GAC and noted in the Employee Action Notice.

iii. Employee Retirement

In ~~effort~~ order not to delay retirement payments, H-GAC requests an employee provide four weeks or 28 calendar days advance written notice of plans to retire to employee’s Supervisor. Upon notification, Supervisor must ~~complete and submit an Employee Action Notice (“EAN”) to HR within five calendar days. Notice provided to H-GAC less than the aforementioned requested times may result in delayed retirement payments.~~ contact Human Resources within five calendar days.

1. Normal Retirement

An employee with 78 months of service may retire at age 65 and over for normal retirement.

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2. Early Retirement

An employee with ~~78 months~~ at least 5 years of service and age 55 or older may retire at ~~anytime~~ any time. However, ~~the~~ employee should be aware of any penalties on early withdrawal from the H-GAC 401k plan assessed by the IRS.

iv. Reduction in Workforce (Permanent Layoffs)

In the event of an agency reorganization, work shortage, and or loss of funding, H-GAC may resort to a reduction in workforce.

Prior to implementing a workforce reduction, and whenever feasible, H-GAC considers all other alternatives to layoffs, including but not limited to job reassignments; lateral job transfers; promotions; and demotions.

In determining which employees will be included in a reduction in force, H-GAC considers a variety of factors, including but not limited to employee work performance; the current and near future needs of H-GAC; and, the departments or projects affected by an agency reorganization, work shortage, ~~and~~ or loss of funding.

Employees who are laid off may be eligible for severance. Eligibility, as well as the amount of severance, if any, will be determined at the discretion of H-GAC.

Employees who are laid off are welcome to apply for positions in the future, but employment is not guaranteed.

1. Worker Adjustment and Retraining Notification (WARN) Act

In accordance with the Worker Adjustment and Retraining Notification (WARN) Act, in the event H-GAC ~~has to~~ must lay off 1/3 of its active employees or at least 50 employees, whichever is less, within a 30-calendar day period, H-GAC will provide affected employees with at least 60 calendar days advance written notice.

Please visit the Department of Labor website ~~Department of Labor website~~ for more information on the WARN Act.

v. Other

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1. Death

Upon notification of an employee’s death, the Supervisor must complete and submit an Employee Action Notice to HR notify Human Resources within five calendar days.

HR Human Resources will work with the employee’s immediate family member, emergency contact, or estate executor to ensure the employee’s estate receives employee’s final paycheck and any applicable benefits payable upon death of the employee.

2. Disability

The maximum allowable length of long-term disability for an eligible employee is 12 months. Any absence exceeding 12 months reasonably places an undue burden on H-GAC. Should an employee on long-term disability meet the 12-month mark but still be unable to return to full duty of work and if there are no positions available with which the employee could perform even with a reasonable accommodation, H-GAC will terminate the employment with the employee.

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b. Employee Exit Process

i. Notification Process

b. Employee Exit Process

i. Notification Process

Upon notice that an employee is or has terminated employment with H-GAC, Supervisor the supervisor is responsible for notifying HR Human Resources – Human Resources will prepare an Employee Action Notice (“EAN”) for signature and notify all affected H-GAC departments and managers of the employee’s upcoming or immediate termination.

Employee’s Supervisor The employee’s supervisor and other employees working with the departing employee are responsible for retrieving information, documents, and files from the employee prior to employee’s departure.

ii. Exit Interview

ii. Human Resources (“HR”)

HR will provide and request the employee complete an employee exit questionnaire, which includes a section where an employee may provide last thoughts or feedback to H-GAC. Additionally, HR Human Resources conducts an employee exit interview, preferably on the employee’s last day of employment.

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iii. Facilities

iii. Facilities

Facilities will work with the employee to collect all H-GAC property, including computer hardware (laptop, monitor, keyboard, mouse, speakers, headset, printer, etc.), office keys, credit cards, cell phones, and badges. Pursuant to the agreements employees sign upon being provided equipment, the value of any equipment not returned to H-GAC prior to issuing employee’s final paycheck will be deducted from employee’s final paycheck.

iv. Finance

The payroll section of the Finance Division will prepare the employee’s final paycheck in accordance with applicable laws and H-GAC policies.

v. Data Services

Data Services will prepare to terminate employee access to H-GAC data and software effective employee’s last day of employment.

vi. Communication

Communication will prepare any required internal or external communications regarding employee’s job separation.

vii. Continuation of Health Coverage (“COBRA”)

The Consolidated Omnibus Budget Reconciliation Act, or COBRA, provides a way for departing employees to maintain employer-provided health coverage for themselves and their family, with exception to employees dismissed for “gross misconduct”. While there is no legal or formal definition for gross misconduct, a generally accepted definition is, acts that are intentional, wanton, willful, deliberate, reckless, or in deliberate indifference to an employer’s interest.

COBRA is also available to employees in the eventcase of a “qualifying event”. Basically, aA qualifying event is any change in the employment relationship that results in loss of health plan benefits.

Please reference the ‘Model General Notice of COBRA Continuation Coverage Rights’ on the U.S. Department of Labor websiteU.S. Department of Labor website for more information.

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viii. Final Paycheck

All terminated employees will receive a final paycheck in accordance with federal and state law.

Generally, a departing employee should receive employee's final paycheck the next scheduled payday following separation, with exception ~~to of~~ an employee whose employment is ended by involuntary termination. Generally, a departing employee who has been involuntarily terminated should receive ~~employee's final paycheck pay~~ within ~~five six~~ calendar days ~~of date after~~ the employee has been dismissed.

Please be aware that as a political subdivision, H-GAC is not subject to the Texas Payday laws.

ix.1. Final Paycheck Calculation

Upon termination of employment, an employee is paid ~~employee's unused accrued vacation time balance up to the maximum allowable accumulation limit and no more than 256 hours, and~~ at the employee's current pay rate, ~~with exception to employees who have not successfully completed their six-month introductory period. Employees who have not completed the six-month introductory period are not eligible for vacation time, hence, would not be paid for it.~~

Any payment of severance will be made at the discretion of H-GAC, ~~as noted and in accordance with the Employee Action Notice, completed and would be included in the final paycheck signed Separation Agreement.~~ Employees are not guaranteed severance at termination of employment.

Final paycheck ~~calculations deductions~~ will include any monies owed to H-GAC, such as but not limited to tuition or moving expenses reimbursements; reimbursements for unreturned equipment; standard payroll deductions employee has previously agreed to, and other legally ~~allowed or~~ required deductions.

+15.k. H-GAC EMPLOYEE HANDBOOK AMENDMENTS

a. Amendment Procedure

~~The Personnel Policies Committee~~ Human Resources will conduct ~~an a bi-~~ annual review of the H-GAC Employee Handbook or more frequently as needed. ~~The Committee~~ Human Resources and H-GAC ~~Executives~~ executives will determine any required revisions and updates to the handbook. ~~The Committee~~ Human Resources will also consider ~~employee~~ employees submitted feedback, concerns, and suggestions-

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~~received over the past year. The Committee members are appointed by the H-GAC Executive Director.~~

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It should be noted that this handbook and the policies addressed in it are subject to updates and amendments as necessary at any time at the discretion of Human Resources and the H-GAC Executives. Any such updates and amendments will be announced to employees shortly after and further posted alongside the employee handbook in SharePoint.

b. Submitting Employee Requests to Make Changes to Handbook

Employees are welcome and encouraged to provide suggested improvements or express concerns with this handbook and the policies addressed in it at any time. Suggestions or concerns should be submitted using the Constructive Feedback online portal Speak Up Tool or directly via email to the H-GAC Executives. Also see section 10.b 'Constructive Feedback' in this handbook-Human Resources.

Dependent on the immediacy of the suggestion or concern, the suggested amendment may be reviewed by the H-GAC Executives upon receipt or the Personnel Policies Committee at its annual employee handbook review, or sooner if the H-GAC Executives determine the matter is time sensitive and it is appropriate to do so.

16.I. H-GAC POLICIES AND APPLICABLE LAWS INCORPORATED INTO THIS HANDBOOK

The policies and laws referenced below are fully adopted and incorporated into this handbook as if they were written in this handbook word for word. If there is a conflict between this handbook and any of the policies below, the handbook prevails. If there is a conflict between this handbook and the laws listed below, the law prevails so long as the law is applicable to H-GAC.

As an organization funded primarily by local and federal funds, directly and indirectly, from other government agencies, it is especially important for H-GAC to remain in compliance with federal and local grant requirements. The state of Texas and federal governments provide grantees and recipients of local and federal funding with uniform grant compliance handbooks. Those handbooks are fully adopted and incorporated into this handbook as if they were written in this handbook word for word. If there is a conflict between this handbook and any of H-GAC's grant compliance requirements, H-GAC will determine the prevailing document on a case-by-case basis.

a. H-GAC Communications Reference Guide

Documents a. through i. can be found on H-GAC's SharePoint. Employees are encouraged to search for the most current version of the referenced policy or document using the official state or federal website. If assistance is still needed,

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employees may contact Human Resources for support.

a. H-GAC Communications Reference Guide

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- b. H-GAC Contracts Policies**
- c. H-GAC Financial Policies and Procedures**
- d. H-GAC Information Services Policies and Procedures**
- e. H-GAC Procurement Policy**
- f. H-GAC Public Participation Policy**
- g. H-GAC Records Management Policies**
- h. H-GAC Style Guide**
- i. H-GAC Travel Policies and Procedures**
- j. Americans with Disabilities Act Compliance (ADA)**
 - k. Code of Federal Regulations, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**
 - l. Texas Grant Management Standards (TxGMS)**
 - m. Title VII Compliance (Civil Rights Act of 1964)**

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Street: 3555 Timmons Lane, Suite 120, Houston, TX 77027 ■ Mail: P.O. Box 22777, Houston, Texas 77227-2777
Phone: (713) 627-3200 ■ Web: h-gac.com ■ Social: @HouGalvAreaCog

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AREA AGENCY ON AGING FISCAL YEAR 2027-2029 AREA PLAN

Background

The Houston-Galveston Area Council's Area Agency on Aging on Aging (AAA) prepares an Area Plan every three years or as directed by our funder the Texas Health and Human Services Commission (HHSC). The plan describes the goals, objectives and local strategies to assist older individuals in the Houston-Galveston area to live healthy and full lives. The plan establishes the framework for services in a 12-county area, detailing how we will support and deliver a holistic continuum of services for individuals 60 years and older

To prepare for the plan, AAA staff conducted twelve public meetings, which we titled Roadshows, to survey consumers, community leaders and organizations, health providers and the general public about older individuals' needs for service and support. The Area Agency on Aging made the Area Plan available for public comment for 30 days, through print and social media.

Current Situation

The proposed 2027-2029 Area Plan (October 1, 2026 through September 30, 2029) includes local strategies for providing congregate and home-delivered meals; transportation; in-home services (personal assistance and respite care); case management; better health promotion training; health maintenance; emergency response; residential repair; information, referral and assistance; Medicare benefits counseling; and long-term care ombudsman assistance.

- H-GAC contracts with community-based service providers to deliver nutrition services (home-delivered meals and congregate meals) and transportation. These providers also offer senior center activities such as games, exercise, socialization, health screening and workshops.
- H-GAC's AAA staff assist consumers with access to a variety of direct services through contractors to provide personal assistance, respite care, residential repair, health maintenance, and health promotion training. Staff provides Medicare benefits counseling for clients who request such assistance.
- AAA staff also work with a network of volunteer ombudsmen throughout the region, connecting with residents of nursing homes and assisted living facilities to provide advocacy and assistance.

Annually, when fiscal year funding becomes available to H-GAC, the Aging and Disability Advisory Committee approves contracts for all aging programs services. The proposed 2027-2029 plan does not contain funding; HHSC provides dollar estimates for the fiscal year beginning October 1 in early summer.

During fiscal year 2025, we provided:

- 5,235 consumers received 648,950 home-delivered meals and 247,971 congregate meals served in senior citizens centers.
- 85,155 transportation trips were made to and from the doctor, store, bank, senior centers, and other destinations.
- Older adults in the region accessed 29,720 hours of home health care services.
- 730 individuals were assisted with accessing Medicare benefits.

- 734 individuals received training on how to manage their health.
- Staff and volunteers made 1,743 visits to nursing homes and assisted living facilities.
- \$11,569,658 was expended for all services.

The Aging and Disability Advisory Committee approved the Area Plan at its April 16, 2026 meeting.

Action Requested

Request approval of 2027-2029 Area Plan for the Area Agency on Aging. (Staff Contact: Curtis Cooper)

RURAL TEXAS STRONG – PROGRAM OVERVIEW

Background

Texas is receiving \$1.4 billion (\$281.3 million each year) in federal funding over five years to improve rural health care throughout the state. The Centers for Medicare & Medicaid Services (CMS) notified the Texas Health and Human Services Commission (HHSC) that it is receiving the funding through the Rural Health Transformation Program. The program is allocating \$50 billion to states over five years to help transform rural health care.

Rural Texas Strong (RTS) is the name of Texas' program at the Health and Human Services Commission (HHSC) that will implement and distribute the federal RHT funding. There are six Rural Texas Strong Initiatives. These initiatives identify how Texas will use RHT funding to invest in rural health care and improve health outcomes for rural Texans. The six initiatives span prevention, patient empowerment, AI/telehealth, workforce, IT infrastructure, and capital improvements. Two of the initiatives include elements directly related to H-GAC regional services.

- Initiative #1 includes a transportation component for non-emergency rides to pharmacies, grocery stores, and medical appointments
- Initiative #4 builds a rural health workforce pipeline through HS career paths, scholarships, relocation bonuses, and new residency programs

Six H-GAC counties qualify as rural (2020 Census population < 68,751) under the program: Austin, Chambers, Colorado, Matagorda, Waller, and Wharton.

Current Situation

Rural Texas Strong is an opportunity for H-GAC programs to coordinate and support eligible counties to leverage existing data and resources to assist rural communities to maximize assistance through the program. Staff are working to form a cross-department team to explore opportunities across human services transportation, older adult services, and workforce to:

1. Monitor and engage with the HHSC Rural Texas Strong team
2. Explore potential partners in the six eligible H-GAC counties about participation interest
3. Develop strategies to leverage existing resources and help our rural communities maximize their opportunity for assistance through the program
4. Track final budget awards for Budget Periods 2–5

Funding Source

N/A

Budgeted

N/A

Action Requested

No action requested. For information only. (Staff Contact: Ron Papsdorf)