

Harris County

# Proposed Budget

Fiscal Year 2023



**COUNTY OF HARRIS**



**PROPOSED ANNUAL BUDGET**

**FISCAL YEAR 2023**

**OCTOBER 1, 2022– SEPTEMBER 30, 2023**

**COMMISSIONERS COURT**

**Lina Hidalgo**

County Judge

**Rodney Ellis**

Commissioner, Precinct 1

**Adrian Garcia**

Commissioner, Precinct 2

**Tom S. Ramsey, P.E.**

Commissioner, Precinct 3

**R. Jack Cagle**

Commissioner, Precinct 4

**PREPARED BY THE OFFICES OF COUNTY ADMINISTRATION AND  
MANAGEMENT AND BUDGET**

David Berry, County Administrator

Daniel Ramos, Budget Director

Current and former employees who contributed to the development of the FY23 Budget listed below.

Amiel Chen	Hank Griffith	Lindsey Anderson
Amy Perez	Janet Gonzalez	Mason Natale
Berina Cologlu	Jeff Goalen	Mike Mattingly
Brianna Jenkins	Jeff Jackson	Paul Fagin
Bruce Haupt	Jenniffer Rubio	Romeo Solis
Deandre Prince	Jesse Dickerman	Ronny Velez
Emily Myers	Jimmel Aquino	Tammy Miscisin
Gayatri Garg	Kevin Seat	Trudy-Ann Durace
Gloria Martinez	Leah Barton	William McGuinness

# Commissioners Court



**Lina Hidalgo**

County Judge



**Rodney Ellis**

Precinct 1



**Adrian Garcia**

Precinct 2



**Tom S. Ramsey, P.E.**

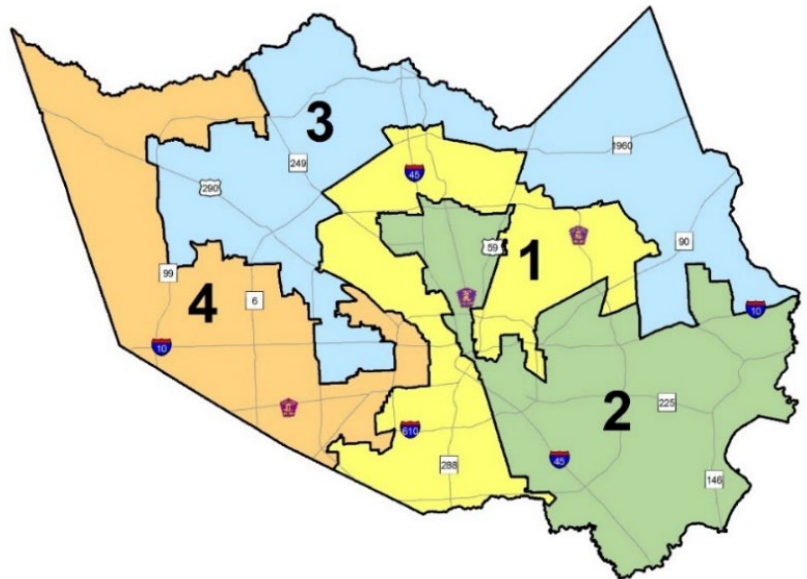
Precinct 3



**R. Jack Cagle**

Precinct 4

*Harris County Precincts*



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## MESSAGE FROM THE BUDGET DIRECTOR

Honorable Judge and Commissioners:

I am pleased to present the proposed budget for Harris County, encompassing both the General Fund, the Harris County Toll Road Authority (HCTRA), and the Flood Control District. This budget concludes the County's transition to a new fiscal year calendar. The Short Fiscal Year 2022 (SFY22) was a 7-month fiscal year from March 1, 2022-September 30, 2022, which moves the annual fiscal year start date to October 1<sup>st</sup> for both budget and tax rate purposes, henceforth. The new fiscal year dates are as follows:

### **FY23: October 1, 2022 – September 30, 2023**

We have endeavored to propose a fiscally responsible budget that confronts the SB2 created revenue caps, an extremely inflationary environment, and mounting jail/court backlog-related costs. The budget leverages the American Rescue Plan Act (ARPA) to support Harris County residents with the aftermath of COVID-19. This is a balanced budget that maintains the County's sterling financial picture and long-term budgetary flexibility, while making strategic investments in public safety, the justice system, and core County functions.

I greatly appreciate your consideration of the proposed budget.



**Daniel Ramos**  
Executive Director  
Harris County Office of Management and Budget





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# OVERVIEW OF HARRIS COUNTY

## County Government

Harris County is a political subdivision of the State of Texas, and the Commissioners Court is the governing body of the County. It is composed of the County Judge elected from the County at large, and four Commissioners, each elected from a separate precinct, all elected for four-year terms. The County Judge is the presiding officer of Commissioners Court. Within Harris County government, there are 77 operating departments, each with an appointed or elected head.

In August 2021, the Office of County Administration was created by Commissioners Court to provide day-to-day oversight of County government, as well as coordination with all County elected officials. Some of the agencies with an appointed department head, which previously reported to Commissioners Court, now report through the County Administrator. The County Administrator, who also serves as the County Budget Officer, works to implement goals and policy set by Commissioners Court.

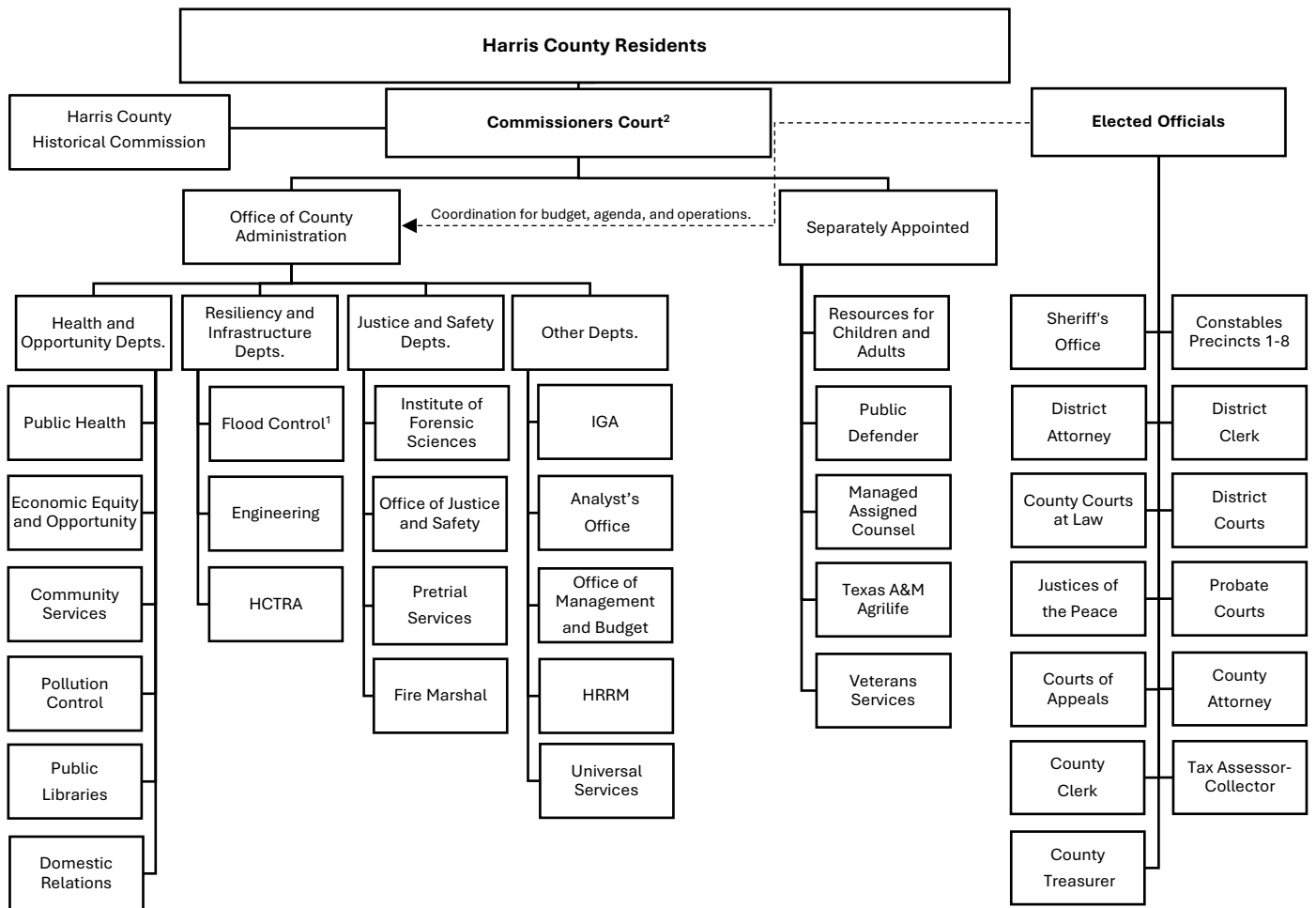
By statute, each year the County Budget Officer must propose a budget and Commissioners Court must approve a budget. The budget appropriates funds to County departments, affiliated agencies, and specific reserve accounts. The budget is a vital policy document which sets priorities for the coming year.

Commissioners Court must approve budgets for the following funds and departments in advance of the next fiscal year, which are covered in this Volume I Budget Book:

- General Fund (including the Public Improvement Contingency Fund and mobility transfers from HCTRA)
- Harris County Toll Road Authority (HCTRA)
- Harris County Flood Control District

Finally, though operations are managed by an appointed board, Commissioners Court also approves the budget for the Harris Health System (HHS).

## Countywide Organizational Chart

**Other Departments**

- **County Auditor** appointed by District Judges
- **Purchasing Agent** appointed by the Purchasing Board
- **Juvenile Probation** director appointed by the Juvenile Board
- **Office of Court Management** director appointed by County Criminal Courts at Law Judges
- **District Court Management** director appointed by District Judges
- **Children's Assessment Center** director appointed by a separate board
- **Civil Service Commission** appointed by Commissioners Court, Sheriff, and District Attorney
- **Law Library** director appointed by the County Attorney
- **Elections Administrator** appointed by the Elections Commission

**Notes**

<sup>1</sup>County Administrator serves as the Flood Control Manager with the rights and responsibilities set forth in the statute to provide oversight of the Flood Control District. A separate Executive Director would retain the day-to-day operational duties and powers.

<sup>2</sup>County Judge oversees the Office of Homeland Security and Emergency Management

## County Profile

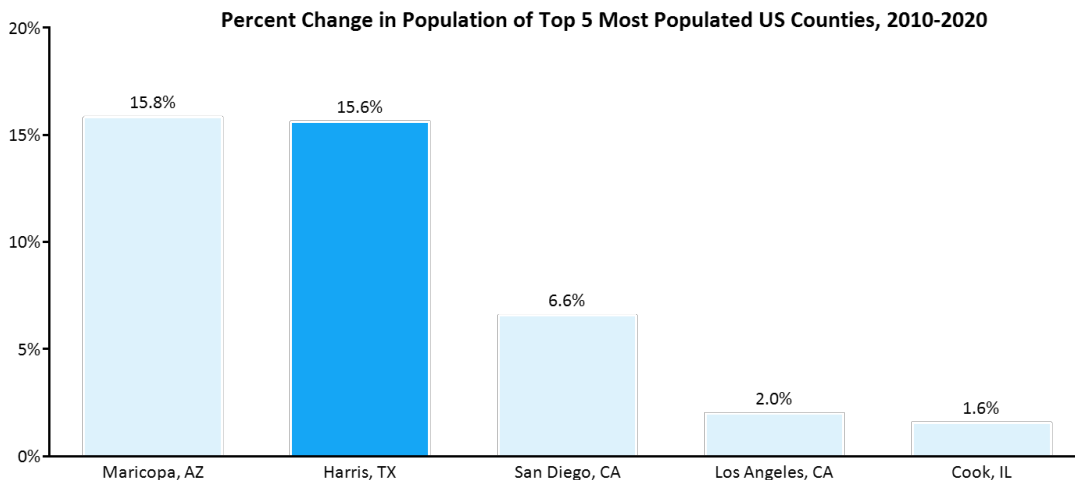
Founded in 1836 and organized in 1837, Harris County is divided into four precincts and governed by a Commissioners Court. Commissioners Court is comprised of the County Judge, elected Countywide; and four Commissioners, each elected by and representing their respective precincts.

Harris County, Texas is the third largest County in the United States and the largest in Texas, with 2.1M more residents than the next most-populous Texas County. It is home to 4.79M people, including the 2.4M residents of Houston, the County's seat. Covering 1,778 square miles on the Texas Gulf Coast, the County abuts the Port of Houston and the population is roughly split equally between incorporated and unincorporated areas. Harris County is unique among all counties in the nation for having an unincorporated area with a population of more than 2M residents. If unincorporated Harris County were a city, it would be the second largest city in Texas and the fifth largest city in the U.S. Besides Houston, the County contains all or part of 33 other cities and 12 large unincorporated population clusters, also known as Census Designated Places.

With a real GDP of \$360B annually, Harris County accounts for 20% of Texas's economic activity and 16% of its population. Its workforce is 2.3M strong, with 63.7% of the population 16 years and older employed. The region's economy is anchored by energy and related industries, but recent years have seen growth in health care, construction, retail, and business and professional services. The Port of Houston, the largest Gulf Coast port and the 7<sup>th</sup> busiest in the U.S., has also increased its business steadily over the past few years and currently ranks number one in the U.S. in foreign waterborne tonnage. Overall, the County's economy contains more than 160,000 employers, including the headquarters of 25 Fortune 500 companies.

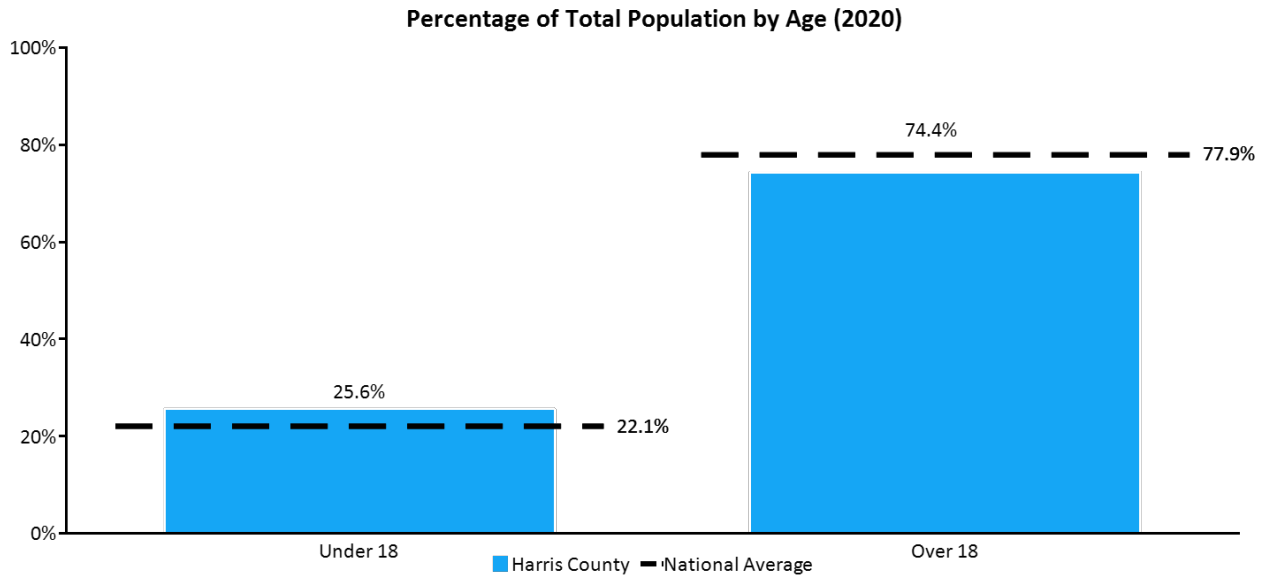
## Population Growth

Between 2010 and 2020, the Harris County's population grew by 15.6%, right in line with the state's overall growth. Harris County continues to grow as fast or faster than other large counties.



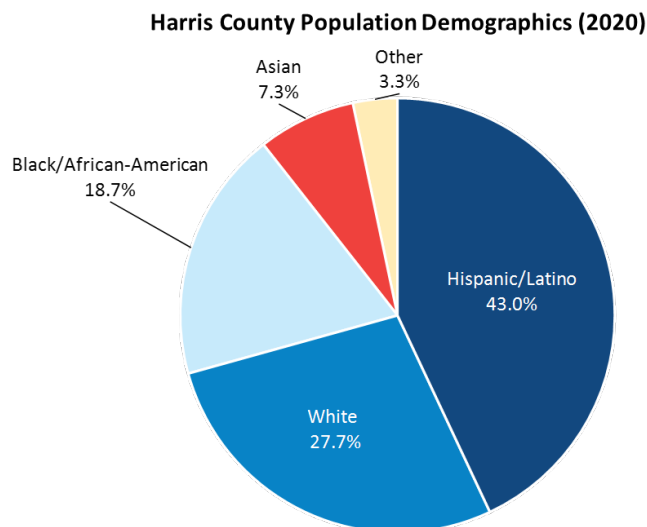
## Age

Like much of the nation, the population of Harris County is aging. The share of Harris County's population that is under 18 has shrunk from 28.0% in 2010 to 25.6% in 2020, though this remains higher than the national average of 22.1%.



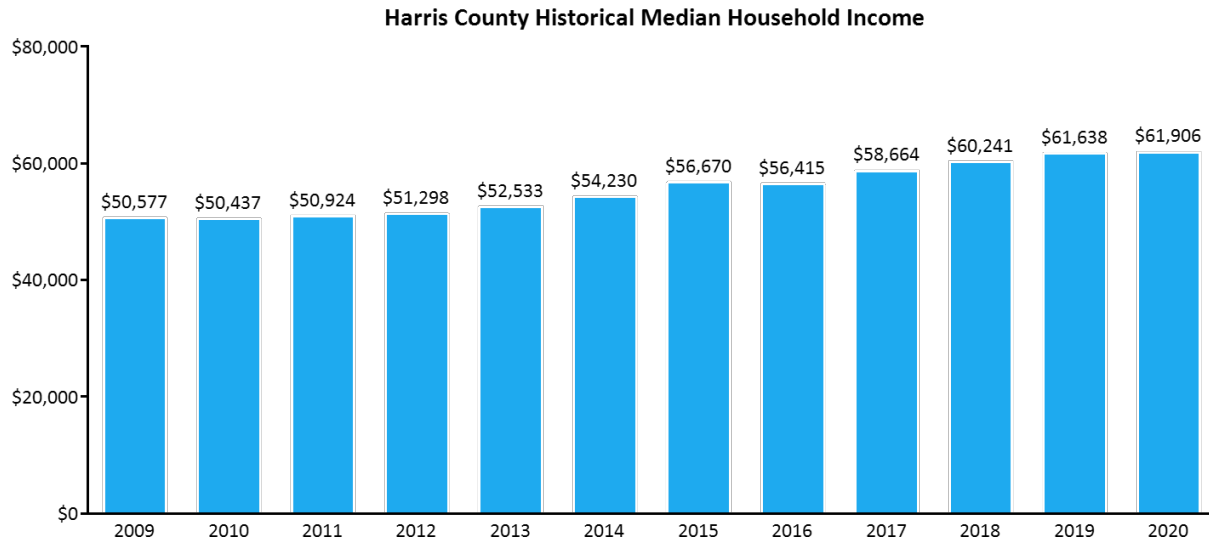
## Diversity

Harris County is one of the most diverse places in the country. More than a quarter of its residents are foreign born and close to half of the population speaks a language other than English at home. In total, 145 languages are spoken in the County.

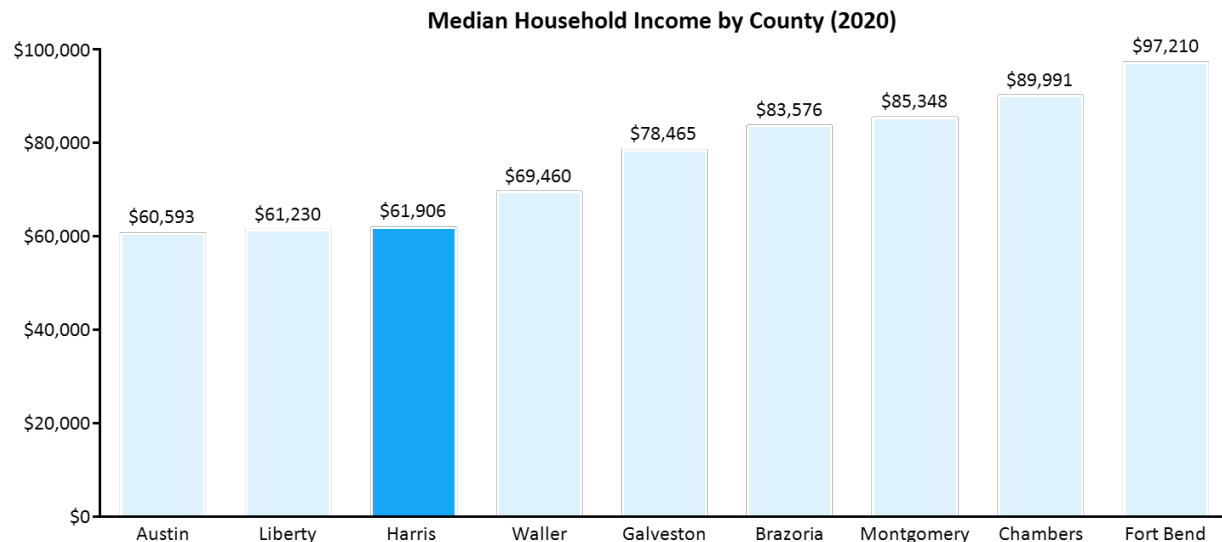


The County's Hispanic/Latino population grew from 40.8% in 2010 to 43% in 2020, while the population that identifies as White has fallen over the last decade, from 33% in 2010 to 27.7% in 2020.

## Median Household Income

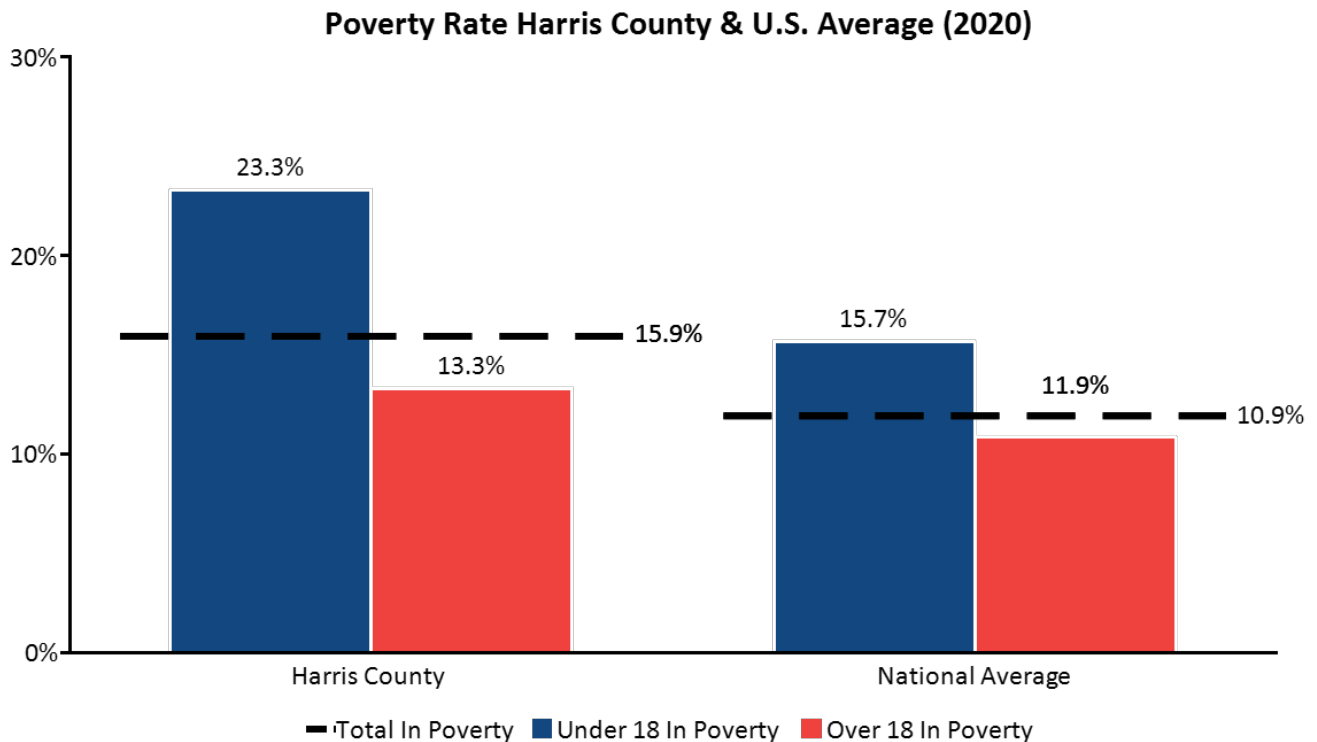


While Harris County's median household income has grown steadily over the last 10 years, median household income in Harris County is slightly lower than the state overall (\$61,906 versus \$66,048), and lags behind most of the surrounding counties in the greater Houston Metro Area. Of area counties, only Waller and Liberty County have lower median household incomes.



## Poverty Rate

The County's poverty rate is higher than the national average (15.9% versus 11.9%) for all age groups. The greatest area of disparity is for residents under 18 years, with a poverty rate more than 7% above the national average.



While general Harris County poverty has declined from a peak of 19.4% in 2011 to 15.9% in 2021, the rate of decline is slower than in surrounding counties. Generally, poverty rates are higher among people living in urban areas than those living in suburban or rural areas, but a multitude of factors may contribute to a slower decline in the County's poverty rate. The gap in rate of decline largely reflects differences in the overall racial and ethnic makeup of the County population. Although poverty rates declined for all racial and Hispanic origin groups, racial disparity in poverty and median household income persists. Blacks and Hispanics continue to be over-represented in the population in poverty relative to their representation in the overall population. Nearly 62% of Harris County residents are Hispanic/Latino or Black, highest among all surrounding counties. Growing concentration of poverty has been a concern within past decades, and poor neighborhoods tend to cluster disadvantages that stall upward mobility over time.





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# EXECUTIVE SUMMARY

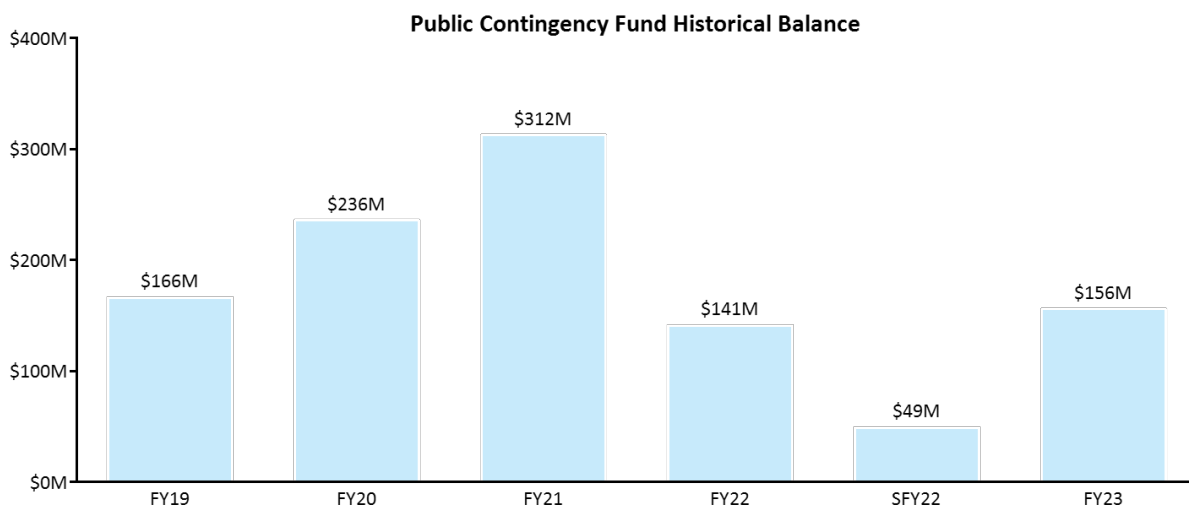
Every year, Harris County Commissioners Court sets the budget for Harris County government, including 77 operating departments and agencies. The budget includes General funds and Special Revenue funds which support County services. The budget also includes debt, and in-progress and completed projects, with a set of recommended capital projects submitted by County departments.

In preparation for Fiscal Year 2023, the Office of Management and Budget (OMB) has worked with Departments on cataloguing and forecasting County cost drivers to update the FY23 Planning Budget and develop a Current Level of Service (CLS) forecast. The CLS is intended to provide a comprehensive and transparent pre-decisional projection of the County budget that includes inflationary factors, changes to federal or state mandates, operations, and any financial decisions during the current fiscal year.

### Financial Strengths

Harris County expects to begin the next fiscal year in a strong financial position with General Fund cash balances (including the Public Improvement Contingency and COVID Response and Recovery (R&R) funds) of over \$500M, a large unspent balance from the \$915.5M direct allocation from the American Rescue Plan Act (ARPA), as well as the best possible credit rating (AAA). Harris County is also fortunate to have a stable property tax base through the pandemic and strong support from grants. As SFY22 closes, nearly 50% of County departments used supplemental grant funding to support or enhance public services. The cumulative impact of grant funds was over \$2B, including funding from: The Coronavirus Aid, Relief, and Economic Security (CARES) Act, ARPA, Community Development Block Grant (CDBG) programs, and Flood Control. Over the course of FY22, the County has lived within its General Fund budget. 1% of new revenue was set aside for unbudgeted items, and we are on track to stay within that limit.

During the Short Fiscal Year, Harris County was able to contribute over \$130M into the renamed Public Improvement Contingency Fund, after 2.5 years of drawing down to fund COVID-19 related expenses. Commissioners Court also adopted a formal policy restricting eligible expenses and setting a target balance of 12.5% of last year's budget.



All these factors allow the County to maintain the current level of service for core County operations, while making strategic investments in our public safety and justice systems.

### Economy, Growth and Tax Impacts

2021 saw exceptional valuation increases across all property categories in Harris County which drove a 12% overall increase in the 2022 certified taxable value estimate vs. the prior year. The volume of single family home sales rose 10.3% with average sales prices 16% higher than 2020. Overall home price values increased 21%. Increases for other sectors include 24% for apartments, 20% for warehouses, 18% for retail, and 17% for medical properties.

While 2021 was extraordinary from a valuation perspective, Harris County has a long track record of strong economic growth and property valuation increases. Below are the original certified taxable property values since 2012 with the certified estimate for 2022, with a separate line showing the amount of new construction added each year.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Taxable Value (\$B)	280B	309B	349B	392B	421B	438B	450B	483B	505B	521B	584B
% Change	--	10.4%	12.9%	12.3%	7.4%	3.9%	2.7%	7.4%	4.6%	3.2%	12.1%
New Construction (\$B)	3.5B	5.3B	8.1B	10.8B	12.0B	12.0B	10.5B	9.9B	12.3B	11.2B	12.4B

Taxable value increases are only part of the story. Annual valuation increases for residential homestead properties are capped at 10%, meaning most County homesteads have 2022 taxable values below their appraisal. The County also provides a 20% exemption for residential homesteads and an additional \$250K exemption for homesteads of senior and disabled property owners which further reduces the tax burden. The homestead for senior and disabled property owners was increased for tax year 2022 from \$229K to \$250K by Commissioners Court.

Apart from these caps and exemptions, Texas statute limits the total amount of taxes the County can generate from existing properties, with a targeted maximum increase of 3.5% per year unless the County calls an election to authorize a higher rate. To comply with these revenue caps, the County lowers its tax rate to offset large increases in property values. To illustrate, in 2018 a property owner would have paid county taxes of \$.41858 per \$100 of taxable value but in 2021 the rate was down to \$.37693 per \$100 of value. With the large valuation increases in 2021, a significant tax rate reduction is expected for 2022 as well.

### Current Level of Service

As the SFY22 began, OMB engaged County departments in a CLS exercise to determine the costs of maintaining the same level of service from one fiscal year to the next. OMB partnered with department and subject matter experts to forecast key budget drivers like facility maintenance, fleet operations,

utilities, risk exposure, cost of living adjustments, employee benefits-related expenses, changes to state law, as well as unplanned budget adjustments to services.

Thanks to prudent financial management, the County is currently in a very strong financial position— with a balanced annual budget, strong cash reserves and top credit rating. However, the results of the CLS forecast show that Harris County’s financial picture is becoming more challenged due to factors outside the County’s control. State-mandated revenue caps combined with growing healthcare costs, inflation, a backlogged justice system resulting in a jail population exceeding capacity, and past underinvestment in core business operations have created a troubling baseline picture for the next fiscal year, even while property assessments grow at a historic rate. While Court adopted a FY23 planning budget, high inflation and other factors necessitated a fresh look at costs.

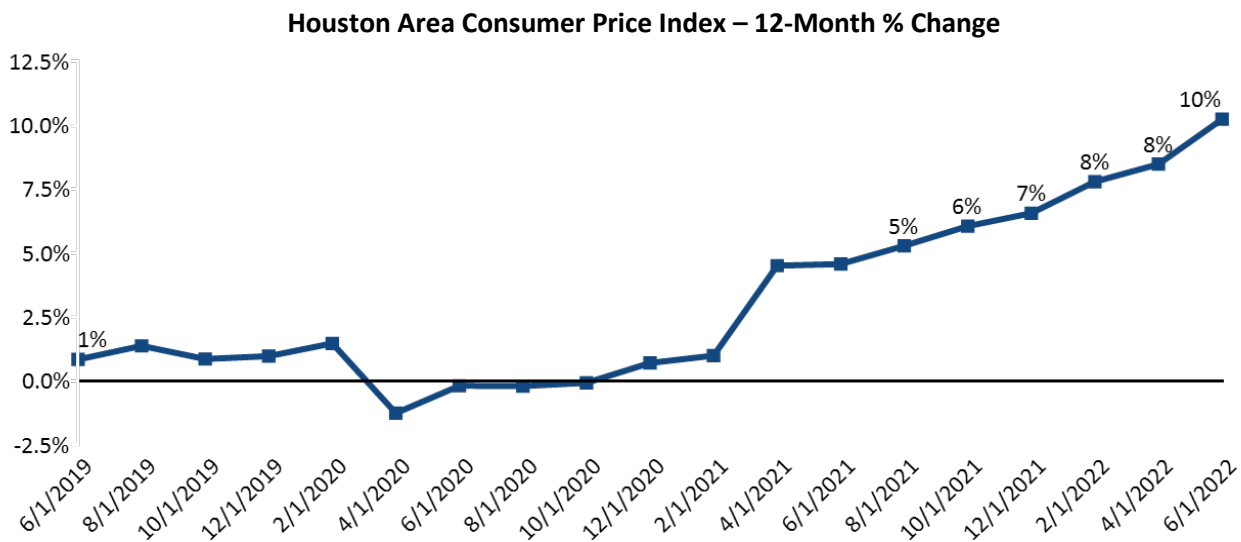
The CLS forecast projected a \$32M deficit for FY23 based on the Voter Approval Rate revenue forecast of \$2,233M, the maximum tax rate Court can set without voter approval. Under a No New Revenue forecast of \$2,140M, the deficit would be \$125M.

### Key Budget Drivers

The FY23 Budget was prepared in a time of tremendous change and uncertainty. Factors driving the difficult choices required in the budget process included: inflation, jail costs, increased utility costs, and increased health care costs.

### Inflation

Inflationary effects are being felt throughout the country and prices rose at the fastest rate in nearly 40 years. For the Houston-The Woodlands-Sugar Land area, inflation rose by about 10.2% over the 12-month period preceding June 2022. Comparitively, the overall U.S. inflation rate for June 2022 was 9.1%.



## Jail Costs

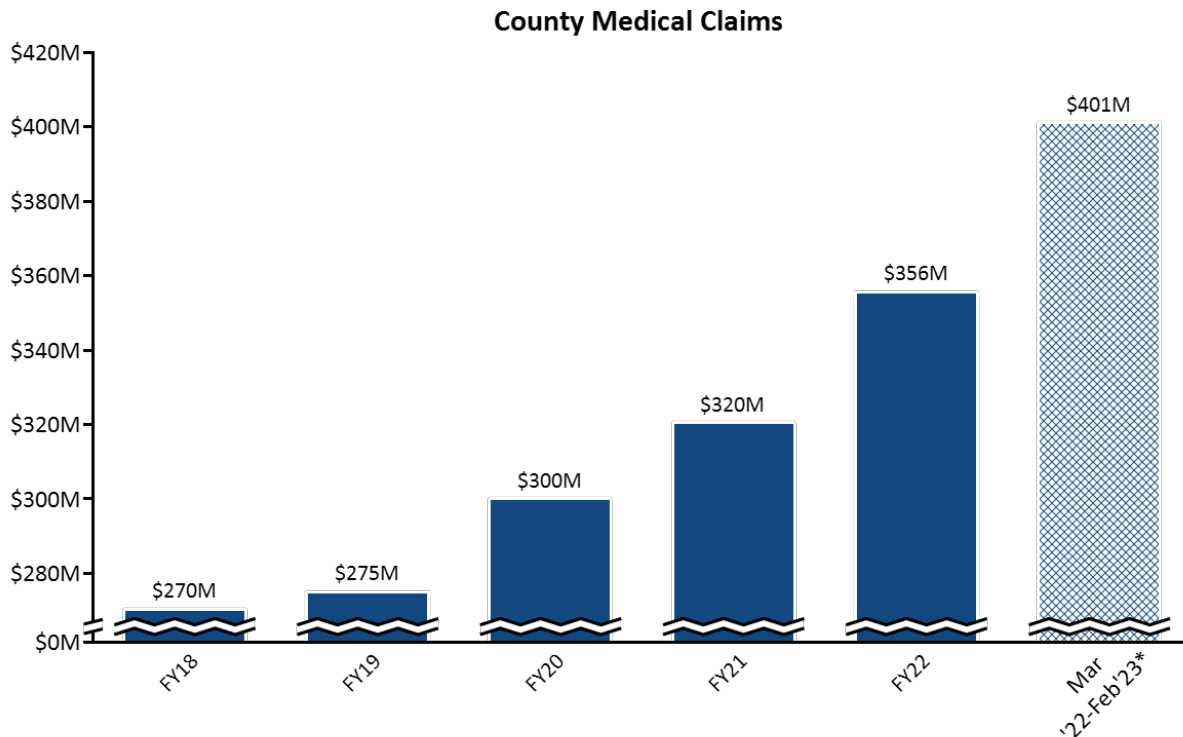
Despite the investments that we continue to make in the justice-related departments, the jail population growth has caused nearly \$50M in additional spending on the County's jail. To give more context, Pre-Harvey jail population averaged 8,700 inmates, at the peak of the COVID-19 pandemic the jail population averaged 8,000 inmates, and so far in 2022 jail population averages 9,500 inmates. This spike in population not only puts a strain on staff but other critical needs as well. In addition, to the surge in population, the proportion of inmates that are high-risk has increased since misdemeanor bail reform was implemented, necessitating additional staffing. Overtime for jail staff is currently averaging \$1.4M per pay period, as a result of this we made an investment to hire additional 100 Detention Officer (DO) positions and 20 DO sergeant positions, at a cost of \$10M annually. In FY23 there will be an increase of \$1.2M due to inflation for food and hygiene products. Additionally, in response to the spike in population, we have been forced to outsource 600 inmates to LaSalle Correctional Center at a cost of \$7.6M in SFY22 and a cost of \$14M in FY23, funded through General Fund reserves. This Summer's surge of inmates necessitated the need to outsource an additional 600 inmates to Garza County at an expected cost of \$2.3M in SFY22 and \$23.3M in FY23, funded through ARPA.

## Utilities

Rising utilities costs indicate that they are not immune to the general inflationary environment and account for \$21M in additional appropriation for FY23. The OMB team worked with subject matter experts throughout the County, as well as external entities, to put together forecasts on Countywide expenses for utilities. Most notably our projections indicate that our FY23 electricity costs are projected to increase by \$4M, Countywide fuel costs have grown by \$3M compared to FY22, and natural gas rates will increase by ~67% driven in part by the war in Ukraine. Moreover, there are known increases next year for facility maintenance and water/wastewater because of contract cost increases and announced rate hikes, respectively.

## Health Care Costs

Last plan year, the County witnessed an extraordinary rise in health claims as costs were 14% higher than the prior year. For the benefit year (March 1, 2022 – February 28, 2023), the Cigna health claims forecast is \$401M, which represents a 10% increase from FY22 and nearly 50% increase from just five years ago. Cigna’s forecast is based on claims experience through June 2022 and an annual trend of 8.1% for medical and 7.4% for prescription drugs. Harris County provides generous benefits to its employees and retirees and spends nearly 18% more on healthcare than our peer organizations.



The current state of the County’s Healthcare fund will continue to be monitored closely. Our health management fund expenses are expected to exceed revenue by more than \$47M in FY23. There are many reasons behind these overruns, but delayed care in 2020 and 2021 as a result of COVID-19 caused non-emergency visits and elective procedures to be disrupted due to medical office closures and priority of care. Members have been getting caught up on their medical care, and many may be sicker than their pre-COVID selves due to lack of preventative care maintenance. Prescription claims (especially specialty drugs) and catastrophic claimants have been cost drivers as well. For example, 1% of employees accounted for 25% of the claims spend in FY22.

The proposed budget increases the County’s healthcare contribution by \$13M, raising the cost per employee from \$16,390 to \$17,252, with the assumption that the department of Human Resources and Risk Management (HRRM) and their healthcare plan consultant will identify savings options to flatten the healthcare cost curve. Savings options may include a managed care option, pharmacy pre-certification

programs, and plan modifications such as changes to deductibles, copayments, out-of-pocket maximums, and employee and retiree premiums.

## Compensation

FY23 additions to compensation constitute an additional \$27M to the General Fund, with an assumed cost of living adjustment (COLA) in FY23.

- The FY23 Budget includes a 2% increase for sworn peace officers (in the Sheriff's Department and Constables precincts) and detention officers across all ranks (\$9.5M). This raises the salary for most law enforcement in Harris County by 6% since the end of FY22.
- The budget includes the pre-approved 1% COLA for all civilian employees (\$7.8M).
- The FY23 proposed budget includes \$5M to strategically invest in Harris County Employee salaries for specialized or hard to fill classifications and/or pay equity for similar positions.
- Unbudgeted raises in the SFY to District Attorney's to bolster retention and hiring efforts increased the baseline appropriation by \$892K.
- The expansion of the 3% deputy raises to the County Attorney's Office (CAO), District Attorney's Office (DAO), Fire Marshal's Office (FMO), and Public Defender's Office (PDO) investigators cost the County roughly \$530K. These raises followed across-the-board 3% raises for law enforcement deputies with the Sheriff's Office and Constables implemented for SFY22, which were offset by capitalizing personnel costs in Office of County Engineer (OCE).
- OMB is also recommending that \$3.3M be appropriated to deal with overages in final benefit payouts for departments.

## Texas County & District Retirement System (TCDRS)

A 20% return in 2021 on TCERS investments allows the County to reduce the Pension rate charged per employee, from 15.7% to 15.1% of current salary, resulting in \$5M in General Fund savings.



## COVID-19

COVID-19 has drastically changed how Harris County operates, but hard-working County employees have continued to provide service to the public under difficult circumstances.

While departments have invested in new forms of service delivery, implemented innovative technological solutions, and modified business processes, maintaining a COVID-safe environment has made it difficult to conduct business at pre-COVID levels. To accommodate this fact, departments have had to revise their goals for caseload. In addition, the direct impact of the virus on employees, combined with a competitive job market, has led to staffing shortages and backlogs in essential work. Finally, non-tax revenue associated with County services decreased from FY21 to FY22, however, these revenues have begun the process of rebounding in SFY22.

## Federal Aid and the American Rescue Plan

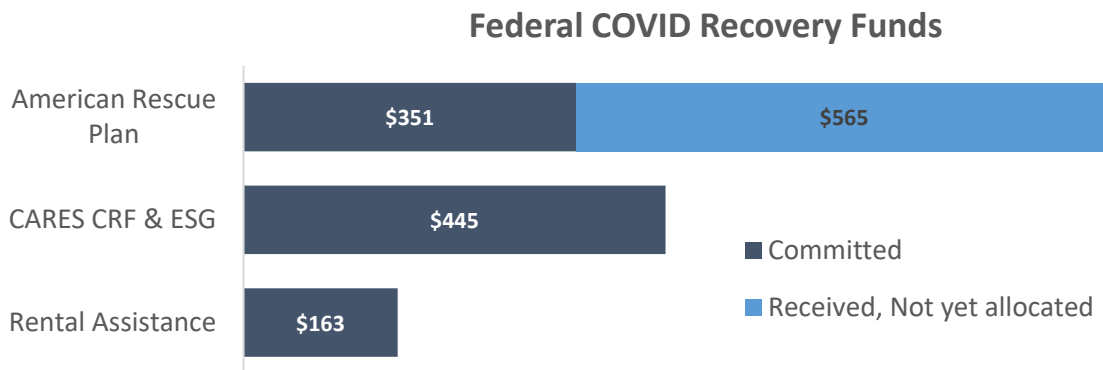
While the economic and health impacts of COVID-19 continue to be felt across Harris County, targeted investment of federal funding is accelerating the pandemic recovery.

The County made swift use of federal recovery dollars, fully allocating U.S. Treasury funding made available via the CARES Act and Consolidated Appropriations Act. The ARPA Coronavirus State and Local Fiscal Recovery Fund provided a direct grant of \$915.5M to Harris County, of which \$351.3M has been committed.

ARPA funds must be obligated by the end of 2024; the period of performance extends to 2026. Commissioners Court identified Health, Housing, Jobs & Education, and County Operations as investment priorities and established an equity framework to guide investments. Input from over 1,000 community members informed creation of 18 target focus areas:

Health	Housing	Jobs & Education	County Operations
Behavioral Health	Affordable Housing	Child Care	Justice and Safety: Court Backlog
Coordinated Care: ACCESS Harris	Homelessness	Family Financial Stability	Elections
Crime Prevention through Environmental Design	Re-entry / Re-integration Housing	Small Business Support	
Environmental Health: Lead	Water & Sewer Infrastructure	Workforce Development	
Healthcare Access & Coverage			
Food & Nutrition			
Violence Prevention			
COVID-19			

Details about the community engagement process and active programs, together with our annual Recovery Plan submitted to the U.S. Treasury, can be found at [HarrisCountyARPA.org](https://www.harriscountyarpa.org).



In earlier stages of the pandemic, investments focused on immediate relief efforts:

- Providing \$150M in Direct Assistance, offering flexible financial support to 115,000 households to mitigate the impact of job losses and reduced hours.
- Distributing over \$178M in Rental Assistance, helping 58,000 families remain stably housed and reducing local eviction rates while supporting over 11,000 local landlords.
- Issuing \$70M in Small Business Grants, supporting over 3,500 small businesses, helping doors remain open and keeping employees on business payrolls.
- Providing over \$50M in Broadband Services, expanding our Public Wi-Fi network across County community centers, libraries, and parks and helping students gain critical digital access to enable virtual education.
- Directly addressing COVID-19 via \$84M in emergency medical staffing and vaccination incentives.
- Investing \$107M in Justice and Safety initiatives such as expanded jury operations, law enforcement, efforts to decrease the court backlog, and additional capacity.

More recent investments have targeted long-term recovery, focusing on strategic initiatives designed to enhance overall resilience and produce more equitable outcomes for County residents. Examples include:

- Committing over \$50M to transformative Public Health efforts, such as blood lead level testing for children and lead abatement, new technology infrastructure enabling coordinated care for vulnerable populations, expanded neighborhood nuisance abatement, and innovative approaches to community-initiated behavioral health supports.
- Investing over \$50M in comprehensive approaches to Homelessness, including permanent supportive housing, rapid rehousing, homelessness diversion, mental health & domestic violence supports, innovative workforce development programs, and the new HAY Center campus supporting youth aging out of foster care.

- Issuing over \$10M in Early Childhood investments, promoting early childhood language and brain development, supporting children in foster care, expanding availability of home-based child care, providing Summer programming for youth, and improving child care subsidy processes.

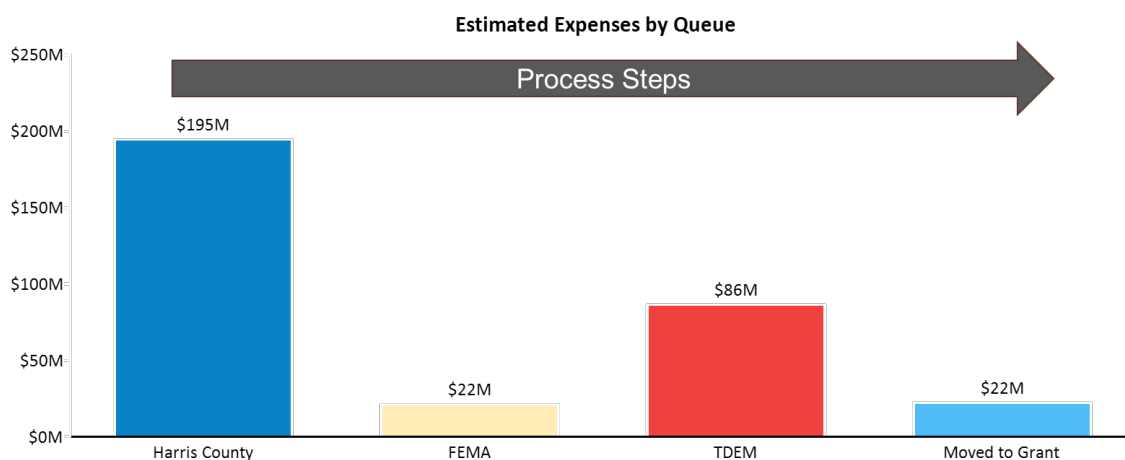
Our rental assistance program has received national attention, including a visit by Deputy Treasury Secretary Wally Adeyemo to highlight the program. Our equity framework has been featured in Treasury Department webinars, while the Employ 2 Empower workforce program for individuals experiencing homelessness piloted in Precinct 2 was highlighted in a recent White House panel on best practices in using ARPA funds for workforce development.

Looking forward, we expect to present additional transformative investments to Commissioners Court in FY23, particularly the results of competitive procurement processes for Behavioral Health, Food & Nutrition, and Workforce Development programs, investments in Water & Sewer Infrastructure, additional investments in Child Care, Affordable Housing and Healthcare Access projects, and others as may be recommended by our ARPA focus area teams and Steering Committee.

### FEMA Public Assistance Program for COVID-19

Through July 2022, a total of 17 projects in the amount of \$114M have been obligated under FEMA's Public Assistance Program for COVID-19. The County will continue to work with FEMA and the Texas Department of Emergency Management to seek reimbursement for eligible expenses, and an additional \$211M is estimated to be obligated by the end of FY23. As demonstrated by prior events such as Hurricane Harvey, final resolution of outstanding projects and funding from FEMA takes time pending necessary audits, reviews and appeals.

Near the end of July, \$195M in locally-funded expenses has been incurred by Harris County and is being reviewed to confirm eligibility for submission to FEMA for reimbursement. \$86M in reimbursements has been approved by FEMA and is awaiting the Texas Department of Emergency Management (TDEM) review in order to be recognized by the County Auditor.





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# BUDGET PLAN

### Recommended Revenues and Expenditures

The FY23 appropriation plan recommended by OMB for Harris County's General Fund is \$2,240M, which includes \$2,232M in total revenue and an \$8M transfer in from the Fleet Fund. The recommended HCFCFCD appropriation is \$137M, which includes a \$128M in operating costs, and a \$9M transfer into reserves. The recommended HCTRA appropriation is \$558M and \$424M of total transfers to the Mobility Fund, Infrastructure Fund, and Roadway Flood Resilience Trust. Please see the All Other Funds section of the book for a detailed budget corresponding to the list of transfers out.

	General Fund	Flood Control District	HCTRA
Revenue	\$2,232M	\$137M	\$875M*
Expenditures	\$2,240M	\$137M	\$561M**
Transfers	\$8M In	-	\$424M Out
Total	-	-	\$110M from Surplus Revenue

\*Operating revenue + investment income  
 \*\*Operating expenses + Debt Service + PAYGO

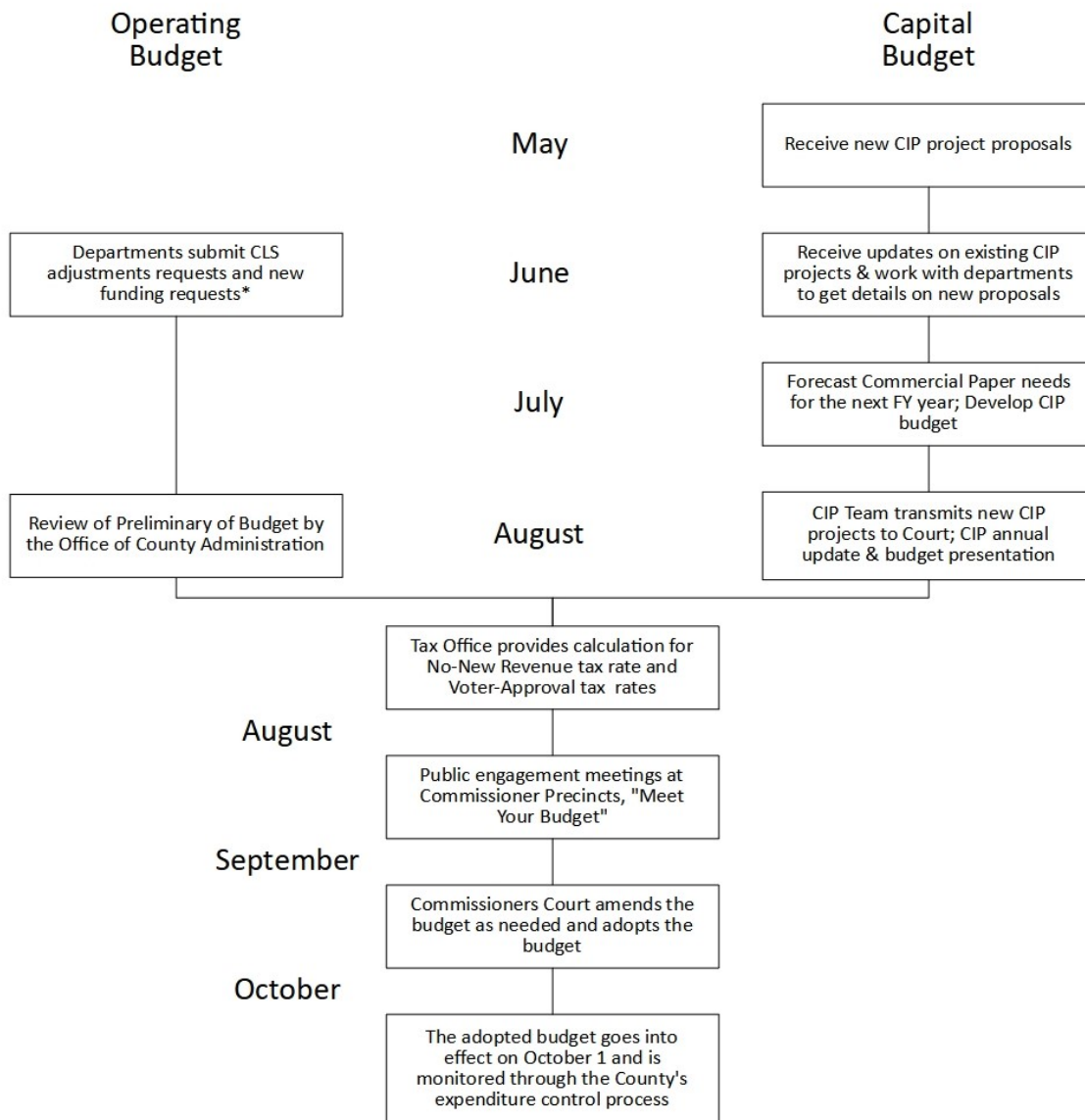
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# BUDGET PROCESS AND POLICIES



### Future Budget Process Timeline

As the County's new fiscal year begins, OMB has created a budget process timeline to help highlight key dates for the FY24 budget cycle, which will also include development of a capital budget. More key dates may be added or removed from this outline in the coming year, and OMB will communicate updates to departments on a regular basis.



## Outcome Budgeting

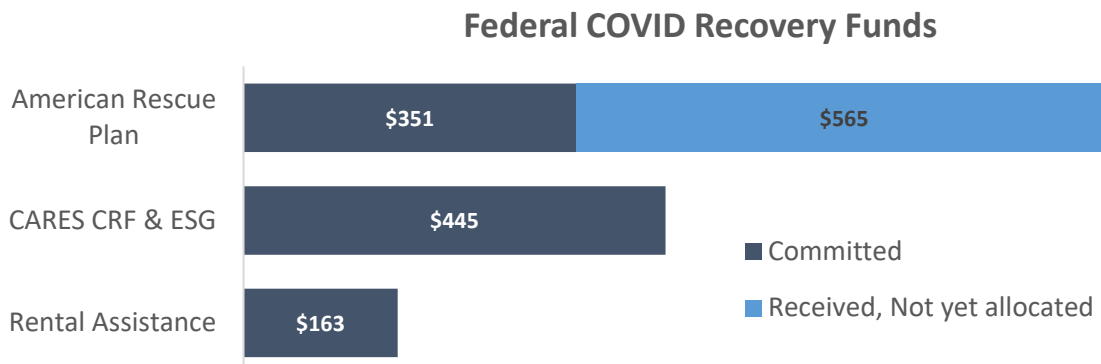
In late 2020, with support from Commissioners Court, OMB embarked on a redesign of the County's budget process. Previously, decision-makers looked at historical spending and focused on the topline allocation to a department or agency. This process emphasized past allocations over present performance and did not make clear the connection between funding choices and community outcomes.

The County's new approach, *outcome budgeting*, reorients the budget process around the actual programs and services provided. In outcome budgeting, decision-makers no longer need to rely on topline allocations as a proxy for real data about what the County is doing for its constituents. They can ask directly: "What is the community impact of our services? And at what level should they be funded?"

For the FY23 budget cycle, the County retained the overall structure of services and programs, but did not include Results Teams because these teams already evaluated FY23 requests during the preparation of the planning budget, and so that OMB could spend additional time with departments to build baseline budgets and focus on position budgeting.

## Priority Outcomes

Outcome budgeting, like all budget processes, is an exercise in prioritization. To guide this process, Commissioners Court has identified eight goal areas: Justice and Safety, Economic Opportunity, Housing, Public Health, Transportation, Flooding, Environment, and Governance and Customer Service. The budget will fund priorities in each of these areas, evaluating allocations according to a set of Court-approved Priority Outcomes, listed below.



## Programs and Services

Harris County aims to improve Priority Outcomes through its programs and services. Historically, these activities have been difficult to evaluate: the County lacked a standardized catalogue of programs and services and did not track costs consistently at the program and service level. This year OMB worked with departments to create a standardized catalogue, defining services as an amenity or set of amenities that addresses a specific community or governmental problem. A service should have an identifiable

“customer” and a specific strategy to make them better off. Services bundle together to form a *program*, a collection of services that work together to provide a community benefit. Altogether, OMB has catalogued over 700 services and 300 programs, described further in Volume II – Department Detail. Illustrative example of programs and services below.

Program	Service
<b>Administration and Support Services</b>	Financial Services
	Human Resources
	IT
	Communications
	Case Management
<b>Bail Hearing</b>	Bail Hearing
<b>Holistic Defense Services</b>	Holistic Defense Services

## Performance Measures

To better understand if a department is achieving its objectives, or if progress is being made towards Commissioners Court Priority Outcomes, departments have developed performance measures to track results at the service, program and department levels. The multi-level approach allows the County to evaluate operational performance, program objectives, as well as overall department performance.

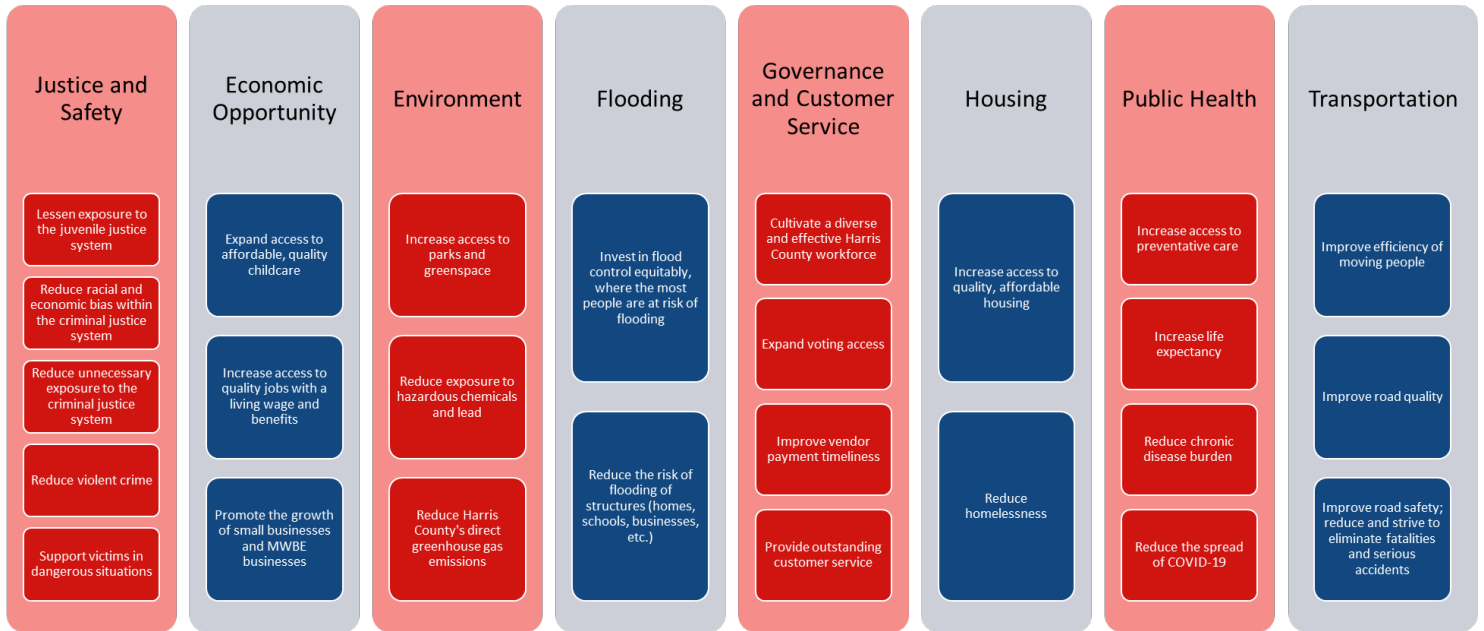
Each performance measure will fall into one of three categories:

- How much did we do? These measures typically capture the quantity of work received or performed.
- How well did we do it? These measures typically capture the quality of the work performed.
- Is anyone better off? These measures describe the net effect on the community and typically require the most thought.

While the County has made progress in data collection, there remains substantial work to regularly collect data and review results on performance metrics. The lack of available data is currently a limitation on outcome budgeting. Beginning in March 2022, OMB set up quarterly reviews of performance data with each department.

## Putting It All Together

All of the improvements discussed above – Priority Outcomes, well-defined programs and services, service-level cost data, and performance measures – work together to form an integrated structure for performance management. For an example of how Commissioners Court’s Priority Outcome to reduce violent crime flows down to the department, program and service level, see the diagram below.



## Ten-Year Financial Plan

In the upcoming year, OMB will issue an RFP to help create a 10-year financial plan for the County. The plan will help the County confront serious financial challenges over the next decade in the face of inflationary pressures and state mandated changes for revenue collection.

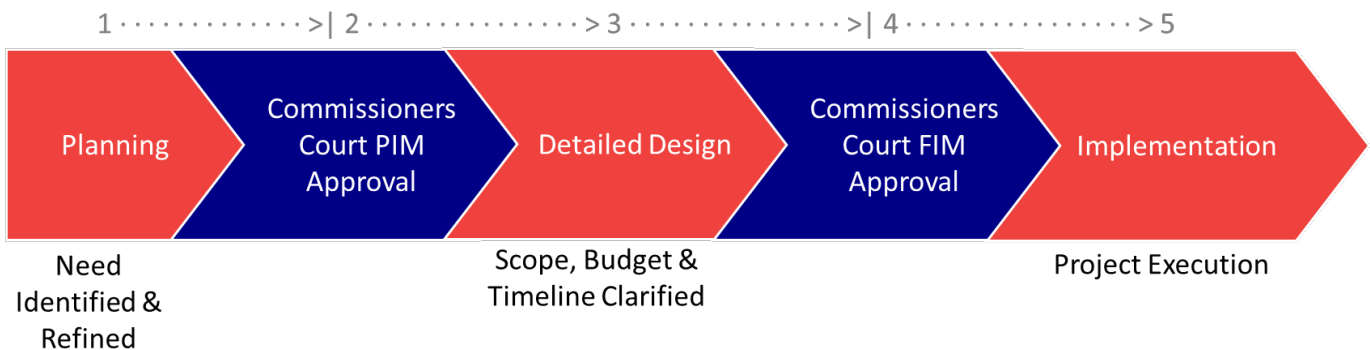
## Capital Improvements Program (CIP)

As part of the annual budget process, the County reassesses its capital improvement plans for facilities, information technology, capital equipment purchases, flood risk reduction, transportation, and other areas. Some operating budget requests may also be included in this program, if OMB determines that they are better addressed through CIP projects. Precinct-led CIP projects, including precinct road and park projects, are not managed by OMB and are not reflected in the CIP section of the Budget Book.

Harris County capital projects principally fall into six goal areas:

1. Flooding - Projects to minimize the risk of flooding, including projects from the \$2.5 billion bond approved in 2018. Significant progress has been made this year to secure the funding needed to complete these projects.
2. Transportation - Projects for the Harris County Toll Road Authority, including the Ship Channel Bridge.
3. Governance and Customer Service - Projects with a direct impact on providing services to County citizens, including library renovations and voting machines.
4. Justice and Safety - Projects directly supporting Justice and Safety, including public safety and detention facility construction and improvements.
5. Housing and Economic Opportunity - Projects for affordable housing, including the HAY Center (Houston Alumni & Youth Center).
6. Health and Environment - Projects for pollution control, environmental remediation, and the Neuropsychiatric Center.

Commissioners Court approved a new, five-stage capital project development lifecycle in 2021. This framework aims to increase transparency and standardization, and to ensure that capital resources are allocated in alignment with County goals and objectives.



The plan shown in later sections includes use of mobility funds, debt service funds, grant funds and other capital project funds necessary to support projects over the next fiscal year. An update to the five-year CIP will be presented in September.

### Basis of Budgeting

The County's accounting records for governmental fund types and agency funds are maintained on a modified accrual basis. Revenues are recorded when available and measurable, and expenditures are recorded when the services or goods are received and the liabilities are incurred. Encumbrances are recorded during the year. Property tax revenues are susceptible to accrual and are considered available to the extent collected within 60 days after the end of the fiscal year. Proprietary/internal service funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when incurred.

Harris County budgets are developed on a cash basis. Revenues are typically recognized only when collected and expenditures are recognized when paid. Under State law, the budget cannot be exceeded in any expenditure group. In addition, the total of the budgets for the General Fund and certain Special Revenue Funds cannot be increased once the budgets are adopted unless certified by the County Auditor and approved by Commissioners Court.

Appropriations in the Capital Improvements Program and Grant Funds are made on a project basis rather than on an annual basis and are normally carried forward until the projects are completed. On a case-by-case basis, other appropriations may be carried forward into a subsequent fiscal year: for example, for a one-time, multiyear program, or to cover an out-of-the-ordinary encumbrance related to the prior fiscal year.

### Budget Controls

Under Texas statute, the County Auditor is responsible for assuring that the County complies with the limitations set forth in the budget. The primary level of budget control is the department. While the budget now contains figures at the program and service level, these more specific budgets will not be binding and may be slightly modified within a department as the Adopted Budget is uploaded into PeopleSoft. The County Auditor implements policies and procedures to assure that departments do not exceed their annual budget allocations. Departments cannot issue new purchase orders unless they have an unused budget sufficient to pay the purchase order. In addition, the Auditor's Office creates a payroll encumbrance equal to the projected payroll for the remainder of the fiscal year.



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# REVENUE



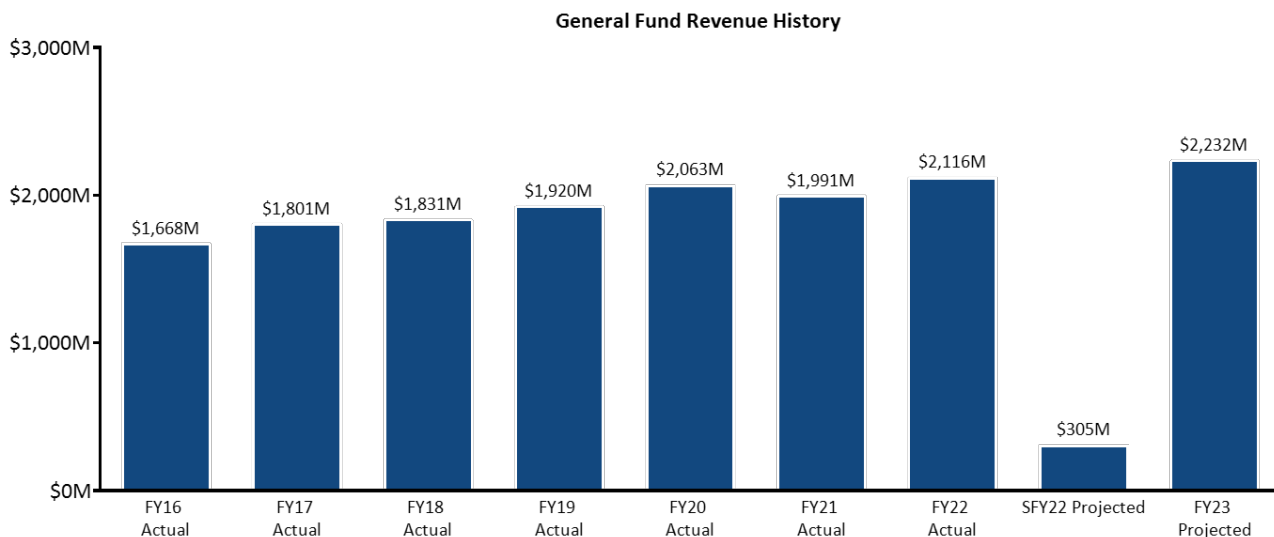
## Introduction

General Fund revenue used to fund County operations is collected primarily from property taxes, fines and fees for County services.

80% of the General Fund revenue, or \$1,807M of the \$2,232M recommended total revenue, is from the Maintenance and Operation (M&O) property tax rate. Harris County Commissioners Court approves the M&O tax rate every fall, to go into effect for the following January. The maximum potential M&O rate is calculated by the Harris County Tax Assessor-Collector's Office, using the Harris County Appraisal District (HCAD) data for the last year of assessments of real estate in Harris County.

Commissioners Court can set a rate up to the state-allowed maximum, called the Voter Approved Rate (VAR). A simple approximation for the VAR is: the prior year revenue grown by 3.5%, adding in the total value of new construction, divided by total taxable assessed values. Because home values in Harris County increased 21% in 2021, and increased significantly in 2020, and 2019, the VAR has been lower than the tax rate that was approved in the prior year.

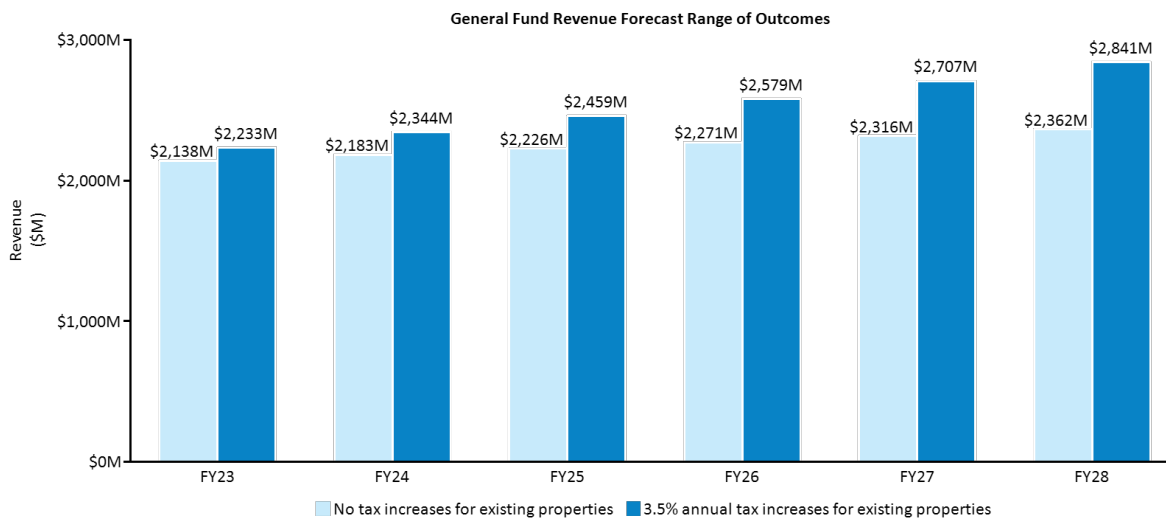
While County revenue has remained stable throughout the pandemic due to strong property values, the growth of General Fund revenue has slowed due to tax rate cuts in three consecutive years. Because most property tax revenue is received between December and February, there is a big drop in revenue for the short fiscal year which covers March through September 2022. This drop was expected and does not indicate a financial problem. The chart below shows historical General Fund revenue from FY15 – FY22, OMB's estimate for SFY22, and projected revenue for FY23 if Court adopts the recommended tax rate.



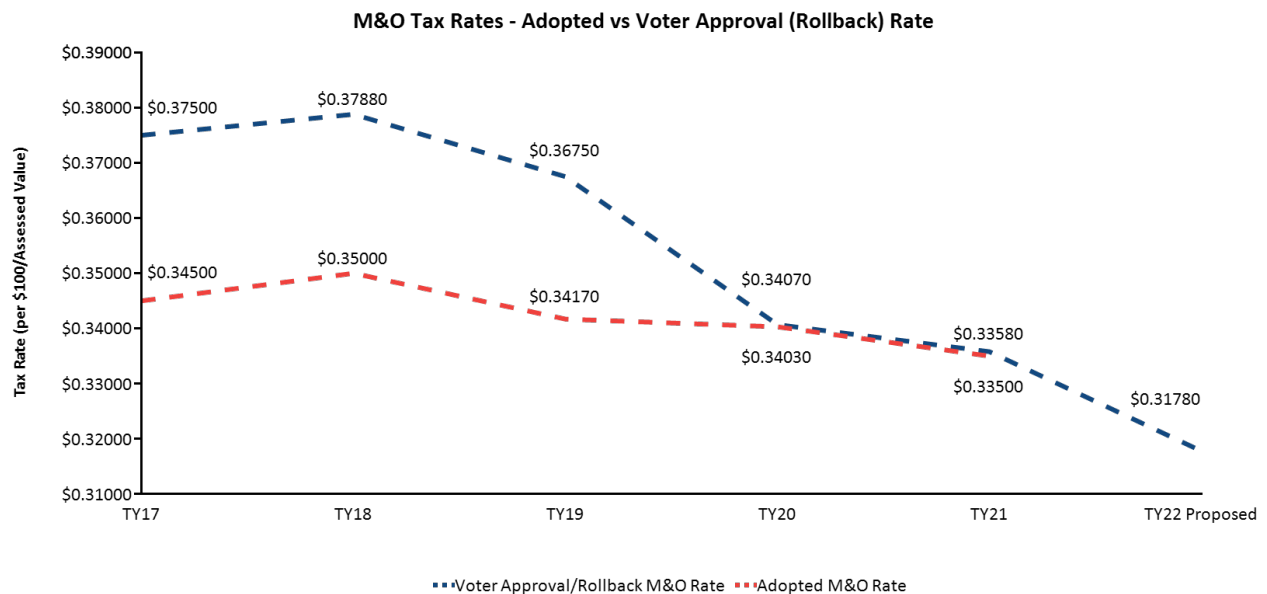
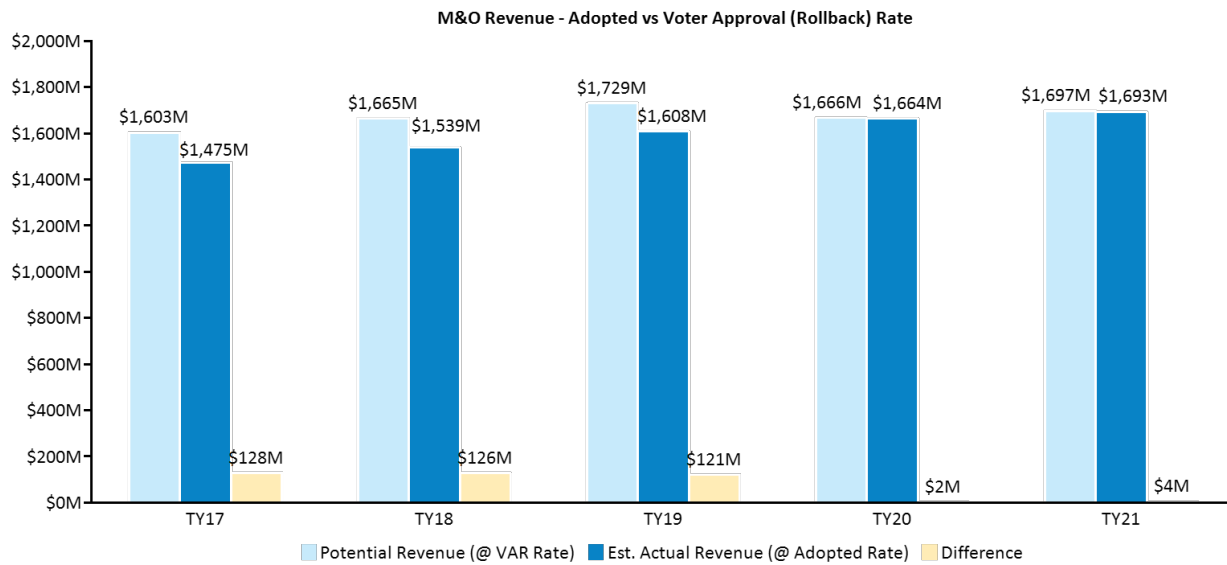
## Tax Revenue

The FY23 budget, assumes a .31781% Maintenance and Operation (M&O) tax rate for tax year 2022, compared to .335% in 2021. This amounts to a 5% tax rate cut for County residents and businesses. A home or business which did not go up in value would pay 5% less than the prior year. For those properties that increased more than 5% in value, the owner would pay slightly higher taxes. However, these increases will be less, on a percentage basis, than the appreciation in the owner's property. Overall, General Fund revenue would increase by about 5%, approximately half the pace of inflation.

A longer-term forecast shows the General Fund operating revenue under two different tax rate scenarios. Commissioners Court can, without a tax rate election, set the County's tax rate up to a maximum amount determined by the Truth in Taxation (TNT) formula, also known as the VAR. The legislature's intent through SB2, in 2019, was to cap average increases on existing properties at 3.5% annually. Although the TNT calculation can result in actual maximum rates above or below this 3.5% target, in any given year, depending on increases/decreases to: debt service, number of taxes refunds paid to property owners for successful appeals, and increases in County spending on indigent defense. Two scenarios are presented. Scenario 1 shows revenue with no tax increase on existing properties in 2022 or in future years. Scenario 2 shows revenue based on the 2022 Voter Approval Rate and a 3.5% annual tax increase on existing properties thereafter.



The graphic below compares the maximum maintenance and operation (M&O) tax rate allowed by the TNT rules to the actual rates adopted by the County. For 2017-2019, Commissioners Court adopted M&O rates resulting in tax revenue between \$121M and \$128M less per year than would have been generated under the maximum rates allowed (called the Rollback rate until 2020 when it was changed to the Voter Approval Rate), in 2020, the TNT rules changed and greatly reduced the amount of M&O tax revenue the County can generate.



## Non-Tax Revenue

Non-tax revenue is projected at \$425M in FY23, and is estimated to grow based on a combination of growth and inflation. Relative to the most recent 12-month fiscal year (FY22), FY23 projections benefit from higher motor vehicle sales taxes (+\$11.6M), new patrol contracts and a rate increase effective 10/1/2022 (+\$7.6M), higher earnings on the County's cash balances (+\$7.5M), and higher mixed beverage tax revenue (+\$2.9M). These gains are partially offset by lower fees of office (-\$6.5M) and elections reimbursement funds (-\$1.2M) due to the reclassification of certain General funds to restricted Special Revenue funds instead. Over the coming year, OMB will review fees and, where appropriate, will recommend fee updates for Court's consideration.

## Flood Control District

The Harris County Flood Control District is a special purpose district created by the Texas Legislature in 1937 and governed by Harris County Commissioners Court. It was created in response to devastating floods that struck the region in 1929 and 1935. The Flood Control District is responsible for the creation, management, and creation of flood resilience infrastructure in Harris County. The Flood Control District's jurisdictional boundaries are set to coincide with Harris County. There are the 23 primary watersheds within Harris County's 1,777 square miles.

The Flood Control District's overall tax rate has increased over the last five years. While the operations and maintenance (O&M) rate has decreased each of the past five years, the debt service rate has increased significantly, as the District has taken on debt to fund the 2018 Flood Bond Program.

The FY23 HCFCD O&M budget assumes the maximum allowable tax rate (VAR) of \$.02463. This represents a 5% tax rate cut from FY22.

	TY18	TY19	TY20	TY21	TY22 Proposed
O&M	0.02738	0.02670	0.02649	0.02599	0.02463
Debt	0.00139	0.00122	0.00493	0.00750	0.01013
Adopted	0.02877	0.02792	0.03142	0.03349	0.03476

From FY15-19, the District's budget was held flat at \$120M, with half of the budget allocated for capital projects and half for O&M. Since then, the 2018 Bond Program has ramped up, new infrastructure has come online, and channel maintenance costs have increased at rates far greater than projections—30% in the last year alone. The \$120M budget is now allocated almost entirely to O&M, and has reached the point where that \$120M can no longer support the same level of service that was previously provided. To provide a consistent level of support for the Bond Program and maintain new and existing infrastructure, the District requires an increase in O&M funding to \$137.3M, with \$128.3M going towards operational needs this year and \$9M transferred to reserves.



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# DEBT SERVICE

## Overview

The County issues long-term debt instruments such as general obligation bonds, certificates of obligation, and revenue bonds to fund capital improvements such as infrastructure improvements, transportation system, machinery and equipment, vehicles, flood mitigation, and other capital needs. The County also issues short-term debt instruments, such as commercial paper, to provide interim financing for various long-capital projects and the financing of shorter-term assets that have depreciation schedules such as vehicles and technology.

Harris County is proud to have AAA rating from Moody's, S&P, and Fitch Rating agencies for our General Obligation (GO) credit. The County has been able to maintain the highest credit rating allowed by being able to demonstrate a low default risk. The Harris County Toll Road Revenue credit is the highest rated Toll Road in the United States, with ratings of AA/Aa1/Aa-. These ratings keep our bonds in high demand among investors, which in turn keeps our borrowing costs low. On July 13, 2022 Harris County priced Hotel Occupancy Taxes (HOT), Road and PIB bonds in the market and the total interest cost on those bonds priced at 2.57%, 2.03%, and 2.06%. For context, on August 5, 2022 the Federal Funds rate is 2.33%

GO debt is funded through the second component of the Harris County tax rate, the Interest and Sinking (I&S) rate.

The I&S tax rate is established by including all of the County's mandatory debt service payments for the upcoming fiscal year, as well as any commercial paper repayments that meets the amended definition of debt defined in HB 1869. The I&S rate is calculated by adjusting the debt service by (1) the unencumbered fund balance; (2) the amount paid from other resources; and (3) the collection rate. To calculate the I&S rate, the total amount of GO debt service is divided by the total property assessments, as calculated by HCAD.

The I&S rate is approved by Commissioners Court, but can be impacted by paying debt service out of other funds, such as the Mobility Fund, as the Court has authorized in FY22 and SFY22.

## Types of Debt Instruments

### Long-term debt instruments include:

General Obligation (GO) Bonds and Certificates of Obligation (CO) are direct obligations backed by the full faith and credit of the County and secured by the receipt of annual ad valorem taxes. The County issues both voter authorized and non-voter GO bonds. The County currently issues the following GO bonds to finance capital assets:

- Road Bonds
- Permanent Improvement Bonds
- Flood Control Bonds
- Toll Road Tax & Subordinate Lien Bonds
- Tax & Subordinate Lien Revenue (HOT) Bonds

Revenue Bonds are generally payable from the pledged revenue generated by the respective activity for which the bonds are issued. The County issues the following revenue bonds:

- Toll Road Senior Lien Revenue Bonds
- Toll Road First Lien Revenue Bonds

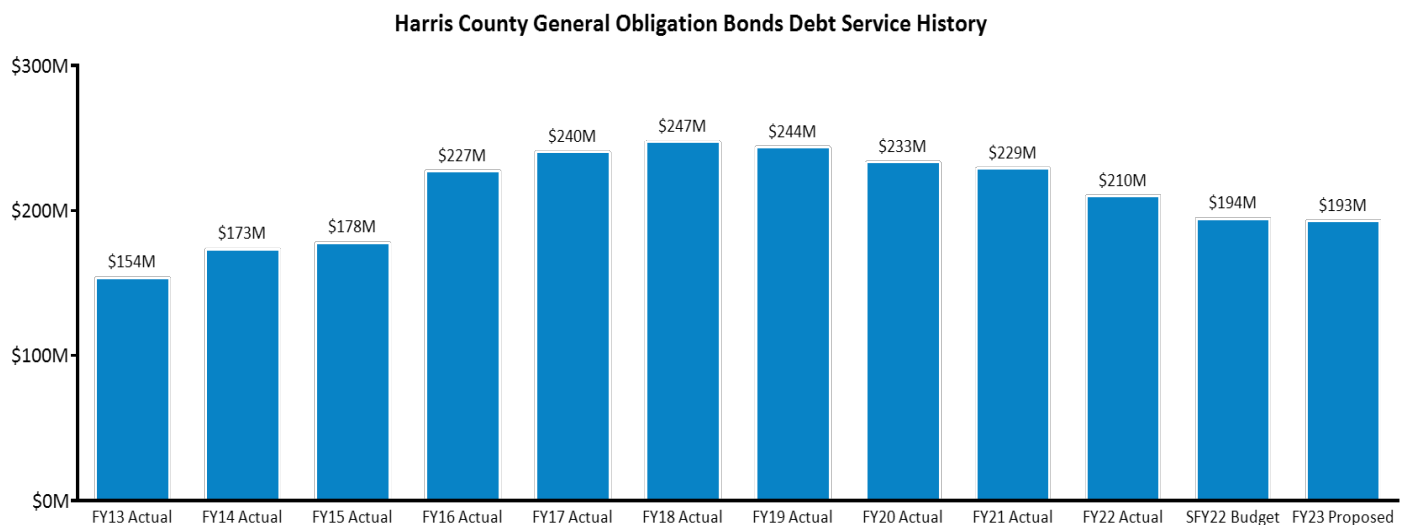
**Short-term debt instruments include:**

General Obligation (GO) Commercial Paper is a general obligation of the County secured by ad valorem taxes to provide interim financing for various short-term assets and long-term capital assets. There are currently nine GO commercial paper programs totaling \$1,775M in total authority.

Revenue Commercial Paper is payable from pledged revenue of the Harris County Toll Road Authority to provide interim financing of capital assets. There is one commercial paper program for Toll Road in the amount of \$200M.

## Historical Debt Service

Historically, Harris County has leveraged its strong credit rating to issue debt to make investments into County infrastructure such as roads and parks. OMB has endeavored to balance the amount of debt service Harris County residents would be responsible for, with the need for new infrastructure as the County grew in population. As new debt is added or refunded the strategy is to fill in gaps in maturities that keeps the debt service stable. As seen in the chart below, Harris County will pay off approximately \$193M of its General Obligation debt in FY23. Also shown later in this section, HCFCD will pay off \$53M in FY23. As debt is paid off it will decrease the Interest and Sinking component of the tax rate.





The chart below shows historically that the I&S rate for the County's debt service has remained reasonably consistent over the years. However, the Flood Control's part of the rate will continue to increase as we issue debt from the 2018 voted authority. Even as we add new Flood Control debt, taxable assessed values continue to increase through assessments and new construction, and it has kept our overall I&S rate low and is steadily declining.

	TY12	TY13	TY14	TY15	TY16	TY17	TY18	TY19	TY20	TY21	Proposed TY22
<b>Harris County</b>											
Constitutional Debt Service	0.04468	0.05158	0.04802	0.05237	0.05111	0.05234	0.05084	0.04711	0.05088	0.04193	0.03086
Road Debt Service	0.02282	0.01750	0.02382	0.02139	0.02045	0.02067	0.01774	0.01828	0.00000	0.00000	0.01187
<b>Harris County Total</b>	<b>0.06750</b>	<b>0.06908</b>	<b>0.07184</b>	<b>0.07376</b>	<b>0.07156</b>	<b>0.07301</b>	<b>0.06858</b>	<b>0.06539</b>	<b>0.05088</b>	<b>0.04193</b>	<b>0.04273</b>
<b>Flood Control District</b>											
Debt Service	0.00287	0.00207	0.00116	0.00113	0.00084	0.00095	0.00139	0.00122	0.00493	0.00750	0.01013
<b>Total Debt Service</b>	<b>0.07037</b>	<b>0.07115</b>	<b>0.07300</b>	<b>0.07489</b>	<b>0.07240</b>	<b>0.07396</b>	<b>0.06997</b>	<b>0.06661</b>	<b>0.05581</b>	<b>0.04943</b>	<b>0.05286</b>

### Road and Park Bonds

The Texas Constitution authorizes the County to levy, with voter approval, a tax, without legal limit as to rate, to pay debt service on County road bonds. Road bonds are issued to finance land acquisition, construction, development, maintenance and operation of County roads and bridges.

Parks are considered a permanent improvement. The Texas Constitution authorizes the County to levy a tax rate up to 0.80 tax rate limitation, to pay debt service on the permanent improvement bonds. The bonds are issued for the purpose of financing land acquisition, development, improvement and maintenance of County parks.

Road and Park bonds require voted authority. The I&S rate assumes \$68.7M in debt payments for Road and Park bonds in FY23.

The County issues road bonds for the purpose and amount specified in the bond election. The County also uses Commercial Paper Notes, Series C and Series D-3 to fund road projects. The County uses Commercial Paper Notes, Series B and Series D to fund park projects. The notes issued are counted against voted authority and the outstanding notes will eventually roll into long term bonds to restore the commercial paper capacity.

The table represents road and parks authorized but unissued bonds as of July 31, 2022:

Bond Election	Authorized Amount	Issued	Unissued	Encumbrances	Remaining Budget
2007 Road bonds	190,000,000	190,000,000	-	-	-
2015 Road bonds	700,000,000	189,220,000	510,780,000	137,730,829	373,049,171
2015 Park bonds	60,000,000	21,903,000	38,097,000	4,071,951	34,025,049
<b>Total</b>	<b>950,000,000</b>	<b>401,123,000</b>	<b>548,877,000</b>	<b>141,802,780</b>	<b>407,074,220</b>

### Public Improvement Bonds (PIB)

The Texas Constitution authorizes the County to levy a tax rate up to 0.80 tax rate limitation, to pay debt service on the permanent improvement bonds. Permanent Improvement Bonds are issued to finance construction, buildings, improvements, juvenile facilities and other public facilities, parks, vehicles, machinery and equipment and other capital needs. The bonds are combination of voted and non-voted authority.

For voted projects, the County issues bonds and/or uses Commercial Paper Notes, Series A-1, Series D and Series D-2 for the purpose and amount specified in the voted authorization. Notes issued are counted against voted authority and will eventually roll into long term bonds.

Non-voted projects are funded by Commercial Paper Notes, Series A-1, Series D and Series D-2. Notes issued to finance capital assets with useful life of less than five years will be repaid from tax collections, while notes issued to finance capital assets with a longer useful life will be refunded with bonds.

The I&S rate assumes \$77.5M in debt payments for Public Improvement bonds in FY23.

The table represents authorized but unissued bonds as of July 31, 2022:

Bond Election	Authorized Amount	Issued	Unissued	Encumbrances	Remaining Budget
1999 Civil Justice Center	119,000,000	86,000,000	33,000,000	-	33,000,000
2007 Forensic Center	80,000,000	74,820,000	5,180,000	-	5,180,000
2007 Family Law Center	70,000,000	-	70,000,000	-	70,000,000
<b>Total</b>	<b>269,000,000</b>	<b>160,820,000</b>	<b>108,180,000</b>	<b>-</b>	<b>108,180,000</b>

### Flood Contract Tax

The Flood Contract Tax Bonds are special obligations of the HCFCD, secured by a pledge on the County's payments to the HCFCD under the Flood Control Project Contract. The County and the District have entered into a contract, as amended and restated, to which the County has agreed to make payments to the District to enable the District to provide certain flood control projects for the benefit of the County. The County's payments to the District are secured by and payable from the County's \$0.80 tax rate limit.

The FY23 budget assumes \$46.6M in debt payments supported by Flood Contract Tax.

### Flood Control District

The Flood Bonds are obligations of the HCFCF, secured by a pledge and payable from the District \$0.30 tax rate limit. Flood bonds require voters' approval. The bonds are issued to finance flood control projects including purchasing lands, easements, rights-of-way and structures, and for the acquisition and construction of improvements, including detention basins, channel modifications and other works suitable for use in connection with flood damage reduction.

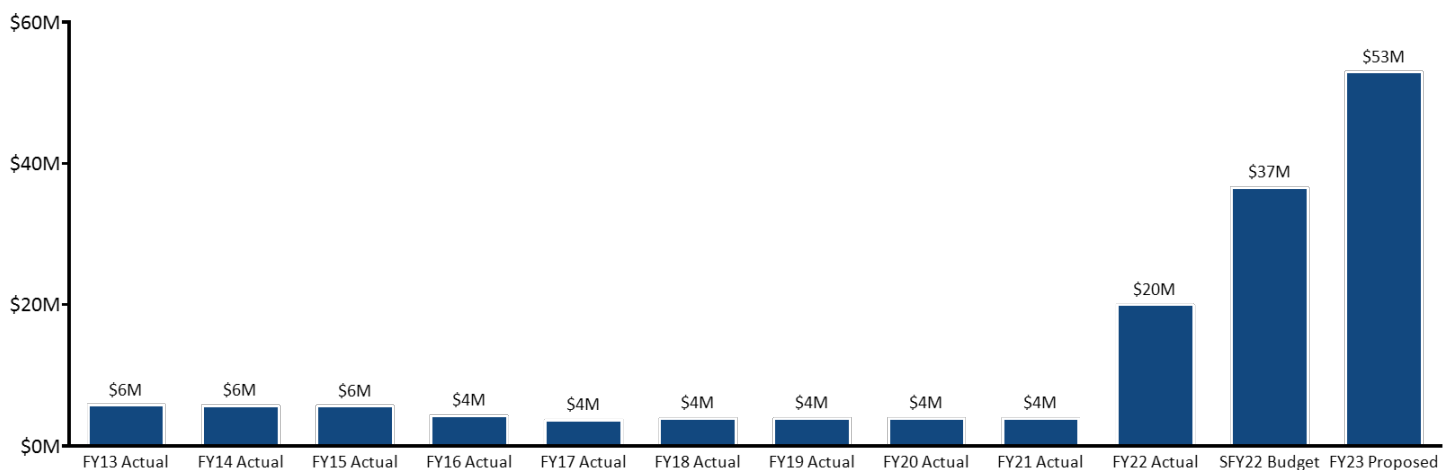
The District uses Commercial Paper Notes, Series H and Series H-2 or issues bonds to fund flood control projects. The issuance of notes are counted against voted authority and the outstanding notes will be refunded with bonds to restore the commercial paper capacity.

The table represents authorized but unissued bonds as of July 31, 2022:

Bond Election	Authorized Amount	Issued	Unissued	Encumbrances	Available Budget
2015 Flood Bonds	64,000,000	64,000,000	-	-	-
2018 Flood Bonds	2,500,000,000	548,000,000	1,952,000,000	96,804,322	1,855,195,678
<b>Total</b>	<b>2,564,000,000</b>	<b>612,000,000</b>	<b>1,952,000,000</b>	<b>96,804,322</b>	<b>1,855,195,678</b>

Flood Control bonds require voted authority. The HCFCF I&S rate assumes \$53M in debt payments for Flood bonds in FY23.

**Flood Control District Debt Service History**



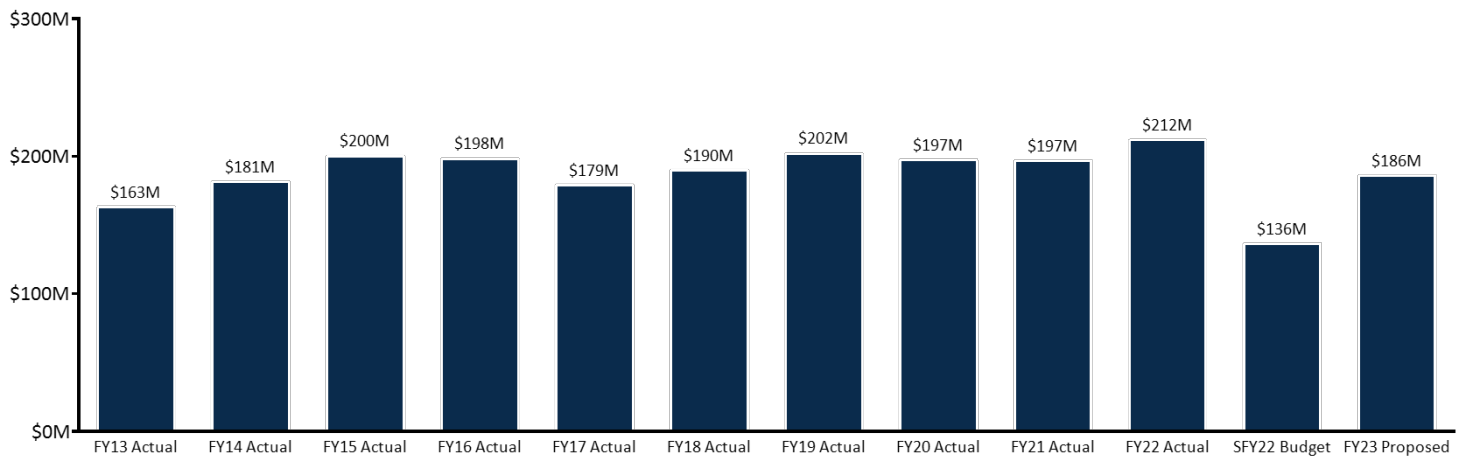
### Harris County Toll Road Authority

The County is authorized to issue Toll Road Unlimited Tax and Subordinate Revenue Bonds, Toll Road Senior Lien Revenue Bonds and Toll Road First Lien Revenue Bonds pursuant to Chapters 1207 and 1371, Texas Government Code, as amended, Chapter 284, Texas Transportation Code. All Toll Road bonds are payable from toll revenues. The bonds are issued to finance construction, acquisition, improvement of the County's toll roads.

The County issues Toll Road bonds or uses Commercial Paper Notes, Series K to finance toll road projects. Notes issued are eventually rolled into long term bonds to restore the commercial paper capacity.

The HCTRA Budget assumes \$185.8M in Toll Road bonds in FY23.

**Harris County Toll Road Bonds Debt Service History**

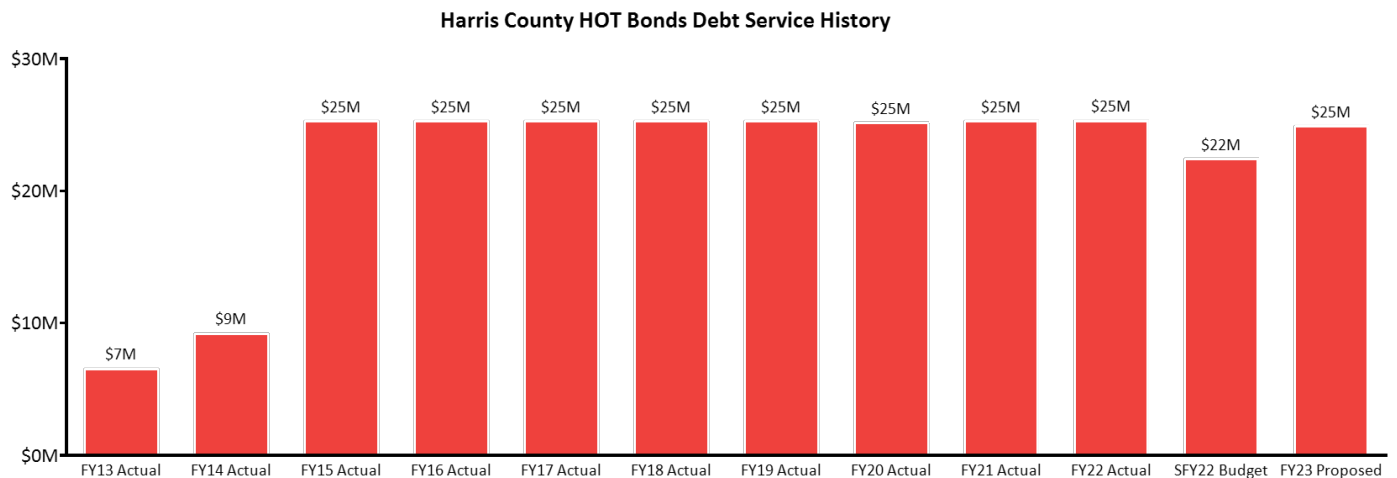


## Hotel Occupancy Tax

The Tax and Subordinate Lien Revenue bonds are supported by the County's Hotel Occupancy Tax (HOT) are used for authorized County purposes including the construction of public works at NRG Park for the purposes of attracting visitors and promoting tourism. The County has pledged its \$0.80 ad valorem tax rate and the receipts of the hotel occupancy tax to the payment of the bonds. Although the County pledged its ad valorem taxes, HOT bonds debt service are paid from hotel occupancy tax revenues and no tax has been levied to pay on these bonds.

The County issues Certificates of Obligation bonds to fund HOT projects.

The HOT fund assumes \$24.9M in debt payments in FY23.

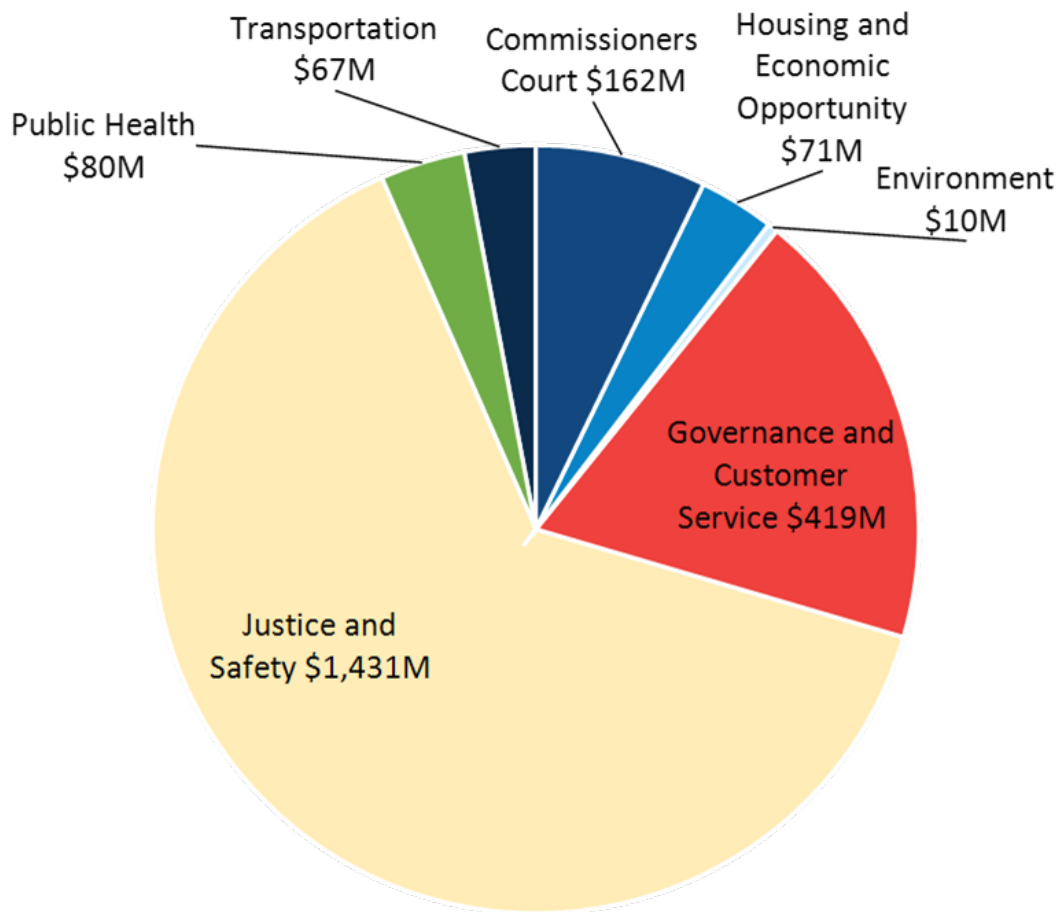




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# BUDGET RECOMMENDATIONS BY GOAL AREA



**FY23 Proposed General Fund Budget by Portfolio**

Of the \$2,240M of appropriations in the Proposed FY23 budget, \$2,148M was allocated to departments and \$77M was allocated to General Administration to cover certain non-departmental administrative costs like TIRZ payments, legal costs, property insurance, annual software maintenance costs, and countywide investments (see “Department 202 Budget Detail”). Further, \$15M was budgeted in General Administration reserves for unplanned expenses that arise during the year. These amounts exclude the County's unallocated fund balance and Commissioner Court offices' carryover funds. The Justice and Safety appropriation makes up 64% of the County's total budget, and 67% of departmental spending. This constitutes a 10.7% increase over FY22.

## Justice and Safety

### County Goal

Harris County will promote safe, healthy, thriving communities through restorative and evidence-based strategies that foster public trust, prevent violence and trauma, reduce racial and economic disparities, and minimize criminal justice system exposure where at all possible.

### Priority Outcome: Reduce violent crime

*Target: Harris County will reduce the number of violent (UCR Part I) crimes per 100,000 residents*

**Key budget decisions** for this Priority Outcome include:

- Support improved jail staffing, safety, and supervision with \$11M for 100 additional Detention Officers and 20 Detention sergeants, beginning in SFY22, offset by savings on overtime.
- The budget includes \$37.3M for outsourcing of prisoners to comply with state-mandated staffing ratios at the Harris County Jail. This includes \$14M in General Fund reserves funding to outsource prisoners to LaSalle and an additional \$23.3M to outsource 600 prisoners to Garza County in ARPA funding that will carry into FY23.
- Reduce backlogs and caseloads with \$3.6M to create 35 positions in the Criminal Investigations Bureau of the Sheriff's Office starting in FY23. This includes FTEs assigned to the Violent Crimes, Homicide, Domestic Violence, Sexual Assault, Child Abuse, Crime Stoppers, Sex Offender Registry and Tracking (SORT), Human Trafficking, and Victim Advocates Unit.
- Increase funding for the Institute of Forensic Sciences by \$563K for three Crime Scene Investigators (CSIs) and one Deputy for the Crime Scene Unit in SFY22 and FY23 to expedite crime scene processing for investigations.
- Continue funding \$4.8M for body-worn cameras at the Harris County Sheriff's Office, initially funded in SFY22 and sustained in FY23.
- Allocate an additional \$1.6M to address increased costs for services (breathalyzer services, extradited prisoner transport, etc.), and equipment (bulletproof vests, tasers, etc.).
- Expand community partnership and outreach with \$196K for two new Community Problem Oriented Policing (CPOP) unit Deputies at the Sheriff's Office starting in FY23.
- Sustain \$5M in General Fund investment for the Community Violence Interruption and HART programs. The funds will be used for staffing, equipment, program evaluation, and other service delivery costs.
- Fund the Violent Persons Warrant Task Force (VIPER), a multi-agency task force led by the Sheriff's Office in collaboration with the Constables, to tackle the significant number of outstanding warrants. \$2.6M was allocated for the program which will tackle roughly 4,883 warrants for aggravated offenses and 703 for murder.

### Priority Outcome: Reduce unnecessary exposure to the criminal justice system

*Target: Reduce the average time to case disposition, reduce felony case backlog, increase the % of adult diversion (including mental health diversions)*

**Key budget decisions** for this Priority Outcome include:

- Continue to fund \$3.7M for pretrial alcohol and electronic monitoring services as the County works through the criminal case backlog, initially funded in SFY22 and sustained in FY23.
- Continue to fund \$3M for expanded operations at the District Attorney's Intake Division that conducts an early review of cases to ensure that they are meritorious, initially funded as one-time in SFY22 and sustained in FY23.
- Invest \$650K for three additional Criminal Law Hearing Officer positions in the County Courts, to allow use of the two unused courtrooms at the Joint Processing Center (JPC), offer flexibility to Hearing Officers, and give early disposition to cases.
- Support the District Courts with \$680K of additional funding for court ordered psychiatric service costs, which has grown with the case clearance rate.
- Fund \$500K for a large-scale study on case weights and staffing for all Courts in Harris County to understand the temporary and permanent needs of Courts to increase efficiency in judicial processing in.
- Support reduced inmate processing times with \$348K for two Records Specialists and one Manager IV in the Jail's Records Division, initially funded in SFY22 and sustained in FY23.
- Fund an additional \$800K in Pretrial Services and the District Clerk's Office to comply with state changes to defendants use of personal recognizance bonds, as mandated under Senate Bill 6.
- Increase funding for juror meals by \$300K for the District Clerk to maintain the current level of service to jurors under inflation pressures.
- Due to changes from Senate Bill 41 the County Auditor has reclassified certain revenue from fees of office, collected by the District Clerk, to a dedicated Special Revenue fund. This budget reflects the transfer of the corresponding expense to this Special Revenue fund.

### Priority Outcome: Support victims in dangerous situations

**Key budget decisions** for this Priority Outcome include:

- \$1.2M for 10 Harris County Sheriff's Office (HCSO) Deputies to serve in the Court Bailiff's and Security Unit. These bailiff's will provide security to the 482<sup>nd</sup> District Court, the SOBER Court Unit, the STAR Drug Court detail, to emergency dockets, and for new associate judges. They may also facilitate virtual court hearings and attorney consultations for inmates.
- Continue ARPA funding for additional Victim Assistance Coordinators for the 482<sup>nd</sup> Court and other Emergency Dockets who provide continuity to victims through the judicial process and keep them informed of their rights.

## Priority Outcome: Lessen exposure to the juvenile justice system

*Target: Increase the % of youth diversions (including mental health interventions)*

**Key budget decisions** for this Priority Outcome include:

- Commitment of \$4M from Commissioners Court Forfeited Fund, over two years, for the Youth Justice Community Reinvestment Fund to provide grants to grassroots nonprofit organizations focused on helping youth.
- Investment of \$2.3M by the Harris County Juvenile Probation Department to provide community-based diversion programs and mental health services for youth and their families to minimize exposure to the juvenile justice system.

## Priority Outcome: Reduce racial and economic bias within the criminal justice system

*Target: Reduce disparity in incarceration rate by race/ethnicity*

**Key budget decisions** for this Priority Outcome include:

- Fund \$1.86M in funding for a Language Access Program to improve the experience and outcomes for non-English speakers across the criminal justice system, initially funded in SFY22 and sustained in FY23.
- Allocation of \$210K by the Juvenile Probation Department for the equity analysis.
- Add \$2.3M in funding for initiatives to focus on increasing appearance rates for defendants in Misdemeanor Courts.

## Budget Overview

Below is an overview of the Adopted Budgets for FY22 - SFY22 and the FY23 Proposed Budget for each department within the Justice and Safety goal area. These budgets reflect new investments, CLS requests and compensation increases:

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
<b>Justice and Safety</b>				
14th Court of Appeals	92,000	53,118	23,927	38,881
1st Court of Appeals	92,000	53,668	23,927	38,881
Community Supervision	2,564,000	3,696,591	2,018,675	3,483,456
Constable, Pct 1	43,506,997	46,951,214	27,687,202	46,219,426
Constable, Pct 2	10,165,425	11,407,350	7,203,497	12,144,327
Constable, Pct 3	18,861,059	19,363,932	12,215,262	20,927,851
Constable, Pct 4	58,811,078	62,394,887	38,725,117	66,031,605
Constable, Pct 5	44,920,246	44,444,598	28,554,047	48,383,796

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
Constable, Pct 6	10,854,412	10,358,879	6,998,207	11,723,213
Constable, Pct 7	14,945,431	14,592,764	9,582,988	16,065,906
Constable, Pct 8	9,447,328	9,737,915	6,157,362	10,455,408
County Court Appointed Att Fees	5,600,000	6,864,602	3,266,667	5,600,000
County Courts	20,344,155	18,767,719	12,624,271	21,556,052
Sheriff - Detention	244,906,152	251,688,977	155,813,351	278,151,550
Sheriff - Medical	80,205,814	80,869,641	52,655,461	93,901,853
Sheriff - Patrol & Administration	246,381,330	248,240,789	158,379,998	275,652,429
District Attorney	95,598,731	97,392,545	62,741,420	104,730,985
District Clerk	40,197,507	38,870,407	25,803,776	40,728,516
District Court Appointed Att Fees	53,500,000	55,067,080	31,208,333	53,500,000
District Courts	32,742,202	30,836,147	19,850,484	33,829,214
Domestic Relations	3,945,413	5,106,800	4,494,008	7,577,718
Fire Marshal	10,253,323	10,151,288	7,033,358	11,879,544
Institute of Forensic Sciences	37,429,733	37,783,944	23,477,248	40,773,783
Justice Administration	4,645,319	3,843,819	3,853,473	6,283,865
Justice of the Peace, 1-1	2,394,560	2,330,243	1,506,651	2,490,773
Justice of the Peace, 1-2	2,537,810	2,302,473	1,597,877	2,641,132
Justice of the Peace, 2-1	1,146,088	1,087,665	722,411	1,198,932
Justice of the Peace, 2-2	1,091,726	935,233	685,710	1,132,575
Justice of the Peace, 3-1	1,914,768	1,779,101	1,202,877	1,990,171
Justice of the Peace, 3-2	1,345,692	1,237,771	846,504	1,397,646
Justice of the Peace, 4-1	3,293,862	3,190,647	2,077,411	3,428,940
Justice of the Peace, 4-2	1,745,003	1,616,767	1,097,345	1,813,512
Justice of the Peace, 5-1	2,497,819	2,246,613	1,567,724	2,589,553
Justice of the Peace, 5-2	3,325,258	3,218,901	2,094,691	3,462,704
Justice of the Peace, 6-1	835,779	819,750	524,880	867,018
Justice of the Peace, 6-2	932,281	773,951	581,033	961,075
Justice of the Peace, 7-1	1,327,079	1,155,766	835,711	1,376,978
Justice of the Peace, 7-2	1,162,795	858,024	726,250	1,199,156

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
Justice of the Peace, 8-1	1,360,606	1,249,459	856,176	1,412,570
Justice of the Peace, 8-2	972,284	728,479	606,219	999,590
Juvenile Probation	87,612,963	86,015,380	54,073,495	89,932,141
Harris County Resources for Children and Adults	26,602,616	27,816,185	16,983,330	28,413,878
Office of Managed Assigned Counsel	122,528	163,325	867,010	2,229,000
Pretrial Services	17,873,782	22,252,980	15,893,297	26,105,689
Probate Court No. 1	1,629,205	1,601,718	1,084,197	1,787,555
Probate Court No. 2	1,627,373	1,529,744	1,016,284	1,675,216
Probate Court No. 3	5,778,447	5,386,689	3,495,091	5,871,979
Probate Court No. 4	1,628,831	1,607,244	1,042,028	1,759,212
Public Defender	29,289,419	27,093,174	19,858,259	34,214,218
TRIAD Program	1,630,296	-	-	-
Sheriff's Civil Service	300,455	278,551	187,014	308,876
<b>Total</b>	<b>1,291,988,980</b>	<b>1,307,814,507</b>	<b>832,421,534</b>	<b>1,430,938,348</b>

## Governance and Customer Service

### County Goal

Harris County will exemplify high-quality, transparent, and accountable government by using data and best practices to invest taxpayer dollars wisely; by continually reviewing and improving the effectiveness of our policies, programs, and services; by recruiting and retaining a talented and diverse workforce; and by engaging with and providing outstanding customer service to all of our communities.

### Priority Outcome: Improve vendor payment timeliness

*Target: Increase percentage of invoices paid in on-time window*

**Key budget decisions** for this Priority Outcome include:

- Fund the Auditor's Office to hire consultants to help transition departments to AIR, a more modern accounts payable system.
- Fund the Office of County Administration (OCA) to complete the consulting contract previously approved in support of the Procure to Pay process improvement initiative for \$480K, by the end of FY23.

### Priority Outcome: Expand voting access

*Target: Increase the percentage of eligible voters registered to vote*

**Key budget decisions** for this Priority Outcome include:

- Fund an additional \$668K for the Elections Administrator (EA) for eight additional technicians to facilitate, maintain, and train election workers on the new voting equipment.
- Provide \$1.5M in General funds for the EA to transition to a new voter registration technology system.
- Invest \$5M in ARPA funds to augment EA voter outreach activities, to increase community awareness for voting and voter registration.

### Priority Outcome: Provide outstanding customer service

*Target: Establish and improve customer effort score for key services*

**Key budget decisions** for this Priority Outcome include:

- Invest \$5.4M to transition the collection of delinquent property taxes from a private vendor to the County Attorney's Office (CAO).
- Invest \$10M for Cyber Security and Critical IT Infrastructure for the Universal Services Department, to include building a Security Operations Center (SOC) and Network Operations Center (NOC) with requisite staffing, services, and software/hardware.

- Expand funding by \$263K for additional positions for the Tax Assessor-Collector's Office Automotive Services Division over SFY22 to fund expanded operations post-COVID.
- Increase funding of \$912K over SFY22 levels to expand operations for the overall Tax Assessor-Collector's Office to pre-COVID levels and increase minimum wage contractual staff to \$19.13/hour.
- Invest \$634K to provide staffing support for increased Civil and Probate Court activities by adding seven additional clerks to the County Clerk's Office.
- Increase funding by \$1.5M for Library collection materials, allowing the Library to offer as many as 100,000 more new books each year to Harris County residents.
- Provide \$4.5M for software licensing, maintenance and support, and increases due to inflation in contract pricing for Universal Services.
- Allocate \$3M to a Countywide fleet fuel and maintenance stabilization fund to counteract the pressures of fuel prices, inflation, and supply chain issues on operational costs across departments.
- Due to changes from Senate Bill 41 the County Auditor has reclassified certain revenue from fees of office, collected by the County Clerk, to a dedicated Special Revenue fund. This budget reflects the transfer of the corresponding expense to this Special Revenue fund.
- Budget \$24M in short term debt to order over 400 vehicles for the Sheriff's Office, Constables, and other County departments.
- Capitalize \$8M in Engineering personnel salaries for vertical and horizontal construction.
- Provide \$5.4M to Engineering for increased contract costs to maintain facilities Countywide due to inflation and to support increased operations due to the addition of 1111 Fannin.

### Priority Outcome: Cultivate a diverse and effective Harris County workforce

*Target: Increase the diversity of managers*

**Key budget decisions** for this Priority Outcome include:

- Appropriate \$5M to strategically invest in pay raises to increase recruitment and retention, and/or address pay inequities for similar positions across departments.
- Increase administrative capacity with \$200K for priority civilian posts in the Sheriff's Office Administration and Support Services Program starting in FY23.
- A \$945K pay increase for early-career prosecutors to attract and retain attorneys.
- Support advanced in-service training at the HCSO Academy for more than 2,300 certified deputies and detention officers with \$98K for one Deputy IV FTE to support the Sheriff's Office Training Academy starting in FY23.
- Invest in \$268K for incentive and longevity-based pay increases for deputies in the 8<sup>th</sup> Constable Precinct in SFY22 and FY23.
- Provide \$136K for a Talent Acquisition Manager and implement a County-wide employee recognition and engagement program to improve employee retention.



- Sustain \$1.2M investment for additional capacity in HRRM to improve County-wide recruitment, classification, and compensation.

## Budget Overview

Below is an overview of the Adopted Budgets for FY22 - SFY22 and the FY23 Proposed Budget for each department within the Governance and Customer Service goal area. These budgets reflect new investments, CLS requests and compensation increases:

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
<b>Governance and Customer Service</b>				
Appraisal District	14,960,000	14,047,947	7,250,000	15,200,000
Commissioners Court's Analyst's Office	1,373,007	1,155,004	820,635	1,360,371
County Attorney	30,792,686	31,304,484	19,875,177	39,074,562
County Auditor	25,832,959	24,240,120	16,528,300	27,660,372
County Clerk	19,407,021	18,956,646	12,606,020	19,110,546
County Treasurer	1,287,689	1,109,070	802,425	1,330,668
Elections Administration	14,679,406	12,446,413	9,452,934	16,597,498
Elections Operations	13,360,850	11,813,655	7,793,829	14,992,850
General Administrative I	54,141,702	96,153,529	41,659,177	77,041,939
General Administrative - Reserves	-	-	10,000,000	15,000,000
General Administrative - Commissioner Carry Forward	33,100,000	-	31,200,000	-
HRRM	-	-	4,809,046	11,468,629
Intergovernmental & Global Affairs	1,648,599	1,570,449	1,193,425	1,827,965
Management & Budget	17,158,001	14,105,298	4,630,451	7,641,491
Office of County Administration	-	1,288,433	6,627,690	11,785,314
Purchasing Agent	9,636,416	9,241,435	6,336,245	10,999,872
Tax Assessor-Collector	30,410,866	30,641,149	19,407,398	34,066,504
CE Shared Services	-	71,184	-	-
Universal Services	69,177,541	74,527,987	45,550,574	81,770,325
Universal Services Repair and Replacement	12,109,043	12,109,043	12,109,043	13,300,000
Utilities & Leases	19,000,000	18,165,614	11,083,333	19,000,000
<b>Total</b>	<b>368,075,786</b>	<b>372,947,460</b>	<b>269,735,702</b>	<b>419,228,906</b>

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*\*This budget does not show the carry forward amounts, but the practice continues and will be reflected in the adopted budget*

*\*\*The Office of County Administration Budget includes \$5.6M for County security operations, to be paid to the entities providing service.*

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## Health and Environment

### County Goal – Health

Harris County will improve overall health and quality of life by implementing preventative and responsive public health strategies, providing access to affordable and high-quality health care, and addressing the social determinants of health to eliminate disparities and achieve health equity.

#### Priority Outcome: Reduce the spread of COVID-19

*Target: Move COVID-19 threat level to green*

**Key budget decisions** for this Priority Outcome include:

- Continued funding for public vaccination and testing through federal grants.

#### Priority Outcome: Increase access to preventative care

*Target: Reduce preventable hospitalization rate, increase participation in the Harris County Public Health (HCPH) Women, Infants, and Children (WIC) Program, increase access to healthcare coverage*

**Key budget decisions** for this Priority Outcome include:

- Extend a total of \$1.7M in General Fund and \$14.2M in ARPA funds, to support implementation of ACCESS Harris. ACCESS Harris is a technology-driven, coordinated care model that provides holistic, comprehensive service delivery to target groups to improve health outcomes.
- Invest \$7.7M in ARPA funding for the four-year robust home-visiting and care coordination Maternal and Child Health Program, which includes intensive training for Community Health Workers, travel accommodations, subcontracting services, and salaries.
- Budget \$1.7M in start-up funding for expanded operations in response to the growing Monkeypox outbreak. Which includes 39 County and contractual staff allowing the Public Health Department to heighten support for the hotline, vaccinations, support services and necessary supplies.

### County Goal – Environment

Harris County will combat the underlying causes and disproportionate impact of climate change on marginalized communities by making community-driven improvements to air, water, and soil quality, committing to the use of clean energy, improving flood resiliency with natural infrastructure practices, reducing harmful greenhouse gas emissions, and providing every resident access to quality green spaces.

#### Priority Outcome: Reduce Harris County’s direct greenhouse gas emissions

*Target: Reduce direct greenhouse gas emissions from County vehicles and building energy usage*

**Key budget decisions** for this Priority Outcome include:

- Invest \$1.3M in electric vehicles with new pilot programs in the Engineering and Toll Road Authority, following the initial batch of vehicles purchased for Pollution Control in 2020.
- Issue a Request for Proposals to transition the County to cost-effective renewable energy.
- Invest approximately \$34M in HOT bonds for new equipment and upgrades to the NRG Park energy efficiency projects, which will be offset by utility savings.

### Priority Outcome- Reduce exposure to hazardous chemicals and lead

*Target: Reduce based on the hazard index*

**Key budget decisions** for this Priority Outcome include:

- Fund an additional \$1M in Pollution Control for labor requests for critical departmental functions and supplement the department's needs for laboratory assistance, equipment, and training.
- Invest \$20M in ARPA funding for lead abatement and prevention.

### Budget Overview

Below is an overview of the Adopted Budgets for FY22 - SFY22 and the FY23 Proposed Budget for each department within the Health and Environment goal area. These budgets reflect new investments, CLS requests and compensation increases:

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
<b>Public Health</b>				
Children's Assessment Center	8,882,880	9,376,996	5,587,109	9,681,438
Mental Health - THCMH	22,567,171	22,567,171	13,455,850	23,067,171
Public Health Services	40,152,655	40,016,127	28,377,219	46,591,097
Texas A&M Agrilife	851,382	878,102	606,922	1,084,654
<b>Environment</b>				
Pollution Control	8,276,596	7,445,814	5,878,883	9,551,522
<b>Total</b>	<b>80,730,684</b>	<b>80,284,210</b>	<b>53,905,983</b>	<b>89,975,882</b>

## Housing and Economic Development

### County Goal – Housing

Harris County will increase access to, incentivize, and invest in quality, affordable, and flood resilient housing that is widely accessible throughout the County, builds safe and healthy neighborhoods, facilitates economic opportunity, and provides access to recreational green spaces for all residents.

### Priority Outcome: Reduce homelessness

*Target: Harris County will reduce the number residents experiencing homelessness*

**Key budget decisions** for this Priority Outcome include:

- Provide \$35M in ARPA funds for the COVID Community Housing Program (CCHP) 2.0, expanding supportive services to households receiving Emergency Housing Vouchers.
- Allocate \$488K in ARPA funds for an Assistant Director of Homelessness Strategy and Response position through 2024.
- Leverage CDBG-DR, ARPA, and private funds to build the new Houston Alumni Youth (HAY) Center, a \$35.3M project that will provide housing and supportive services to youth and young adults exiting foster care.
- Invest in enhanced HAY Center services through an additional \$197K in General funds for one Director and one Case Manager.

### Priority Outcome: Increase access to quality, affordable housing

*Target: Harris County will deliver target number of affordable housing units preserved and created, and reduce housing and transportation cost burden rates*

**Key budget decisions** for this Priority Outcome include:

- Provide \$1.7M in General funds for one-time project delivery costs needed to execute the CDBG-DR Homeowner Assistance and Homeowner Reimbursement Programs, funding repairs or reconstruction of homes damaged by Hurricane Harvey and improving the quality of affordable housing stock in Harris County.
- Planned investment of up to \$210M in ARPA funds to increase access to affordable housing, primarily through the acquisition and rehabilitation of single and multi-family units.
- Fund five new positions, through ARPA and CDBG-DR funds, in the Community Services Department to support the successful implementation and monitoring of County affordable housing projects, through 2024, which will result in: the growth of the Harris County Community Land Trust, which provides a wide range of decent, safe, and affordable homeownership opportunities to low-income homebuyers.

## County Goal – Economic Opportunity

Harris County will promote an inclusive and resilient local economy by working aggressively to remain competitive over time and expand opportunities for workers, small businesses, and community-driven investments, while addressing historical and current economic inequities in doing so.

### Priority Outcome: Promote the growth of small businesses and M/WBE businesses

*Target: Harris County will Increase revenues for small and micro businesses and increase % of County procurement dollars awarded to M/WBEs*

**Key budget decisions** for this Priority Outcome include:

- Fund \$267K for two additional Project Monitors in the Department of Economic Equity and Opportunity's (DEEO) Vendor Diversity service to increase capacity for providing procurement advice to Harris County departments and outreach to M/WBEs.
- Allocate \$2M in FLEX funds to the Disparity Fund, to provide grants to local community colleges and school districts to conduct disparity studies for the purpose of creating M/WBE programs.
- Fund \$174K in additional General Fund budget to the Veteran's Services Department for two positions to support the growth of the Veteran-Owned Small Business Program.

### Priority Outcome: Increase access to quality jobs with a living wage and benefits

*Target: Harris County will increase number of jobs at a living wage, with benefits, and decrease disparities in employment and wages by race/ethnicity and gender*

**Key budget decisions** for this Priority Outcome include:

- Allocate \$990K in ARPA funds to hire a full-time Contract Monitor and a Program Evaluation consultant in DEEO to manage the M/WBE and Veteran-Owned Small Business programs.
- Invest up to \$32M in ARPA funds for participating organizations to implement the Hire Up Harris and the Apprenticeship Workforce programs.

### Priority Outcome: Expand access to affordable, quality childcare

*Target: Harris County will Increase number of affordable, quality childcare spots*

**Key budget decisions** for this Priority Outcome include:

- Allocate \$7.9M in ARPA funds to the Early Childhood Impact Fund to support the Texas Children's Hospital UpWORDS Program, First3Years Safe Babies Program, and The Alliance Home-Based Child Care Program.
- Invest \$1.5M in ARPA funds to support County Connections to contract with 63 organizations across the County to provide Summer enrichment programs for school age children to address educational disparities throughout the county.

- Invest \$48M in ARPA funds to support the Child Care Capacity: Contracted Slots Pilot Program to contract with centers and serve 1,000 families.

## Budget Overview

Below is an overview of the Adopted Budgets for FY22 - SFY22 and the FY23 Proposed Budget for each department within the Housing and Economic Development goal area. These budgets reflect new investments, CLS requests and compensation increases:

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
<b>Housing and Economic Opportunity</b>				
Community Services	21,876,698	16,322,672	12,696,716	24,194,154
Economic Equity & Opportunity	2,645,935	1,838,971	2,912,635	5,805,726
Library	37,513,372	38,033,620	23,158,516	39,663,438
Veterans Services	1,040,684	981,332	844,288	1,702,245
<b>Total</b>	<b>63,076,689</b>	<b>57,176,595</b>	<b>39,612,155</b>	<b>71,365,563</b>

## Flooding\*

### County Goal

Harris County will reduce flood risk and strengthen resiliency through holistic, equitable, and effective prevention, mitigation, and response strategies.

### Priority Outcome: Reduce the risk of flooding of structures (homes, schools, businesses, etc.)

*Target: Harris County will deliver year-over-year reduction in number of structures susceptible to damage from a 1% ATLAS 14 event, and deliver year-over-year reduction in number of structures susceptible to flooding*

**Key budget decisions** for this Priority Outcome include:

- Invest an additional \$5M in sediment removal and channel erosion repairs due to extraordinary inflation, with prices on these projects increasing an average 35%.
- Invest an additional \$790K for other repair projects to maintain current levels of necessary maintenance to maintain the capacity on existing infrastructure due to increased costs on contracts and materials.
- Increase funding for Vegetation Management Service by \$760K as a result of increased costs for mowing and turf management contracts.
- Increase Flood Control funding by \$1.7M to address other cost increases due to inflation, including increases to costs for building maintenance, professional services, services provided by Harris County (e.g., legal, IT, and administrative services).

### Priority Outcome: Invest in flood control equitably, where the most people are at risk of flooding

*Target: Harris County will increase alignment of flood control investment to areas of greatest need*

**Key budget decisions** for this Priority Outcome include:

- Use the revised Prioritization Framework that emphasizes people, not structures, to prioritize Bond projects to receive funding from the Flood Resilience Trust.
- Allocate \$60M in 2015 Road and Bridge Bond authority and \$115M from HCTRA surplus revenue towards the Road and Bridge Subdivision Drainage Program.

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\* The Flood Control District and the 2018 Flood Control Bond Program are funded through a separate Flood Control-specific tax rate.

## Transportation

### County Goal

Harris County will promote accessible, affordable, equitable, reliable, safe and sustainable transportation options and networks to facilitate efficient movement of people and goods throughout the region.

### Priority Outcome: Improve road safety; reduce and strive to eliminate fatalities and serious accidents

*Target: Harris County will reduce fatalities and accidents resulting in serious injuries occurring on County designed and/or maintained roadways*

**Key budget decisions** for this Priority Outcome include:

- Commissioners Court will consider a Bond program in August 2022 that includes the first-ever dedicated funding for Vision Zero programming.

### Priority Outcome: Improve road quality

*Target: Harris County will reduce miles of sub-standard roadway (miles with low Pavement Condition Index; eligible roadway to be defined based on usage and type)*

**Key budget decisions** for this Priority Outcome include:

- Fund 11 additional project managers and inspectors for County road projects utilizing Road and Bridge Bond funding.
- Increase Precinct mobility transfers by 2% from SFY22, adjusted for a 12-month basis.

### Priority Outcome: Improve efficiency of moving people

*Target: Harris County will increase number of people moved vs. vehicle miles traveled (VMT) based on County-developed projects, and increase use of multi-modal transportation*

**Key initiatives** included in the budget for the Priority Outcome:

- In FY22, Commissioners Court approved the acceleration of the transformation of the County's existing 120+ lane-mile toll road system to an all-electronic roadway, and this re-development project continues today.
- In SFY22, Commissioners Court preliminarily approved \$53M for the Active Transportation Project, which includes the construction of trails to connect destinations for pedestrian and bicycle transportation system users and holding active transportation-focused "Open Streets" events.



## Budget Overview

Below is an overview of the Adopted Budgets for FY22 - SFY22 and the FY23 Proposed Budget for each department within the Transportation goal area. These budgets reflect new investments, CLS requests and compensation increases:

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
<b>Transportation</b>				
Engineering	49,401,673	73,818,512	40,862,547	67,260,039
Facilities & Property Maintenance*	25,467,328	(1,170)	-	-
<b>Total</b>	<b>74,869,001</b>	<b>73,817,342</b>	<b>40,862,547</b>	<b>67,260,039</b>

*\*Beginning in SFY22 Facilities & Property Maintenance's budget is displayed within the Office of County Engineer*

## Commissioners Court

## Budget Overview

Below is an overview of the Adopted Budgets for FY22 - SFY22 and the FY23 Proposed Budget for each department within the Commissioners Court goal area. Note, the FY23 proposed budget only reflects new funding amounts, and Commissioners Court Carryover will be included in the adopted budget:

Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
<b>Commissioners Court</b>				
Commissioner, Pct 1	36,591,385	35,123,548	22,455,241	37,888,027
Commissioner, Pct 2	36,601,404	43,877,756	22,498,268	37,888,027
Commissioner, Pct 3	36,593,447	38,347,137	22,453,334	37,888,027
Commissioner, Pct 4	36,654,069	33,281,489	22,644,218	37,888,027
County Judge	9,588,628	10,214,409	5,969,292	10,079,155
<b>Total</b>	<b>156,028,933</b>	<b>160,844,339</b>	<b>96,020,353</b>	<b>161,631,263</b>

	75% of Estimated Opening Balance	FY23 New Budget	FY23 Total Proposed
<b>Commissioners Court</b>			
Commissioner, Pct 1	34,362,565	37,888,027	72,250,592
Commissioner, Pct 2	15,910,918	37,888,027	53,798,945
Commissioner, Pct 3	11,965,278	37,888,027	49,853,305
Commissioner, Pct 4	23,175,589	37,888,027	61,063,616
County Judge	552,048	10,079,155	10,631,203
<b>Total</b>	<b>85,966,398</b>	<b>161,631,263</b>	<b>247,597,661</b>

### General Government - Department 202 Expenditure Budget Detail

Department 202 is a General Administration department in the budgeting and accounting system designed to capture expenditures that cannot be allocated a specific department due to county-wide nature of the costs. Capital Reserve is also budgeted in Department 202 but is not shown here.

Description	FY22 Actual	SFY22 Adopted	FY23 Proposed
Annual TIRZ Payments	15,540,075	15,126,700	15,656,134
Litigation Costs	5,220,501	6,500,000	11,000,000
Inmate Care - Memorial Hermann & St. Josephs	489,950	4,566,000	500,000
Cadence/Amex Service Charges	699,233	447,763	767,593
LIDAR Project Charges	973,372	274,195	470,049
Audit Fees/Studies	897,740	930,000	950,000
Annual Property Insurance	4,219,428	6,666,686	7,666,689
Hospital District Reimbursement	998,973	1,020,833	1,750,000
HR based Claims/Torts	-	280,000	400,000
Economic Development Programs*	707,458	417,000	-
Linebarger Court Collection	-	280,000	480,000
Annual Memberships	373,853	450,000	450,000
EPIC Annual Maintenance Costs (Jail and Harris Ctr.)	-	3,200,000	3,200,000
Misc Fees and Services	5,033,361	1,500,000	2,000,000
Unbudgeted Reserve	-	10,000,000	15,000,000
Cybersecurity Insurance	-	-	1,000,000
Cybersecurity Investment	-	-	5,200,000
Final Benefits	-	-	3,318,660
Compensation Study/Pay Equity Implementation	-	-	5,000,000
Additional Patrol Contracts	-	-	4,436,000
Utilities Inflation	-	-	5,332,541
Fleet Inflation	-	-	1,469,904
IT Inflation	-	-	1,632,395
Fuel Inflation	-	-	2,661,974
Project Access	-	-	1,700,000
<b>Total</b>	<b>35,153,944</b>	<b>51,659,177</b>	<b>92,041,939</b>

*\*Economic development programs have been transferred to the baseline budgets of DEEO*

# CAPITAL PROGRAM RECOMMENDATIONS

Harris County's Capital Improvement Plan (CIP) includes projects that involve investment in County assets. These assets can be tangible, like a building or specialized equipment, or intangible, like custom software. These projects are typically funded by County debt and are paid back through ad valorem taxes, HCTRA revenue, and partner funding such as grants. Projects can be divided into 3 stages: Planning, Detailed Design, and Implementation. This section discusses the County's capital program with a focus on FY23.

### FY23 Capital Program

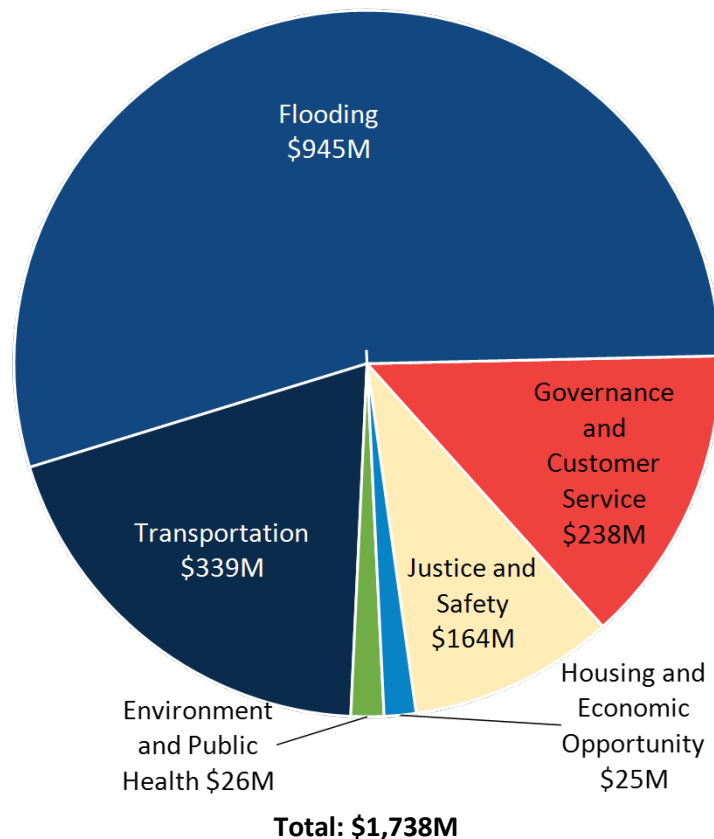
Harris County will continue to make significant capital investments, with the largest share of investment going to flooding and Toll Road transportation projects.

The data shown for FY23 are planned program needs. As projects become further defined, costs or scope and timelines may change and not all projects may go forward. Furthermore, additional needs may be identified through the year. The data below presents a plan, not necessarily a formal budget.

### Projected FY23 Capital Program Needs

Overall, it is estimated that the Harris County capital program will need approximately \$1,740M in resources in the next capital year. This most significantly includes investments in flood mitigation, with a

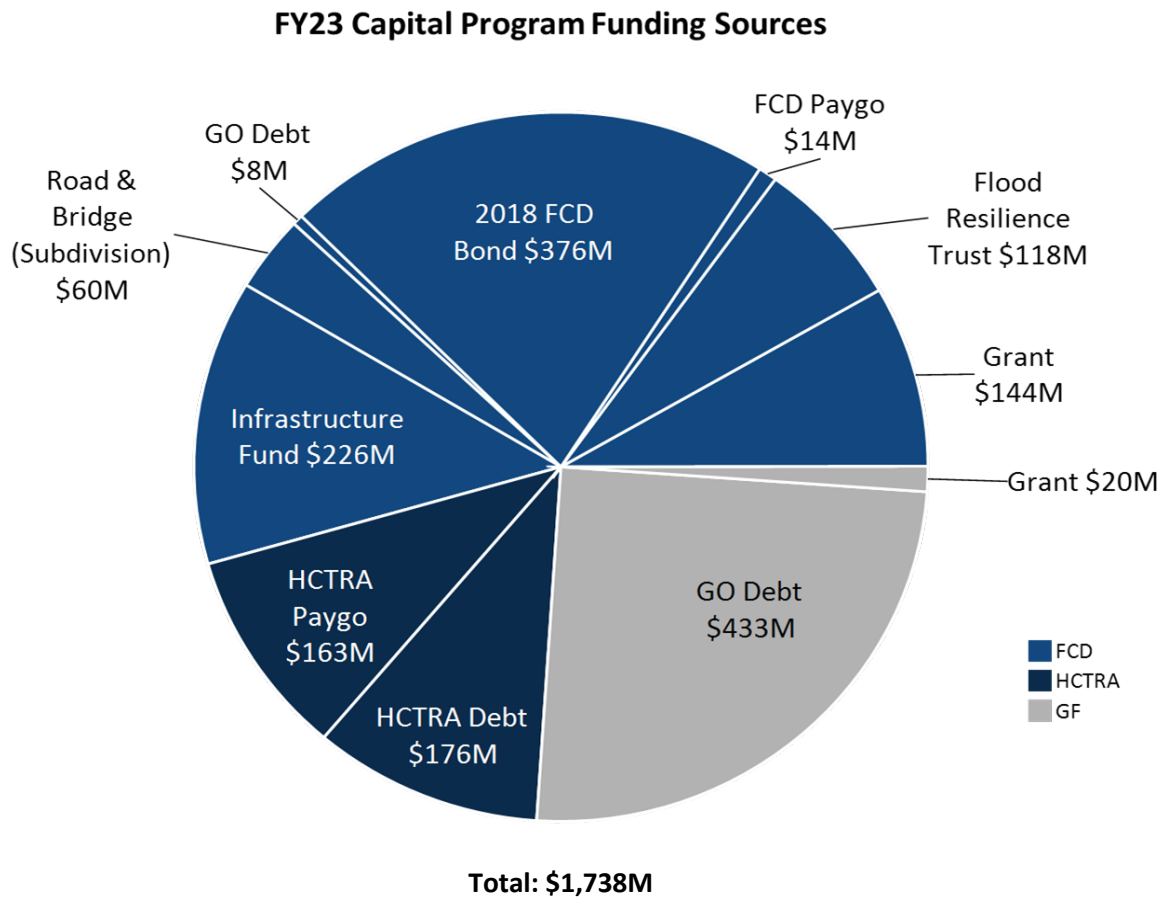
**FY23 Capital Program Needs**



need of nearly \$950M, primarily for the 2018 Bond Program, including over \$300M for the Road and Bridge Subdivision Program and over \$600M for other 2018 Flood Control Bond projects.

### Projected FY23 Capital Program Funding Sources

The projected sources for these funds are presented in the chart below.



## FY23 Capital Projects

### Approved Projects in Progress

Some of the notable projects underway include:

- 2018 Flood Control Bond Program – significant initial investment in “worst-first” projects to achieve equitable flood mitigation.
- Ship Channel Bridge – largest single CIP investment in County history to replace the outdated bridge and improve safety for drivers and Ship Channel users.
- HAY Center – provides wraparound services and homes for transitional age (14-25 years old) foster youth to provide better outcomes.
- eCitation – implementation of an electronic citation system to improve operational efficiency and frees up law enforcement officer time from paperwork for more productive safety uses.
- 1111 Fannin Purchase and Renovation – improves efficiency of County departments at a lower office cost.
- Active Transportation Project – provides alternative transportation options (e.g., bike/hike lanes) and stages landmark active transportation events (e.g., closing down a section of a Toll Road highway for a day for bicycles) to improve citizen safety and promote healthy activities.

Additionally, there are 26 continuous (formerly called “ongoing”) projects for items like capital maintenance and equipment that represent a significant investment in County infrastructure. These projects were authorized for \$63.1M in SFY22, and we expect a request for a total authorization of \$97.6M for FY23.

### FY23 Proposed Potential Projects

In preparing the FY23-27 CIP Plan, OMB has gathered proposals for potential new CIP projects from County departments. OMB has received 29 new requests\*, which include projects in multiple Goal Areas.

#### Public Safety Bond CIP Projects

Large projects under the Justice and Safety Goal Area would be a good fit for a potential voter-approved Public Safety Bond. This year, Harris County Sheriff’s Office proposed 5 projects that could enhance public safety in Harris County. Given the large size of the proposals and early stage of investigations into possible solutions, OMB and Engineering are not able to provide budget estimates for each individual proposed project. As proposals are further defined and we gain more certainty around a public safety bond, the County will be in a better position to develop estimates.

- Swift Water Training Facility Addition: Harris County leads Texas in the number of annual flood/drowning deaths. A swift-water training facility in Harris County will house year-round first

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\* Not all projects will start in FY23, and not all projects may ultimately go forward due to project feasibility/desirability, but OMB wants to provide a full inventory of department requests. Any projects will go through the standard Investment Memo process for Commissioners Court approval before launch.

responder training in flood and swift water rescue operations for ALL County first responders in flood rescue techniques at a more economical cost.

- District 6 Substation Addition: The increase in population has resulted in inequities in both call volume and response times across the five patrol districts. The project will add a substation as a result of a redrawn district map to better balance the HCSO workload across the County.
- Academy Drivers Training Facility Addition: The Sheriff's Office would like to build an Academy Drivers Training Facility to train deputies on various driving techniques for a multitude of scenarios. The new facility would include a track to simulate highway driving and test road speed curves under wet and dry conditions. There would be a road skid test section as well as simulated urban street driving and a prop precision driving track.
- District Substation Replacements: The District Substation Replacement project would replace the 5 current substations to house additional deputies to serve the growing population. The new substations would be designed to include and foster community relationships by placing them in historically underserved communities that have been plagued with poverty and high crime rates.
- Active Attack Training Facility Addition: A new Active Attack Training Facility would replace both the unsafe, original HCSO facility and an off-site shared facility. With its own facility, the Sheriff's Office will be able to continuously train deputies on best practices in active shooting and rapid response scenarios in a timely manner. A dedicated Active Attack Training Facility will also free up classrooms in the Academy's Firearms range, taking the burden off the heavily used area.

#### New Continuous Project Proposals

There are \$17.6M in estimated funding needs for continuous projects (formerly called "ongoing projects") have no specific end date or target, but still represent significant capital investments in County facilities, property, or intangible assets, like software. These are commonly used for specialized equipment purchases and capital facility & IT maintenance projects. This year, County departments have proposed two new continuous CIP projects. This year, the Engineering department proposed 2 new ongoing projects.

- Adult Detention Facilities Capital Maintenance: Project for renovations and repairs of detention facilities' mechanical, electrical, and plumbing (MEP) systems. These renovations and repairs are necessary to keep adult detention facilities functional and to meet State standards.
- Outfalls: Project for repair and upkeep of outfalls from County facilities. This project has previously been funded with mobility funding, but it is appropriate to capitalize this work.



### Countywide New CIP Project Proposals

There is \$11M-\$14M in requested CIP funding for Harris County departments for 29 new standard CIP projects across 3 Goal Areas:

- Governance and Customer Service (\$4-5M+): 3 projects were proposed from various departments to improve Harris County's ability to provide excellent Governance and Customer Service to Harris County citizens. These includes:
  - Purchasing and replacing Election Management Systems
  - Establishing satellite locations for permit offices
  - Studying ADA compliance for vertical County structures
- Housing and Economic Opportunity (~\$750K): Public Library has identified 4 library branches that could benefit from new equipment, such as reference desks and/or shelving and/or additional renovation: Aldine, Fairbanks, Maud Marks, Northwest Library.
- Justice and Safety (\$6.5-8M+): 15 Projects were proposed from various Justice and Safety departments. These projects are smaller scale compared to those mentioned in the Public Safety Bond and would be more appropriately paid out of Commercial Paper.
  - The District Clerk's Office proposed 8 facility renovation projects across County to increase office's safety and comfort.
  - The Institute of Forensic Sciences proposed 2 new projects to replace cooler refrigeration equipment of the morgue & toxicology division and also to replace morgue cooler body racks and trays.
  - The DAO's proposed 3 new projects to replace fleet, increase computer storage and needs for the IT department and also install entry security devices for the new facility at Criminal Justice Center.
  - The Sheriff's Office would like to install generators for 5 substations and renovate the detention facility's kitchen.



# ALL OTHER FUNDS

The following funds include revenue from special sources or funds that are allocated to specific needs due to legal, operational, or other considerations. Residual resources in these other special funds carry over from year to year. As such, the Adopted Budget will be based not only on new revenue, but also available resources at the end of SFY22. The Adopted Budget for these funds will be set once the FEAR is published.

### Contingency Fund, R&R Fund

Most of the allocations from the Contingency Fund are for specific, one-time expenses that respond to COVID or other unexpected events. For the purposes of allocating the Contingency Fund, OMB proposes to allocate the current remaining balances and make specific adjustments where funds are no longer needed. During November 2022, OMB will conduct an additional review of Contingency Fund balances and will likely recommend additional transfers from departments back to Department 202 – Unallocated.

The County has used the Contingency Fund to pay for COVID-related expenses that may be FEMA-reimbursable. The COVID Response and Recovery Fund is in the process of being closed/consolidated into the Public Improvement Contingency Fund.

### Mobility Fund

The Mobility Fund consists of transfers of surplus revenue from the HCTRA which fund transportation projects throughout the County. In FY23, \$168M in Mobility Funds will be transferred to Commissioner Precincts. Engineering will receive \$45.7M for O&M (\$25.7M) and County Transportation Plan (\$20M). County Transportation Plan funding will primarily support the County's traffic signal program, including new signals and traffic signal maintenance. It will also support transportation studies and some other transportation expenses.

#### Mobility Fund 1070

Department	New Revenue
Commissioner Precincts	168,600,000
208-Engineering	45,700,000

### Roadway Flood Resilience Trust Fund

The first \$40M annual transfer from the HCTRA to the Flood Resilience Trust is planned to be made in FY23 based on Commissioners Court approval. This transfer will be made to Fund 3503, the Roadway Flood Resilience Trust Fund, a new and one component of the overall Flood Resilience Trust. These funds will be used for mobility-nexus flood mitigation projects to be approved by Commissioners Court.

#### Roadway Flood Resilience Trust Mobility Fund 3503

Department	New Revenue
090-Flood Control	40,000,000

### Infrastructure Fund

The Infrastructure Fund was created in FY21 following a one-time transfer of \$300M of surplus toll road revenue from the HCTRA, of which \$230M was allocated to the County's Road and Bridge Subdivision Drainage Program (Subdivision Program). Commissioners Court has approved a one-time transfer of \$115 million in surplus Toll Road revenue to Engineering for use in the Subdivision Program during FY23, subject to HCTRA liquidity. Infrastructure Fund monies are restricted by Section 284.0031 of the Texas Transportation Code for the study, design, construction, maintenance, repair, or operation of roads, streets, highways, or other related facilities.

#### Infrastructure Fund 1080

Department	New Revenue
208-Engineering	115,000,000

### American Rescue Plan

The following programs have been approved. Additional programs across the priority areas of Health, Housing, Jobs & Education, and County Operations are in development and may be approved by Commissioners Court throughout the coming fiscal years.

Focus Area	Pre-FY23	FY23	Post-FY23	Total Obligated
<b>Health</b>	<b>87.2M</b>	<b>22.1M</b>	<b>28.9M</b>	<b>138.2M</b>
COVID-19	84.0M	-	-	84.0M
Environmental Health	-	5.0M	15.0M	20.0M
Coordinated Care	2.3M	10.6M	1.3M	14.2M
Behavioral Health	0.4M	3.5M	5.9M	9.8M
Healthcare Access & Coverage	-	2.0M	5.7M	7.7M
Crime Prevention through Environmental Design	0.5M	1.0M	1.0M	2.5M
<b>Housing</b>	<b>6.1M</b>	<b>15.9M</b>	<b>22.9M</b>	<b>44.9M</b>
Homelessness	5.7M	15.4M	21.6M	42.7M
Housing Stability	-	0.5M	1.3M	1.8M
Water & Wastewater	0.4M	-	-	0.4M
<b>Jobs &amp; Education</b>	<b>100.4M</b>	<b>2.3M</b>	<b>4.7M</b>	<b>107.4M</b>
Family Financial Stability	65.9M	-	-	65.9M
Small Business	32.1M	-	-	32.1M
Child Care	2.4M	2.3M	4.7M	9.4M
<b>County Operations</b>	<b>18.0M</b>	<b>40.2M</b>	<b>2.6M</b>	<b>60.8M</b>
Justice and Safety	10.3M	36.0M	1.0M	47.3M
Administration	7.7M	4.2M	1.6M	13.5M
<b>Total</b>	<b>211.7M</b>	<b>80.5M</b>	<b>59.1M</b>	<b>351.3M</b>

### Flex Fund

The Flex Fund was established by Commissioners Court in June 2022 to support projects aligned with ARPA priority outcomes for which General funds are more appropriate than federal funds. General funds offer additional flexibility in the use of locally procured vendors, reduced compliance burden, different eligibility considerations, and the ability to execute some projects more quickly.

Flex Fund budget is made available by reclassing ARPA-eligible expenses originally budgeted in General Fund 1000 to ARPA Fund 2651. To date, FLEX Fund use has been approved for three projects:

- Disparity Studies Fund (eliminating uncertainty around ARPA eligibility)
- Neighborhood Nuisance Abatement (enabling use of locally-procured vendors)
- Child Care Subsidy Process Improvement (enabling use of locally-procured vendor)

Required budget for approved projects, for which corresponding ARPA-eligible expenses have been shifted to the ARPA Fund, is shown below. If additional projects are approved by Commissioners Court for Flex Fund use, additional expenses will be transferred to ARPA Fund 2651 and associated budget transferred from General Fund 1000 to the Flex Fund 1040.

#### Flex Fund 1040

Portfolio	Focus Area	Project	Pre-FY23	FY23	Post-FY23	Total Obligated
Jobs & Education	Small Business	Disparity Study Fund	-	1.0M	1.0M	2.0M
Health	Crime Prevention through Environmental Design	Neighborhood Nuisance Abatement	-	0.5M	-	0.5M
Jobs & Education	Child Care	Child Care Subsidy Process Improvement	-	0.2M	-	0.2M
Total			-	1.7M	1.0M	2.7M

### Debt Service and Capital Funds

Used to account for the County's capital fund resources allocated for construction of capital projects. Capital Funds can be raised by issuing debt and can be paid back over a period by making scheduled debt service payments. Debt Service funds account for the funds reserved for the required scheduled payments of principal and interest on long-term debt obligations of the County. The budgeted debt service payments will fluctuate if the County refunds outstanding bonds or issues new debt.

### Special Revenue Funds

Used to account for the proceeds of specific revenue sources that are statutorily/legally restricted or committed to expenditures for specified purposes other than capital projects or debt service. Special Revenue funds for Harris County are numerous and include the Flood Control District, Sports & Convention Corporation, and Hotel Occupancy Tax Revenue.

### Proprietary Funds

Used to account for operations that are financed similar to those in the private sector, where the determination of net income is appropriate for sound financial administration. Proprietary funds are either enterprise or internal service. Proprietary funds for Harris County include the HCTRA, vehicle maintenance, radio operations, inmate industries, health insurance and risk management services.

### Other Funds

As noted above, the Adopted Budget will be based on the FEAR once finalized.

## APPENDIX A – DEPARTMENT BUDGETS\*

Dept	Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
35	CE Shared Services	-	71,184	-	-
91	Appraisal District	14,960,000	14,047,947	7,250,000	15,200,000
100	County Judge	9,588,628	10,214,409	5,969,292	10,079,154
101	Commissioner, Pct 1	36,591,385	35,123,548	22,455,241	37,888,027
102	Commissioner, Pct 2	36,601,404	43,877,756	22,498,268	37,888,027
103	Commissioner, Pct 3	36,593,447	38,347,137	22,453,334	37,888,027
104	Commissioner, Pct 4	36,654,069	33,281,489	22,644,218	37,888,027
112	Commissioners Court's Analyst's Office	1,373,007	1,155,004	820,635	1,360,371
200	Office of County Administration	-	1,288,433	6,627,690	11,785,314
201	Management & Budget	17,158,001	14,105,298	4,630,451	7,641,491
202	General Administrative I	54,141,702	96,153,529	41,659,177	77,041,939
202	General Administrative - Commissioner Rollover	33,100,000	-	31,200,000	-
202	General Administrative - Reserves	-	-	10,000,000	15,000,000
204	Intergovernmental & Global Affairs	1,648,599	1,570,449	1,193,425	1,827,965
205	Economic Equity & Opportunity	2,645,935	1,838,971	2,912,635	5,805,726
207	Justice Administration	4,645,319	3,843,819	3,853,473	6,283,865
208	Engineering	49,401,673	73,818,512	40,862,547	67,260,039
212	HRRM	-	-	4,809,046	11,468,629
213	Fire Marshal	10,253,323	10,151,288	7,033,358	11,879,544
270	Institute of Forensic Sciences	37,429,733	37,783,944	23,477,248	40,773,783
272	Pollution Control	8,276,596	7,445,814	5,878,883	9,551,522
275	Public Health Services	40,152,655	40,016,127	28,377,219	46,591,097
283	Veterans Services	1,040,684	981,332	844,288	1,702,245
285	Library	37,513,372	38,033,620	23,158,516	39,663,438
286	Domestic Relations	3,945,413	5,106,800	4,494,008	7,577,718
289	Community Services	21,876,698	16,322,672	12,696,716	24,194,154
292	Universal Services	69,177,541	74,527,987	45,550,574	81,770,325
293	Universal Services Repair and Replacement	12,109,043	12,109,043	12,109,043	13,300,000
296	Mental Health - THCMH	22,567,171	22,567,171	13,455,850	23,067,171
297	FPM Repairs and Replacement	25,467,328	(1,170)	-	-
298	Utilities & Leases	19,000,000	18,165,614	11,083,333	19,000,000

\* Excludes working capital amounts from previous fiscal years.



Dept	Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
301	Constable, Pct 1	43,506,997	46,951,214	27,687,202	46,219,426
302	Constable, Pct 2	10,165,425	11,407,350	7,203,497	12,144,327
303	Constable, Pct 3	18,861,059	19,363,932	12,215,262	20,927,851
304	Constable, Pct 4	58,811,078	62,394,887	38,725,117	66,031,605
305	Constable, Pct 5	44,920,246	44,444,598	28,554,047	48,383,796
306	Constable, Pct 6	10,854,412	10,358,879	6,998,207	11,723,213
307	Constable, Pct 7	14,945,431	14,592,764	9,582,988	16,065,906
308	Constable, Pct 8	9,447,328	9,737,915	6,157,362	10,455,408
311	Justice of the Peace, 1-1	2,394,560	2,330,243	1,506,651	2,490,773
312	Justice of the Peace, 1-2	2,537,810	2,302,473	1,597,877	2,641,132
321	Justice of the Peace, 2-1	1,146,088	1,087,665	722,411	1,198,932
322	Justice of the Peace, 2-2	1,091,726	935,233	685,710	1,132,575
331	Justice of the Peace, 3-1	1,914,768	1,779,101	1,202,877	1,990,171
332	Justice of the Peace, 3-2	1,345,692	1,237,771	846,504	1,397,646
341	Justice of the Peace, 4-1	3,293,862	3,190,647	2,077,411	3,428,940
342	Justice of the Peace, 4-2	1,745,003	1,616,767	1,097,345	1,813,512
351	Justice of the Peace, 5-1	2,497,819	2,246,613	1,567,724	2,589,553
352	Justice of the Peace, 5-2	3,325,258	3,218,901	2,094,691	3,462,704
361	Justice of the Peace, 6-1	835,779	819,750	524,880	867,018
362	Justice of the Peace, 6-2	932,281	773,951	581,033	961,075
371	Justice of the Peace, 7-1	1,327,079	1,155,766	835,711	1,376,978
372	Justice of the Peace, 7-2	1,162,795	858,024	726,250	1,199,156
381	Justice of the Peace, 8-1	1,360,606	1,249,459	856,176	1,412,570
382	Justice of the Peace, 8-2	972,284	728,479	606,219	999,590
510	County Attorney	30,792,686	31,304,484	19,875,177	39,074,562
515	County Clerk	19,407,021	18,956,646	12,606,020	19,110,546
516	Elections Operations	13,360,850	11,813,655	7,793,829	14,992,850
517	County Treasurer	1,287,689	1,109,070	802,425	1,330,668
520	Elections Administration	14,679,406	12,446,413	9,452,934	16,597,498
530	Tax Assessor-Collector	30,410,866	30,641,149	19,407,398	34,066,504
540	Sheriff - Patrol & Administration	246,381,330	248,240,789	158,379,998	275,652,429
541	Sheriff - Detention	244,906,152	251,688,977	155,813,351	278,151,550
542	Sheriff - Medical	80,205,814	80,869,641	52,655,461	93,901,853
545	District Attorney	95,598,731	97,392,545	62,741,420	104,730,985
550	District Clerk	40,197,507	38,870,407	25,803,776	40,728,516
560	Public Defender	29,289,419	27,093,174	19,858,259	34,214,218
601	Community Supervision	2,564,000	3,696,591	2,018,675	3,483,456
605	Pretrial Services	17,873,782	22,252,980	15,893,297	26,105,689
610	County Auditor	25,832,959	24,240,120	16,528,300	27,660,372
615	Purchasing Agent	9,636,416	9,241,435	6,336,245	10,999,872
700	District Courts	32,742,202	30,836,147	19,850,484	33,829,214
701	District Court Appointed Att Fees	53,500,000	55,067,080	31,208,333	53,500,000

Dept	Department Name	FY22 Adopted	FY22 Actuals	SFY22 Adopted	FY23 Proposed
821	Texas A&M Agrilife	851,382	878,102	606,922	1,084,654
840	Juvenile Probation	87,612,963	86,015,380	54,073,495	89,932,141
842	TRIAD Program	1,630,296	-	-	-
845	Sheriff's Civil Service	300,455	278,551	187,014	308,876
880	Harris County Resources for Children and Adults	26,602,616	27,816,185	16,983,330	28,413,878
885	Children's Assessment Center	8,882,880	9,376,996	5,587,109	9,681,438
930	1st Court of Appeals	92,000	53,668	23,927	38,881
931	14th Court of Appeals	92,000	53,118	23,927	38,881
940	County Courts	20,344,155	18,767,719	12,624,271	21,556,052
941	County Court Appointed Att Fees	5,600,000	6,864,602	3,266,667	5,600,000
945	Office of Managed Assigned Counsel	122,528	163,325	867,010	2,229,000
991	Probate Court No. 1	1,629,205	1,601,718	1,084,197	1,787,555
992	Probate Court No. 2	1,627,373	1,529,744	1,016,284	1,675,216
993	Probate Court No. 3	5,778,447	5,386,689	3,495,091	5,871,979
994	Probate Court No. 4	1,628,831	1,607,244	1,042,028	1,759,212
Total		2,034,770,073	2,052,884,453	1,332,558,274	2,240,400,000

## APPENDIX B – GLOSSARY OF TERMS

Term	Description
<b>Accrual</b>	The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).
<b>Ad Valorem Tax</b>	Is a tax whose amount is based on the value of a transaction or of property.
<b>Allocation</b>	An amount or portion of a resource assigned to a particular Department.
<b>Appraisal</b>	An assessment or estimate of the value of property.
<b>Appropriation</b>	The legislative authority to spend and obligate a specified amount from a designated fund account for a specific purpose.
<b>ARPA</b>	The American Rescue Plan Act (ARPA) is a \$1.9 trillion economic stimulus package passed by the U.S. Congress and signed into law in March 2021. ARPA includes State and Local Fiscal Recovery Funds (SLFRF), which provides direct aid to state, local, and Tribal governments to support the response to and recovery from the COVID-19 public health emergency.
<b>Bond</b>	A debt instrument that organizations can sell and agree to repay the face amount of the bond by a designated date, called the “maturity date.”
<b>Capital Funds</b>	Funds set aside for purpose of funding a long-lived asset that depreciates over time.
<b>Capital Improvement Plan (CIP)</b>	A list of capital projects and funding sources for the next 5-10 years.
<b>Capital Improvement Project</b>	An investment in a County asset. The asset can be tangible or intangible. Examples include streets and drainage facility construction, major reconstruction or repair of buildings, and development of custom software.
<b>Capital Reserve</b>	A fund or account set aside for major long-term investment projects or other anticipated expenses.
<b>Carryover</b>	Balances in each fund at the end of the fiscal year that will be the beginning fund balances of the next fiscal year.
<b>Carry-Forward</b>	Prior year appropriation that is brought into the current fiscal year to pay for encumbered expenses that have not been paid.
<b>Community Development Block Grant (CDBG)</b>	Federal block grant through the Housing and Urban Development Department (HUD) designed to support community development activities to build stronger and more resilient communities.

Term	Description
<b>Community Development Block Grant-Disaster Recovery (CDBG-DR)</b>	Federal block grant through the Housing and Urban Development Department (HUD) designed to support/help cities, counties, and states to recover from Presidentially declared disasters.
<b>Certificates of Obligation (CO)</b>	A instrument of public debt that can be issued without voter approval and are backed by tax and/or fee revenue. COs can be issued for the purchase of major capital outlay, building demolition, and infrastructure improvements.
<b>Current Level of Service (CLS)</b>	The annual OMB pre-decisional projection of the County's costs in the next fiscal year.
<b>Cost of Living Adjustments (COLA)</b>	Salary increases designed to maintain purchasing power for employee compensation with inflation.
<b>Commercial Paper</b>	An interim funding tool for capital expenditures. A promissory note secured by pledged revenues and a revolving credit agreement. Maturities range from 1 to 270 days. Commercial paper liabilities are typically paid off directly or rolled into longer-term debt, like bonds.
<b>Consumer Price Index (CPI)</b>	A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
<b>Contingency</b>	A budgetary reserve usually set aside for emergencies or unforeseen expenditures not otherwise budgeted. A contingency may also be set for a program or service for which the exact costs are not determined.
<b>Debt Service</b>	Principal and interest payments on outstanding bonds. The series of payments of interest and principal required on a debt over a given period of time to repay an outstanding debt on an obligation resulting from the issuance of bonds, certificates of obligation notes or other debt.
<b>Deficit</b>	The amount that expenditures exceed projected revenue.
<b>Encumbrance</b>	Obligations in the form of purchase orders, contracts, or salary commitments, which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is released.

Term	Description
<b>Enterprise Fund</b>	A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supporting by user charges. This type of fund uses the accrual basis of accounting. The City has three enterprise funds: Aviation, Combined Utility System, and Convention and Entertainment Facilities. These funds are also known as proprietary funds.
<b>Expenditure</b>	Costs of goods received, or services rendered that are recorded in the accounting system. Accounts are kept on an accrual or modified accrual basis and expenditures are recognized whether or not cash payments have been made. When accounts are kept on a cash basis, they are recognized only when cash payments have been made.
<b>FEAR</b>	Final Estimate of Available Resources prepared by the County Auditor
<b>Federal Grants</b>	Grant awards received either directly from the Federal Government or funded by the Federal Government that flow thru the State prior to being awarded to the County.
<b>Fiscal Year (FY)</b>	A twelve-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operations.
<b>Fitch Rating</b>	Internationally recognized credit rating agency
<b>Flex Fund</b>	Special Fund created to support projects aligned with ARPA priority outcomes, funded from budget made available by transferring ARPA-eligible expenses to Fund 2651. Fund 1040 will be part of the General Fund Group.
<b>Flood Contract Tax Bonds</b>	Bonds issued by the County to fund Flood Control projects. They are payable from payments received from the county pursuant to a flood control projects contract. The County's obligation to make the payments is backed by a pledge of its tax levy, limited to \$0.80 per \$100 assessed value.
<b>Flood Control Bonds</b>	Bonds issued by the Flood Control to fund Flood Control projects. They are paid from the annual property tax levy limited to \$0.30 per \$100 assessed value for operations and debt service.
<b>Flood Resilience Trust</b>	A collection of funds, established by Commissioners Court in 2021, for completing current and future flood risk reduction projects. The Flood Resilience Trust may be used for projects where a partner funding gap exists or partner funding is unlikely to materialize.

Term	Description
<b>Forfeited Fund</b>	Seized funds awarded to law enforcement entities by federal and state courts.
<b>Full-Time Equivalent (FTE)</b>	Total estimated annual person-hours for all employees expected to fill positions within an organization for all or a portion of a year divided by 2,088. The annual paid hours for a fulltime employee working 26.1 pay periods are 2,088, including holidays, vacation, and sick leave.
<b>Fund</b>	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives.
<b>General Fund</b>	The largest fund within the County. It was established to finance and account for the general receipts and expenditures and is operated under a modified accrual basis. This fund may be used for any legitimate municipal purpose. The sources of revenues for this fund include property and sales taxes, licenses and permits, fines, fees, and others. This fund is used for most basic operating services such as public safety, human and cultural services, parks and recreation, public works, and general government administration.
<b>General Obligation (GO)</b>	A municipal bond backed by the credit and "taxing power" of the issuing jurisdiction rather than the revenue from a given project. They are paid back from the County's limited \$0.80 tax levy. They are issued pursuant to voter authorization.
<b>Grant</b>	Contribution by one government unit of funding source to another. The contribution is usually made to aid in the support of a specified function, i.e., library materials, drug enforcement, etc.
<b>Healthcare Fund</b>	The county maintains a separate fund to account for employee healthcare expenses and sources of revenue, including county contributions and employee premiums.
<b>Hotel Occupancy Tax (HOT)</b>	A tax levied on hotel stays. In Houston there is 6 percent state tax, 7 percent Houston tax, 2 percent Harris County tax and 2 percent Harris County - Houston Sports Authority tax.
<b>I&amp;S Rate</b>	Interest and Sinking is the tax rate needed to generate enough funds to cover all debt service and commercial paper repayments for the year.
<b>Infrastructure Fund</b>	Special Fund created to track Road & Bridge Subdivision Drainage Program costs

<b>Term</b>	<b>Description</b>
<b>M/WBEs</b>	Minority and Women Owned Business Enterprises
<b>Maintenance and Operation Rate (M&amp;O)</b>	Maintenance and Operation rate is the portion of the County's tax rate supporting the county's operational spending. The County also sets a debt service rate which is used to pay the county's debt obligations.
<b>Maturity</b>	The date on which the principal or stated value of investments or debt obligations is due and may be reclaimed.
<b>Mobility Fund</b>	Special Fund to track road and bridge related projects that are part of the county-wide transportation plan linked to the Toll Road network.
<b>Mobility-nexus</b>	Having relation to road, street, or highway projects, as defined in Section 284.0031 of the Texas Transportation Code.
<b>Moody's</b>	Internationally recognized credit rating agency.
<b>Operating Budget</b>	Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and services delivery activities of the County are controlled, and is required by state law.
<b>Outcome Budgeting</b>	Outcome Budgeting is a budget process that aligns resources with results. The budget is organized at the service level around the County's Priority Outcomes.
<b>PEAR</b>	Preliminary Estimate of Available Resources (prepared by the County Auditor)
<b>Permanent Improvement Bonds (PIB)</b>	General Obligation debt that is issued to fund construction of public works, purchase of automobiles, equipment and machinery, improvements of lands and buildings and professional services related to any of these projects.
<b>Portfolio</b>	A collection of departments that an OMB Portfolio Manager works closely with to identify budgetary needs.
<b>Precinct</b>	A defined area for each Harris County Commissioner.
<b>Priority Outcomes</b>	Desirable outcomes identified by Commissioners Court throughout the eight County goal areas: Justice & Safety, Economic Opportunity, Housing, Public Health, Transportation, Flooding, Environment, and Governance & Customer Service. The budget funds priorities in each of these areas.
<b>Proprietary Funds</b>	Special business type funds created to track revenue and expenses of the business type functions (ex. Parking Fund, Radio Fund, etc.). These funds are also known as Enterprise funds

Term	Description
<b>Public Improvement Contingency Fund (PIC)</b>	Emergency Fund created to be used in case of County-wide emergencies, many costs of which are expected to be reimbursed by FEMA (hurricanes, COVID19, etc.)
<b>COVID R&amp;R Fund</b>	Special Fund created to track COVID-related costs that are not expected to be reimbursed by FEMA
<b>Revenue Bonds</b>	Bonds whose debt service is paid through a non-General Fund dedicated revenue stream such as tolls or hotel tax.
<b>Request for Proposals (RFP) Process</b>	Process in which requests for proposals are obtained from vendors interested in conducting business with the County. It is required for purchases over a certain limit.
<b>Road Bonds</b>	General Obligation debts used to fund road projects.
<b>Roadway Flood Resilience Trust Fund</b>	Fund 3503. A component of the Flood Resilience Trust that consists of surplus revenue transferred from the Harris County Toll Road or other mobility sources for use on mobility-nexus flood mitigation projects.
<b>Rollover</b>	The prior Harris County practice of departments carrying forward their total budget surplus into the new Fiscal Year. Discontinued for all County Departments, except for Commissioners' Court precincts, in FY22.
<b>Standard &amp; Poors (S&amp;P)</b>	Internationally recognized credit rating firm.
<b>SB2</b>	Senate Bill 2 was a property tax reform bill that went into effect on January 1, 2020. A primary aspect of this bill was to reduce the amount of property tax the County can collect from existing properties without an election from 8% to 3.5% per year.
<b>SB6</b>	Senate Bill 6 banned the release of people accused of violent crimes on personal bonds, requiring instead that they be able to post the amount of cash set by the court, or pay a percentage to a bail bonds company. It also disallowed cashless release for those arrested on any felony charge if they were already out of jail on bond in a violent criminal case.
<b>Senior Lien</b>	The first security interest placed upon property at a time before other liens.
<b>SFY22</b>	Short Fiscal Year 2022 (Feb 2022 - Oct 2022)
<b>Special Revenue Fund</b>	Non-General funds that are supported by something other than property taxes (i.e. special taxes, tolls, fees for service).



Term	Description
<b>Subordinate Lien Revenue Bonds</b>	Bonds issued to fund capital projects and facilities related to the revenue stream, ie. Toll Road revenue. Subordinate Lien bonds are issued when there are existing Senior Lien bonds outstanding due to certain bond restrictions.
<b>Surplus</b>	The amount that revenues or appropriation exceed actual spending.
<b>Tax &amp; Subordinate Lien Revenue (HOT) Bonds</b>	Hotel Occupancy Tax bonds can be issued to fund projects that promote tourism and the convention/hotel industry. The County pledges it's \$0.80 tax pledge to back the bonds, but ultimately they are paid back with revenue collected from HOT taxes.
<b>Tax Increment Reinvestment Zones (TIRZ)</b>	An economic development tool used by cities and the county to attract developers to invest in projects on vacant land or run-down properties.
<b>Transfer</b>	Movement of budget/items between different departments within the same fund
<b>Truth in Taxation (TNT)</b>	Truth-in-taxation is a concept embodied in the Texas Constitution that requires local taxing units to make taxpayers aware of tax rate proposals and to afford taxpayers the opportunity to limit tax increases.

