

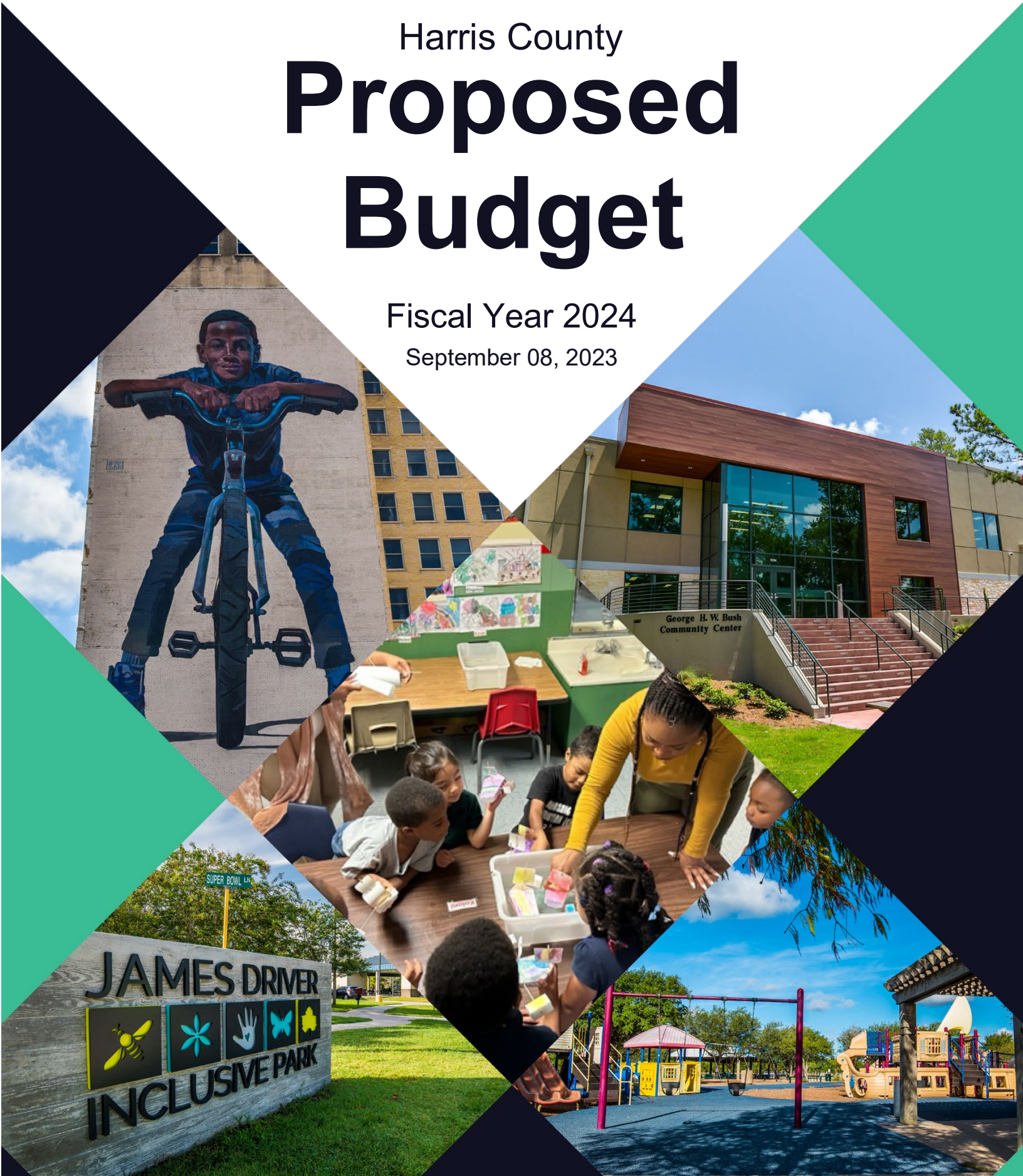


Harris County

Proposed Budget

Fiscal Year 2024

September 08, 2023



George H. W. Bush
Community Center

JAMES DRIVER
INCLUSIVE PARK

COUNTY OF HARRIS



PROPOSED ANNUAL BUDGET

FISCAL YEAR 2024

OCTOBER 1, 2023– SEPTEMBER 30, 2024

COMMISSIONERS COURT

Lina Hidalgo

County Judge

Rodney Ellis

Commissioner, Precinct 1

Adrian Garcia

Commissioner, Precinct 2

Tom S. Ramsey, P.E.

Commissioner, Precinct 3

Lesley Briones

Commissioner, Precinct 4

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

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Daniel Ramos, Budget Director

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Commissioners Court



Lina Hidalgo

County Judge



Rodney Ellis

Precinct 1



Adrian Garcia

Precinct 2



Tom S. Ramsey, P.E.

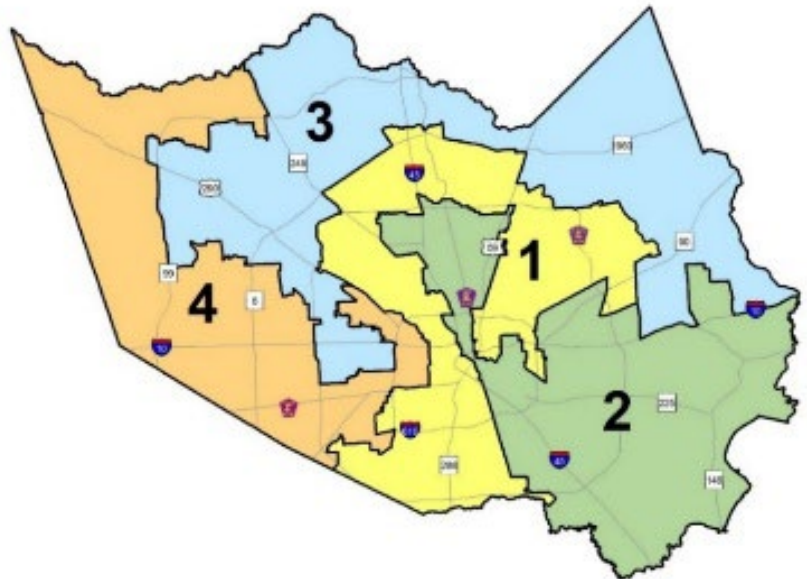
Precinct 3



Lesley Briones

Precinct 4

Harris County Precincts



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.

In this budget, we strove to responsibly restore funding that was lost through the default to the No New Revenue (NNR) tax rate in the prior fiscal year, while funding in Commissioners Court's decisions-to-date, and priorities, while continuing to lower the tax rate for the sixth year in a row. The budget includes the highest cost of living adjustment (COLA) for civilian employees in the last 5 years, 3 additional district criminal courts to further reduce the County's court backlog, and strategic increases to public health and safety.

I greatly appreciate your consideration of the proposed budget.



Daniel Ramos
Executive Director
Harris County Office of Management and Budget

Harris County 2023 Tax Rates and Fiscal Year 2024 Proposed Annual Budget

The Harris County Commissioners Court sets the 2023 tax rates for Harris County, the Harris County Flood Control District, the Hospital District, and the Port of Houston Authority. Separate rates are set for Maintenance and Operations (M&O) and Debt Service (I&S) through a three-step process:

- Vote to propose tax rates (planned for September 12)
- Hold a hearing (planned for September 19)
- Formally vote to adopt rates (planned for September 19)

Tax rates are calculated using a certified estimate of taxable values provided by the Harris Central Appraisal District (HCAD) in late July. The County can adopt rates using this certified estimate or may choose to wait and adopt rates based on the certified roll which HCAD is expected to provide near the end of August. The Offices of County Administration (OCA) and Management and Budget (OMB) recommend adopting rates using the certified estimate.

The range of tax rates Commissioners Court can adopt is set by statute and cannot exceed the “Voter Approval Rate” (VAR) without an election. If Commissioners Court fails to adopt rates, the rates revert to the “No-New Revenue” (NNR) rates.

Unless otherwise noted, projected FY24 revenue in this book is based on preliminary tax rate calculations developed in conjunction with the Tax Assessor Collector’s Office. The Tax Office will transmit the final tax rate calculations to Commissioners Court on August 29, 2023.

This book covers Harris County and Harris County Flood Control District. Budget details for the Hospital District dba Harris Health System and the Port of Houston Authority are presented independently.

Table of Contents

| | |
|--|-----------|
| Table of Contents | I |
| OVERVIEW OF HARRIS COUNTY | 1 |
| County Government | 2 |
| Countywide Organizational Chart..... | 3 |
| County Profile | 4 |
| Population Growth..... | 5 |
| Age | 5 |
| Diversity | 6 |
| Median Household Income | 7 |
| Poverty Rate..... | 8 |
| EXECUTIVE SUMMARY | 9 |
| Financial Strengths | 10 |
| Economy, Growth and Tax Impacts..... | 11 |
| Current Level of Service | 12 |
| Key Budget Drivers | 14 |
| Inflation | 14 |
| Jail Costs | 15 |
| Facility Maintenance and Utilities | 15 |
| Indigent Defense | 16 |
| Compensation and Staffing..... | 16 |
| Employee Benefits..... | 17 |
| Health Care Costs | 18 |
| Texas County & District Retirement System (TCDRS)..... | 18 |
| Contract Patrol..... | 19 |
| Federal Aid and American Rescue Plan | 19 |
| FEMA Public Assistance Program for COVID-19.. | 21 |
| BUDGET PLAN | 22 |
| Approved Revenues and Expenditures..... | 23 |
| BUDGET PROCESS AND POLICIES | 24 |
| Budget Process Timeline..... | 25 |
| Fiscal Year Change | 26 |
| Outcome Budgeting | 27 |
| Priority Outcomes | 27 |
| Programs and Services | 27 |
| Performance Measures | 28 |
| Putting It All Together | 29 |
| Five-Year Financial Plan | 29 |
| Capital Improvements Plan (CIP) | 30 |
| Basis of Budgeting..... | 31 |
| Budget Controls..... | 31 |
| REVENUE | 32 |
| Introduction | 33 |
| Non-Tax Revenue..... | 35 |
| DEBT SERVICE..... | 39 |
| Overview | 40 |
| Types of Debt Instruments..... | 41 |
| Historical Debt Service | 42 |
| Road and Park Bonds | 44 |
| Public Improvement Bonds (PIB) | 44 |
| Flood Control Contract Tax..... | 45 |
| Flood Control District | 46 |
| Harris County Toll Road Authority..... | 47 |
| Hotel Occupancy Tax..... | 48 |
| Overall Debt to Maturity | 49 |

BUDGET RECOMMENDATIONS BY GOAL

AREA50

Justice and Safety.....52

| | |
|---|----|
| County Goal..... | 52 |
| Priority Outcome: Reduce violent crime..... | 52 |
| Priority Outcome: Reduce unnecessary exposure to the criminal justice system | 52 |
| Priority Outcome: Support victims in dangerous situations..... | 53 |
| Priority Outcome: Lessen exposure to the juvenile justice system..... | 53 |
| Priority Outcome: Reduce racial and economic bias within the criminal justice system..... | 54 |
| Budget Overview..... | 55 |

Governance and Customer Service58

| | |
|---|----|
| County Goal..... | 58 |
| Priority Outcome: Improve vendor payment timeliness | 58 |
| Priority Outcome: Expand voting access..... | 58 |
| Priority Outcome: Provide outstanding customer service | 58 |
| Priority Outcome: Cultivate a diverse and effective Harris County workforce | 59 |
| Budget Overview..... | 60 |

Health and Environment61

| | |
|---|----|
| County Goal – Health | 61 |
| Priority Outcome: Reduce the spread of COVID-19 | 61 |
| Priority Outcome: Increase access to preventative care..... | 61 |
| County Goal – Environment..... | 62 |
| Priority Outcome: Reduce Harris County’s direct greenhouse gas emissions..... | 62 |
| Priority Outcome- Reduce exposure to hazardous chemicals and lead | 62 |
| Budget Overview..... | 63 |

Housing and Economic Development.....64

| | |
|--|----|
| County Goal – Housing..... | 64 |
| Priority Outcome: Reduce homelessness..... | 64 |

| | |
|--|----|
| Priority Outcome: Increase access to quality, affordable housing | 64 |
| County Goal – Economic Opportunity..... | 65 |
| Priority Outcome: Promote the growth of small businesses and M/WBE businesses..... | 65 |
| Priority Outcome: Increase access to quality jobs with a living wage and benefits..... | 65 |
| Priority Outcome: Expand access to affordable, quality childcare | 66 |
| Budget Overview..... | 66 |

Flooding..... 67

| | |
|---|----|
| County Goal..... | 67 |
| Priority Outcome: Reduce the risk of flooding of structures (homes, schools, businesses, etc.) | 67 |
| Priority Outcome: Invest in flood control equitably, where the most people are at risk of flooding..... | 67 |
| Budget Overview..... | 68 |

Transportation 69

| | |
|--|----|
| County Goal..... | 69 |
| Priority Outcome: Improve road safety; reduce and strive to eliminate fatalities and serious accidents | 69 |
| Priority Outcome: Improve Road quality | 69 |
| Priority Outcome: Improve efficiency of moving people | 69 |
| Budget Overview..... | 70 |

Commissioners Court 71

| | |
|----------------------|----|
| Budget Overview..... | 71 |
|----------------------|----|

General Government - Department 202 Expenditure

Budget Detail 72

CAPITAL PLAN RECOMMENDATIONS..... 74

FY24 Capital Plan 75

| | |
|---|----|
| Projected FY24 Capital Plan Needs | 75 |
| Projected FY24 Capital Plan Funding Sources | 76 |

FY24 Capital Projects..... 77

| | |
|--|----|
| Approved Projects in Progress | 77 |
| FY24 Proposed Potential Projects | 77 |

| | |
|--------------------------------------|----|
| ALL OTHER FUNDS..... | 80 |
| Contingency Fund, R&R Fund..... | 81 |
| Mobility Fund | 81 |
| American Rescue Plan..... | 82 |
| Debt Service and Capital Funds..... | 83 |
| Special Revenue Funds..... | 83 |
| Proprietary Funds..... | 83 |
| Other Funds..... | 83 |
| APPENDIX | 84 |
| Appendix A – Department Budgets..... | 85 |
| General Fund Budgets | 85 |
| Toll Road Operating Funds..... | 88 |
| Flood Control Operating Funds | 88 |
| Appendix B – Glossary of Terms | 89 |

OVERVIEW OF HARRIS COUNTY



Image: Harris County Downtown View

County Government

Harris County is a political subdivision of the State of Texas and 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 are elected from separate County precincts, all elected for four-year terms. The County Judge is the presiding officer of Commissioners Court. Within Harris County government, there are 86 operating departments, each with an elected official or appointed department 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.

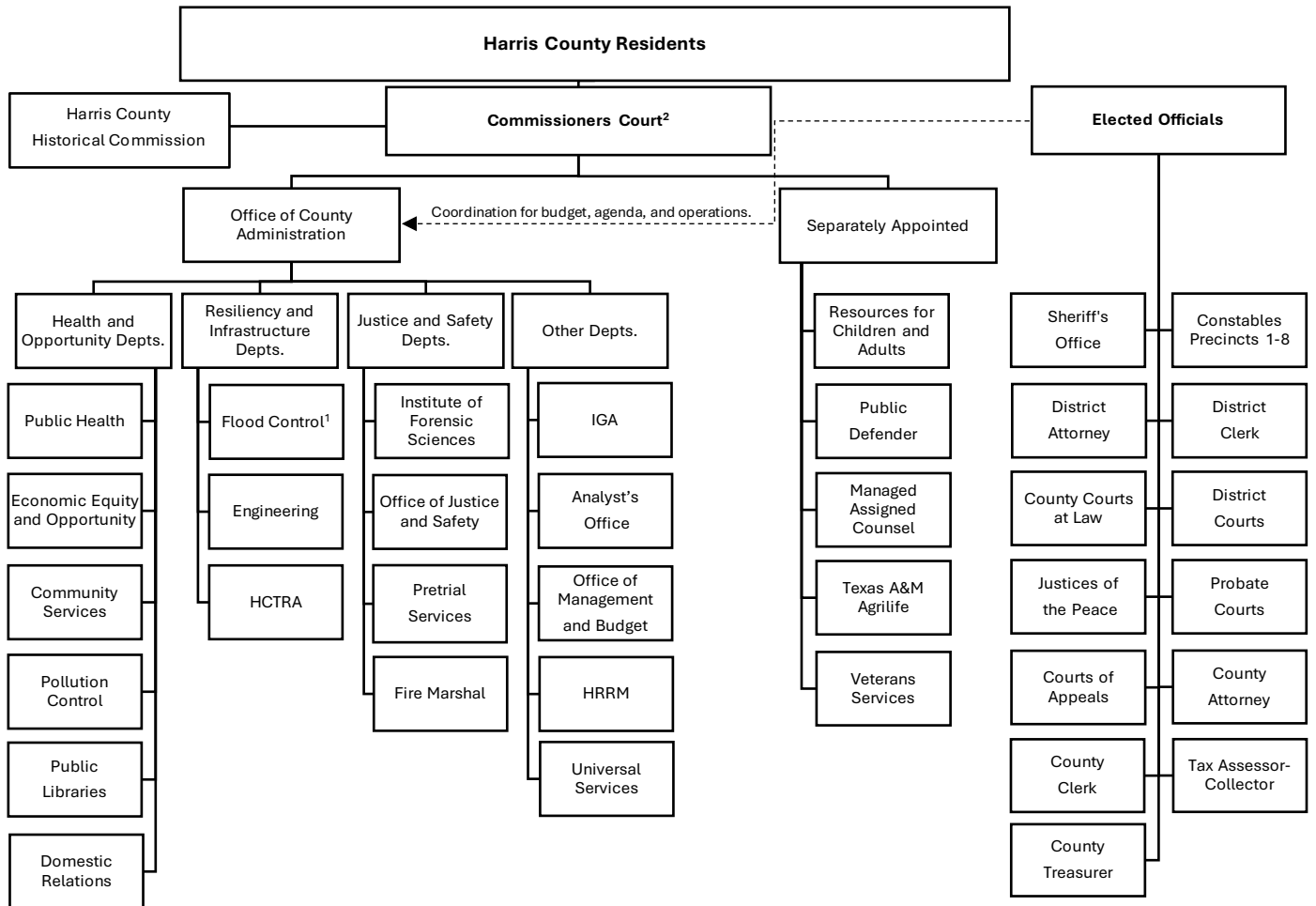
By statute, each year the County Budget Officer must propose a budget and Commissioners Court must approve a budget. The budget appropriates funds to County departments, affiliated agencies, and specific reserve accounts. The budget is a vital policy document which sets priorities for the coming year.

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 Hospital District dba 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

Notes

¹County 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.

²County Judge oversees the Office of Homeland Security and Emergency Management

County Profile

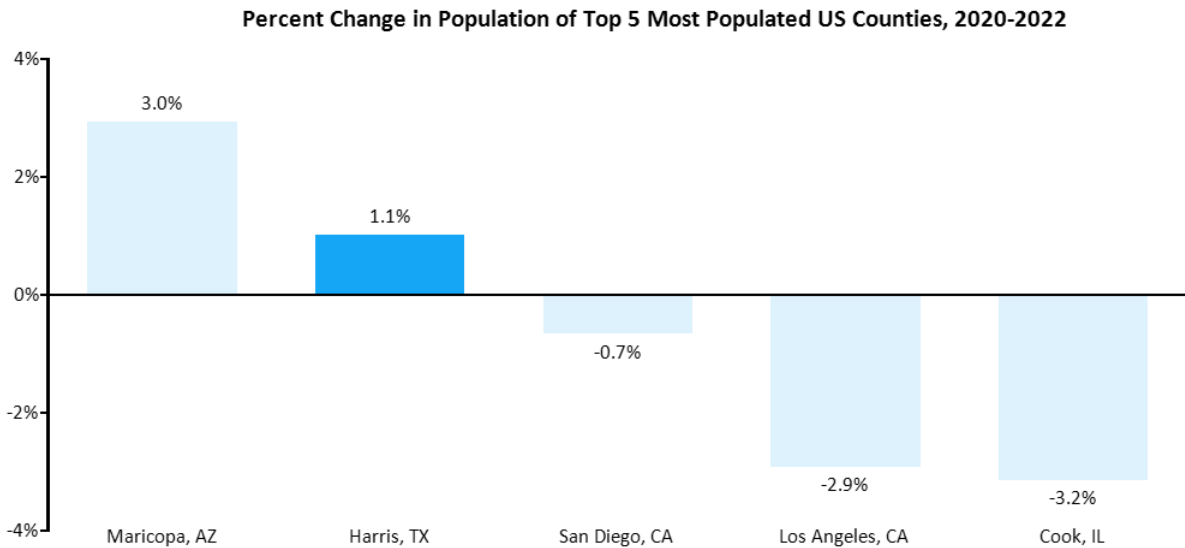
Founded in 1836 and organized in 1837, Harris County is divided into four precincts and governed by a Commissioners Court. Commissioners Court is comprised of the County Judge, elected Countywide, and four Commissioners, each elected by and representing their respective precincts.

Harris County, Texas is the third largest County in the United States and the largest in Texas, with 2.2M more residents than the next most-populous Texas County. It is home to 4.8M people, including the 2.3M residents of Houston, the County's seat. Covering 1,777 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 \$364B annually, Harris County accounts for 20% of Texas' economic activity and 16% of its population. Its workforce is 2.4M strong, with 67.5% 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 manufacturing, construction, government, education & health services. The Port of Houston, the largest Gulf Coast port and the 5th 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 100,000 employers. This includes the headquarters of 26 Fortune 500 companies. Out of the 26 companies, the energy sector has dominated the economy, bringing in a total of \$1.4 trillion in revenue.

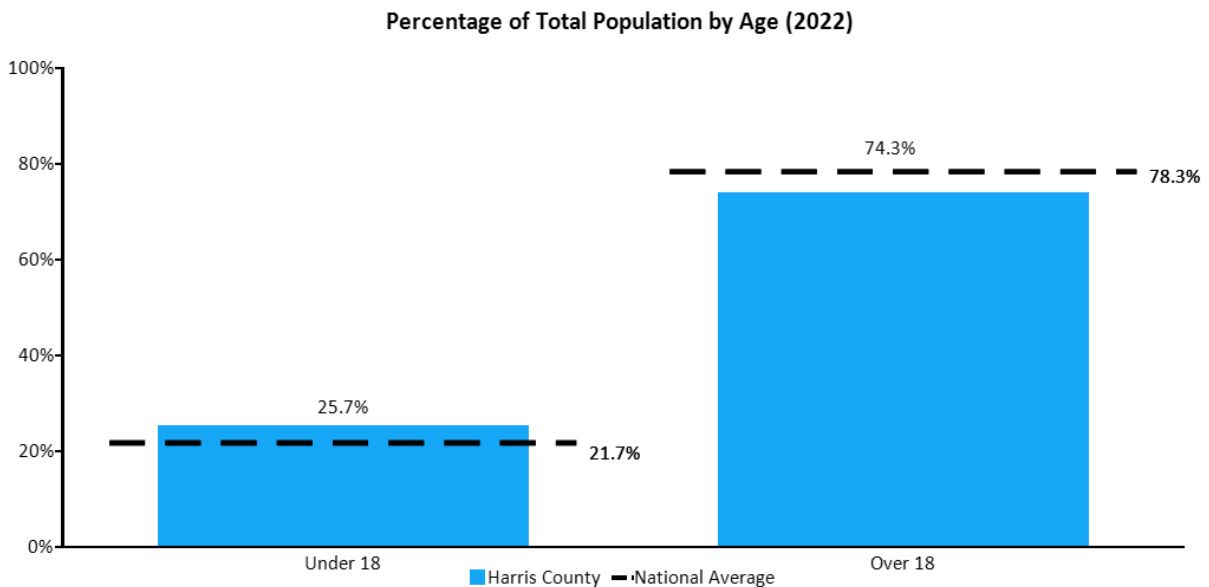
Population Growth

According to the US Census Bureau, between 2020 and 2022 Harris County's population grew by 1.1%, right in line with the state's overall growth. Harris County continues to grow as fast or faster than other large counties. As the population grows, the demand for services increases, particularly as the growth has concentrated in the unincorporated parts of Harris County.



Age

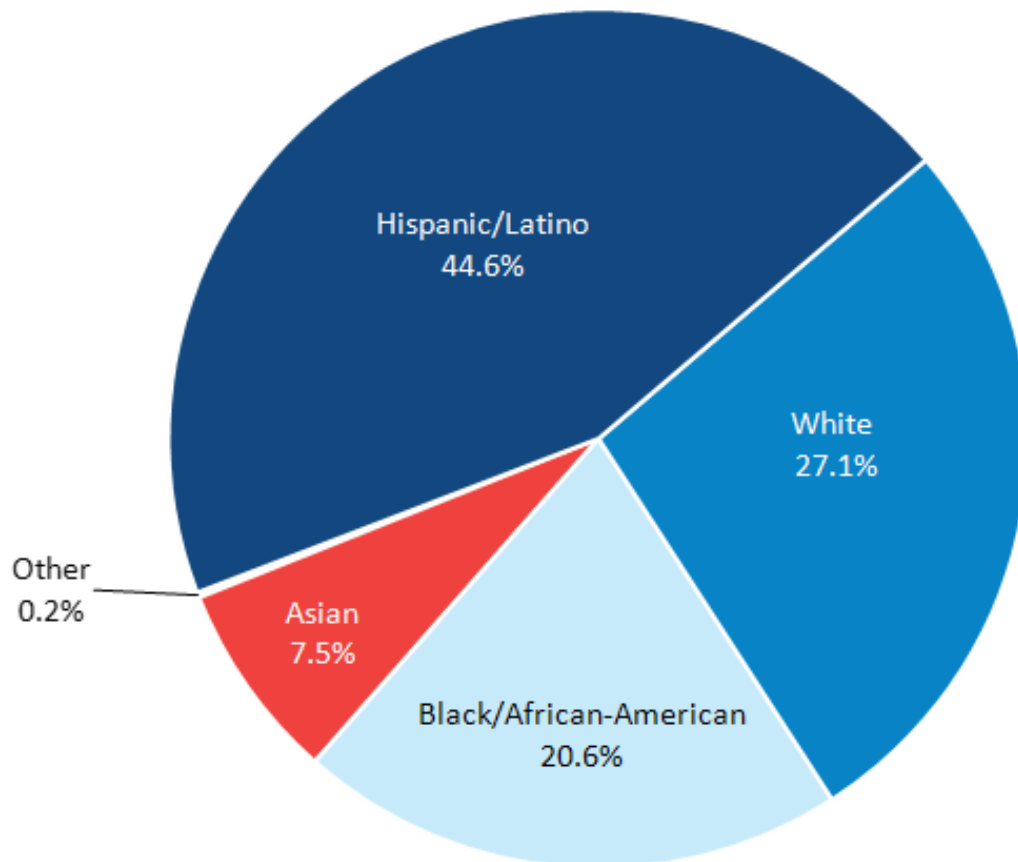
Like much of the nation, the population of Harris County is aging. The share of Harris County's population that is under 18 has stayed flat from 2020 to 2022 but remains higher than the national average of 21.7%. The population for over 18 has stayed at flat as well but remains lower than the national average of 78.3%.



Diversity

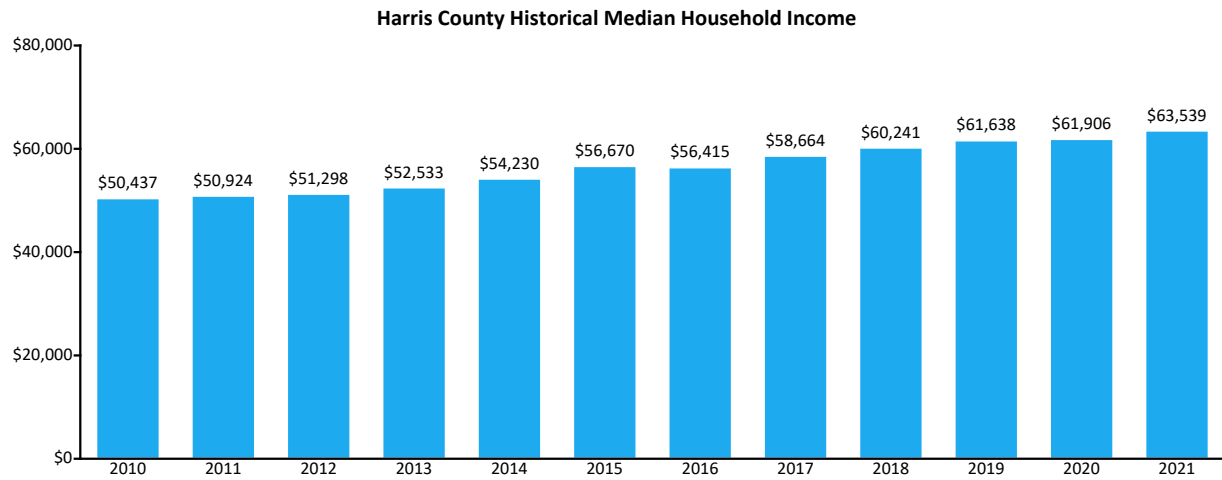
Harris County is one of the most diverse places in the country. More than a quarter of its residents are foreign born and close to half of the population speaks a language other than English at home. In total, 145 languages are spoken in the County.

Harris County Population Demographics (2022)

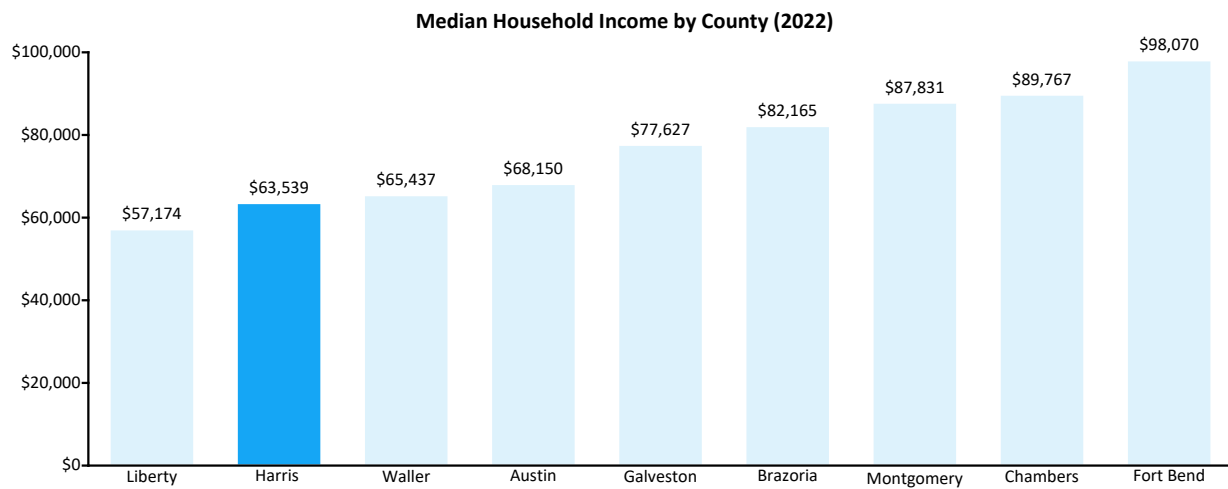


The County's Hispanic/Latino population grew from 43% in 2020 to 44.6% in 2022. Black/African American population grew from 18.7% in 2020 to 20.6% in 2022, while the population that identifies as Other has fallen from 3.3% in 2020 to 0.2% in 2022.

Median Household Income

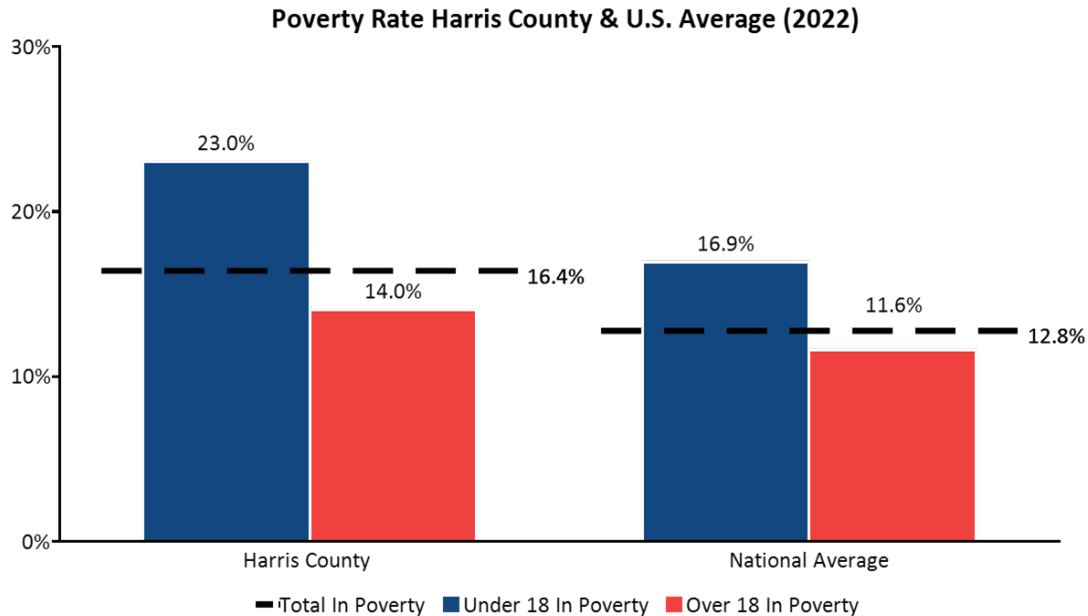


While Harris County's median household income has grown steadily over the last 10 years, median household income in Harris County is slightly lower than the state overall (\$63,539 versus \$66,959), and lags behind almost all of the surrounding counties in the greater Houston Metro Area. Of area counties, only Liberty County has a lower median household income.



Poverty Rate

The County's poverty rate is higher than the national average (16.4% versus 12.8%) for all age groups. The greatest area of disparity is for residents under 18 years, with a poverty rate of more than 6.1% above the national average.



While Harris County poverty has increased from a peak of 15.9% in 2020 to 16.4% in 2022, the rate of increase 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 increased for all racial and Hispanic origin groups, racial disparity in poverty and median household income persists. Black and Hispanic residents continue to be over-represented in the population in poverty relative to their representation in the overall population. Nearly 65.2% 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.

Executive Summary



Image: View Inside 1910 Courthouse

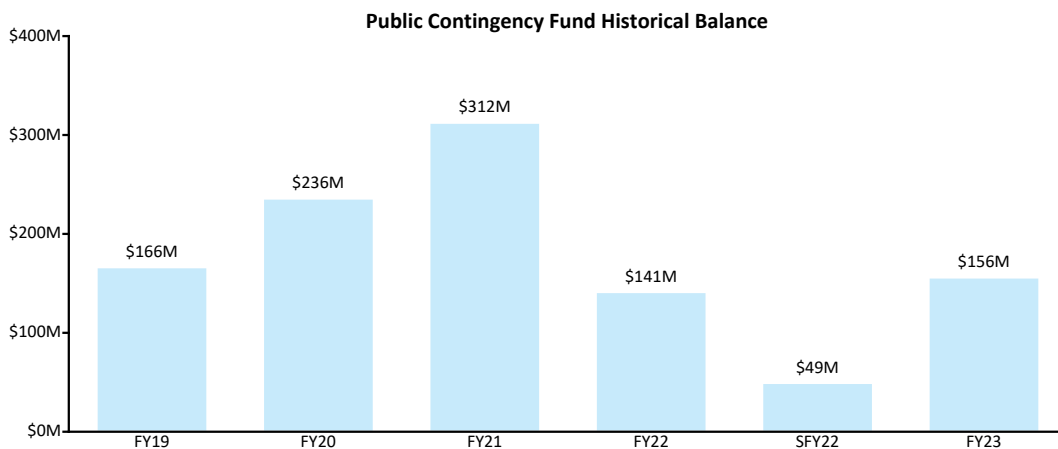
Every year, Harris County Commissioners Court sets the budget for Harris County government, including 86 operating departments and agencies. The budget includes General funds and Special Revenue funds which support County services. The budget also includes debt service, and in-progress and completed projects, with a set of recommended capital projects submitted by County departments.

In preparation for Fiscal Year 2024, the Office of Management and Budget (OMB) has worked with Departments on cataloguing and forecasting County cost drivers to update the FY23 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 FY23 closes, more than half of County departments used supplemental grant funding to support or enhance public services. The cumulative impact of grant funds is nearly \$650M through the first ten months of FY23, including funding from: ARPA, Community Development Block Grant (CDBG) programs, and Flood Control. Over the course of FY23, the County has lived within its General Fund budget with projected spending in-line with new revenue.

Through the first ten months of FY23, Harris County has increased the available balance in the Public Improvement Contingency Fund by \$27M, continuing the replenishment of this fund after 2.5 years of drawing down to fund COVID-19 related expenses. Harris County expects to receive \$260M in additional FEMA reimbursements, currently under review by either the U.S. Treasury or Texas Department of Emergency Management.



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

Following large valuation increases in calendar year 2021, values across all property categories continued the rapid rise in 2022 resulting in a 12% overall increase in the 2023 certified taxable value estimate vs. the prior year. As of April 2023, HCAD reports a 16% increase in residential values, 27% for apartments, 23% for warehouses, 20% for retail, and 13% for office properties. The \$13.8B in new construction represents the single highest growth in the tax base in more than 10 years.

While 2021 and 2022 were 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 2013, the certified estimate for 2023, and the amount of new construction added to the tax roll each year.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| Taxable Value (\$B) | 309B | 347B | 392B | 421B | 438B | 450B | 483B | 505B | 521B | 586B | 658B |
| % Change | 10.5% | 12.1% | 13.1% | 7.3% | 3.9% | 2.7% | 7.4% | 4.6% | 3.1% | 12.4% | 12.2% |
| New Construction (\$B) | 5.3B | 8.1B | 10.8B | 12.0B | 12.0B | 10.5B | 9.9B | 12.3B | 11.2B | 12.4B | 13.8B |

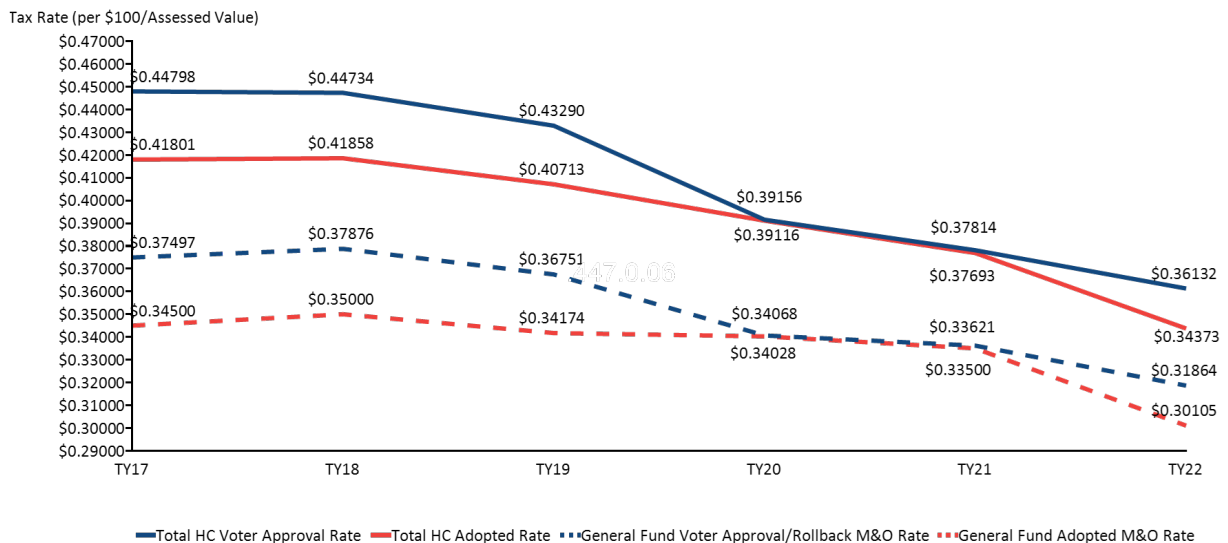
There are, however, tools in place to moderate the impact of large taxable value increases on property owners. Annual valuation increases for residential homestead properties are capped at 10% which resulted in more than 90% of County homesteads having 2023 taxable values below their appraisal. The County also provides a 20% exemption for residential homesteads and an additional \$275,000 exemption for homesteads of senior and disabled property owners which further reduces the tax burden.

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. When rates are adopted at less than the 3.5% cap, the County can accrue the difference between the maximum (Voter Approval Rate) and the adopted rate and apply that unused increment in any of the following three years. Because the County adopted rates below the VAR in each of the last three years, it has a sizable unused increment (\$.01759 per \$100 of taxable value) that can be used in 2023.

After more than a decade of holding the overall tax rate steady, the County has lowered its combined tax rate every year since 2019, in part to offset large increases in property values and to comply with the state revenue caps. Historical Court-adopted tax rates per \$100 of taxable value are shown in the following table.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| County | 0.41455 | 0.41731 | 0.41923 | 0.41656 | 0.41801 | 0.41858 | 0.40713 | 0.39116 | 0.37693 | 0.34373 |
| Flood Control | 0.02827 | 0.02736 | 0.02733 | 0.02829 | 0.02831 | 0.02877 | 0.02792 | 0.03142 | 0.03349 | 0.03055 |
| Port of Houston | 0.01716 | 0.01531 | 0.01342 | 0.01334 | 0.01256 | 0.01155 | 0.01074 | 0.00991 | 0.00872 | 0.00799 |
| Hospital District | 0.17000 | 0.17000 | 0.17000 | 0.17179 | 0.17110 | 0.17108 | 0.16591 | 0.16671 | 0.16221 | 0.14831 |
| Combined Total | 0.62998 | 0.62998 | 0.62998 | 0.62998 | 0.62998 | 0.62998 | 0.61170 | 0.59920 | 0.58135 | 0.53058 |

Total & M&O Tax Rates - Voter Approval vs. Adopted



OMB anticipates recommending 2023 property tax rates that will again be lower than the prior year.

Current Level of Service

Starting in March of 2023, OMB engaged County departments in the Current Level of Service (CLS) process to project 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, 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 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 state mandated minimum spending

on law enforcement, 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.

Throughout FY23 Court approved \$79M of recurring transfers that were removed from the proposed FY23 budget, due to the default to the NNR tax rate. These recurring transfers, coupled with the increased costs to departments' operations, severely limit the investment possibilities by the court for FY24.

In April OMB presented the FY24 CLS forecast of \$2,386M in planned expenses for the county. The forecast projected a \$20M deficit for FY24 based on the VAR revenue forecast of \$2,366M, the maximum tax rate Court can set without voter approval. Under a NNR forecast of \$2,205M, the deficit would be \$181M. Through Commissioners Court guidance for the FY24 budget process, the County was able to balance the budget and make several targeted investments for this upcoming fiscal year, described in the Budget Recommendations by Goal Area section. The figure below represents the FY24 CLS forecast, as of April 2023 this forecast has since changed, and the updated figures are presented in the revenue section.

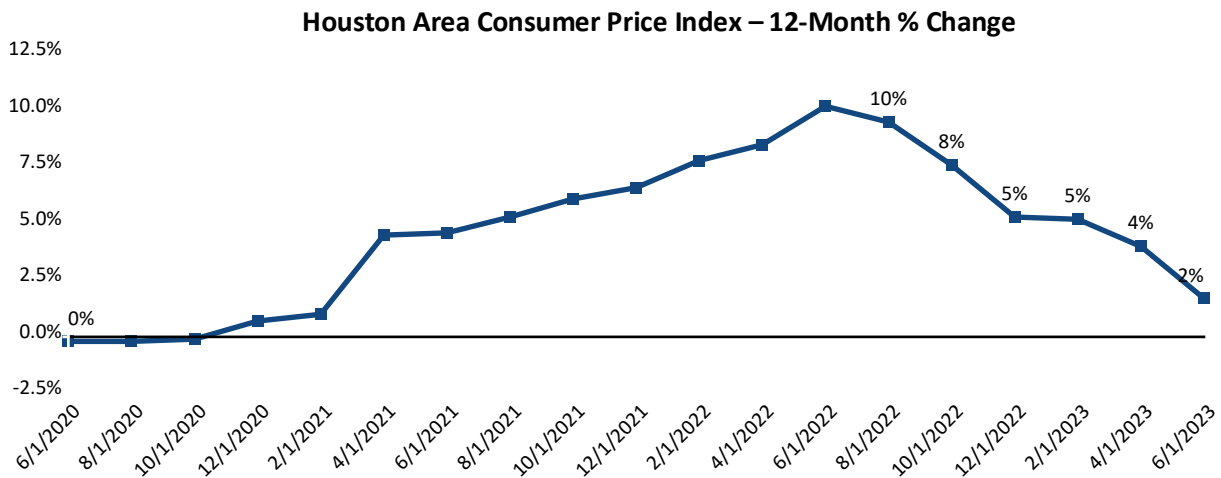
| | Revenue | Expenditure | Surplus/(Deficit) |
|----------|---------|-------------|-------------------|
| FY24 NNR | 2,205M | 2,386M | (181M) |
| FY24 VAR | 2,366M | 2,386M | (20M) |

Key Budget Drivers

The FY24 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

Since the Federal Reserve has begun to raise interest rates, the inflation rate has been declining over the past 12 months. The overall U.S. inflation rate for June 2023 was 3.0%. The current trend for inflation is expected to decline. However, the uncertainty that arises from a combination of factors, such as utility and energy prices and supply chain disruptions, still exists.



Jail Costs

Despite continued investments in the County's justice-related departments, the jail population growth continues to cause \$50M in additional spending on the County's jail. 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 2023 the 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, necessitating additional staffing and the need to outsource inmates to private facilities. Overtime for jail staff is currently 16.1% of the overall labor budget for the Sheriff's Department. At the beginning of FY23, Commissioners Court approved a \$20M supplemental for the Jail to restore staffing to the pre-NNR budget levels, which is sustained in the FY24 proposed budget.

In FY23 the County continues to outsource inmates to Garza County and LaSalle Correctional Center at a cost of \$37M this is paid through a combination of General Fund and ARPA funding, to maintain state-mandated staff to inmate ratios.

In FY23 Commissioners Court made an investment of \$1.9M to provide body-worn cameras to detention staff in the jail, to create more transparency and faster evidence collection. In FY24, there will be an increase to the overall budget totaling \$5.1M for body-worn cameras. The FY24 budget also includes \$411K of General Fund appropriation for positions that are no longer being covered under federal grants (Second Chance Act and PREA grant). The proposed budget also includes \$7.8M in additional jail medical costs.

Facility Maintenance and Utilities

Facility maintenance and utilities account for \$29.1M in additional proposed budget for FY24, \$10.4M for utilities and \$18.7M for facility maintenance.

A major factor in the large utilities increase is the inflationary environment and that the proposed increase to the utility budget was removed during the default to the NNR tax rate. Most notably, a new electricity contract that went into effect in January 2023 saw electricity costs increase by approximately 50%, or \$7.2M. While natural gas costs have leveled off this year, they have increased by \$500K since FY22. Additionally, we anticipate a \$2.8M increase in water/wastewater costs compared to FY22. Since then, City of Houston water/wastewater charges have increased by 45% and 30%, respectively.

Facility maintenance expenses are also projected to increase by approximately \$3.6M, driven primarily by inflation in the County's maintenance contracts. The FY24 budget also proposes transferring \$15.1M of facility maintenance to the General Fund, that had previously been funded out of other sources.

Indigent Defense

Over the last two fiscal years Harris County has seen massive cost increases for *indigent defense*, or county-provided criminal defense services for persons accused of a crime that cannot afford to pay for their own legal representation. In FY22 and the annualized SFY22, Harris County averaged \$60.6M in indigent defense annually. In FY23 alone, Commissioners Court approved a supplemental of \$36M due to costs overruns for court appointed attorney fees, for a total projected spend of \$95M.

The unanticipated costs are attributed to a combination of significant increases in the number of cases being heard at County and District Courts, as well as a change in fee structure, which was approved by the judges in FY23.

In FY24 the County will invest an additional \$21.4M for indigent defense: \$7.4M to support the first phase of the Public Defender's Office expansion to represent 50% of all cases by FY26, and \$14M for court appointed attorney fees.

Compensation and Staffing

Labor costs, such as: salaries, retirement, payroll taxes, and group health represent nearly 60% of the County's \$2.3B FY23 General Fund budget. The Proposed Budget prioritizes restoring employees' salary to what was lost through the default to the NNR tax rate, by providing a 7% COLA for civilian and non-deputy sworn employees, and a 4% COLA for deputies, for a total investment of \$53M in FY24. The recommended COLAs would be implemented over time, with 3% for civilians and non-deputy law enforcement, at the beginning of the fiscal year and 4% to be implemented mid-year. The deputy COLAs would be divided 2% at beginning of fiscal year, and 2% mid-year. The table below describes historical cost of living adjustments instituted by the County.

| Fiscal Year | % COLA for Civilians | % COLA for Deputies and Similar Positions |
|-----------------------|----------------------|---|
| FY22* | 1.2% | 1.2% |
| SFY22† | 1.0% | 4.0% |
| FY23 | 0.0% | 0.0% |
| Total | 2.2% | 5.2% |
| FY24 Proposed‡ | 7.0% | 4.0% |
| Proposed Total | 9.2% | 9.2% |

The proposed COLA builds on the \$500 annual increase in salary for employees earning \$120,640 or less, authorized in May 2023, which cost the County \$2.4M annually. The County also adopted a detention

*COLA was not split between Civilians and Deputies

† 4% included CAO, DAO, FMO, and PDO Investigators

‡ Jail employees received 4%

officer retention incentive funded through ARPA in the amount of \$5.7M that pays \$2,000 annually to eligible employees.

Prior to FY22, Harris County did not provide regular COLAs for county employees. County Departments were given increases, and individual department heads could increase employee salaries at their discretion.

In July 2023, Commissioners Court authorized a strategy and budget for HRRM to develop standardized position classifications and to identify pay disparities across the County.

FY24 Proposed Budget assumes \$5M in vacancy savings across County Departments, which can be found in General Administration-202 budget.

Employee Benefits

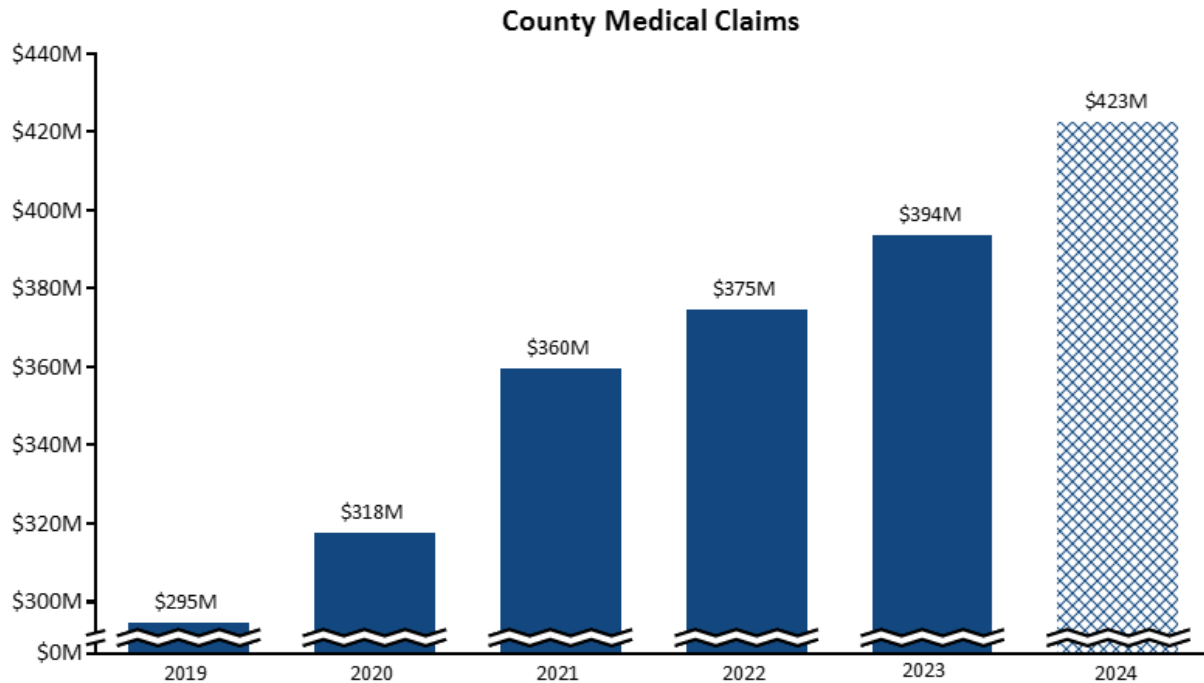
The County has separate funds for its employee health, workers' compensation and unemployment benefit programs and is also required to fund retirement, Social Security and Medicare benefits. Funding for these benefits comes primarily from charges to departments each pay period, including a fixed amount for group health based on each department's number of eligible employees and a variable charge for the other benefits based on employee salaries. For FY24, the proposed budgeted benefits rates for full-time, part-time, and temporary employees are as follows:

| FY24 Proposed Benefits Rates | Full-Time | Part-Time | Temp |
|---|-----------------|-----------------|----------------|
| Group Health (Annual Cost per Employee) | 18,030 | n/a | n/a |
| Retirement* | 15.3025% | 15.3025% | n/a |
| Workers' Compensation | .8800% | .8800% | .8800% |
| Unemployment | .1000% | .1000% | .1000% |
| Social Security | 5.9800% | 5.9800% | 5.9800% |
| Medicare | 1.4000% | 1.4000% | 1.4000% |
| Total Variable Rate | 23.6625% | 23.6625% | 8.3600% |

*The County participates in the Texas County & District Retirement System, which operates on a calendar year basis. The retirement contribution rate for the remainder of calendar 2023 is 15.1%, but the required contribution rises to 15.37% for calendar 2024, resulting in a blended rate of 15.3025% for the fiscal year.

Health Care Costs

Harris County provides generous medical benefits to its employees and retirees compared to peer organizations and national benchmark survey data. For 2023, the health claims forecast is \$394M, which represents a 5% increase from 2022 and nearly 34% increase from just four years ago. The projected FY24 health claims amount is \$423M, and the county will continue to monitor projections when the new plan year begins.



The proposed budget increases the County's healthcare contribution by \$14M, raising the cost per employee from \$17,252 to \$18,030. The FY24 budget assumes \$12M in healthcare savings, from the FY24 CLS projection, related to the rebidding of the healthcare contract. HRRM and OMB will continue to research and present other savings options such as Medicare Advantage and Managed Care plans for Commissioners Court future consideration.

Texas County & District Retirement System (TCDRS)

In 2022, the TCERS portfolio returned -5.8%, net of all fees, against an investment benchmark of 7.5%. TCERS used system reserves to mitigate some of the loss. However, the pension rate charged per employee increases from 15.25% to 15.30% of current salary, resulting in \$600K in additional cost to the General Fund. While the system's assets shrunk in 2022, the system remains healthy, with a 91.53% funding ratio.

Contract Patrol

Harris County allows the Sheriff's Department and Constable Precincts to enter into contractual agreements with businesses, homeowner associations, independent school districts, and municipal utility districts to provide dedicated patrol deputies within their catchment area. The current policy requires that contracts start at the County being reimbursed for 100% of the cost of the deputies. In subsequent years, entities can lower their commitment to 70% or 80% of deputies time and cost. Below is a chart of how much the County spends and receives as part of the contract patrol program (in millions).

| | FY20 | FY21 | FY22 | FY23 |
|---|-------------------|---------------------|---------------------|---------------------|
| <i>Number of Contracted Officers</i> | <i>975</i> | <i>1,015</i> | <i>1,040</i> | <i>1,142</i> |
| Cost Covered by Customers | 71.9 | 78.6 | 82.5 | 95.0 |
| Cost Covered by County | 25.6 | 27.9 | 29.4 | 31.6 |
| Total Cost | 97.5 | 106.5 | 111.9 | 126.6 |

In October 2023, OMB will be presenting a recommendation to Commissioners Court on updated rates for the FY25 budget.

Federal Aid and 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 pandemic recovery.

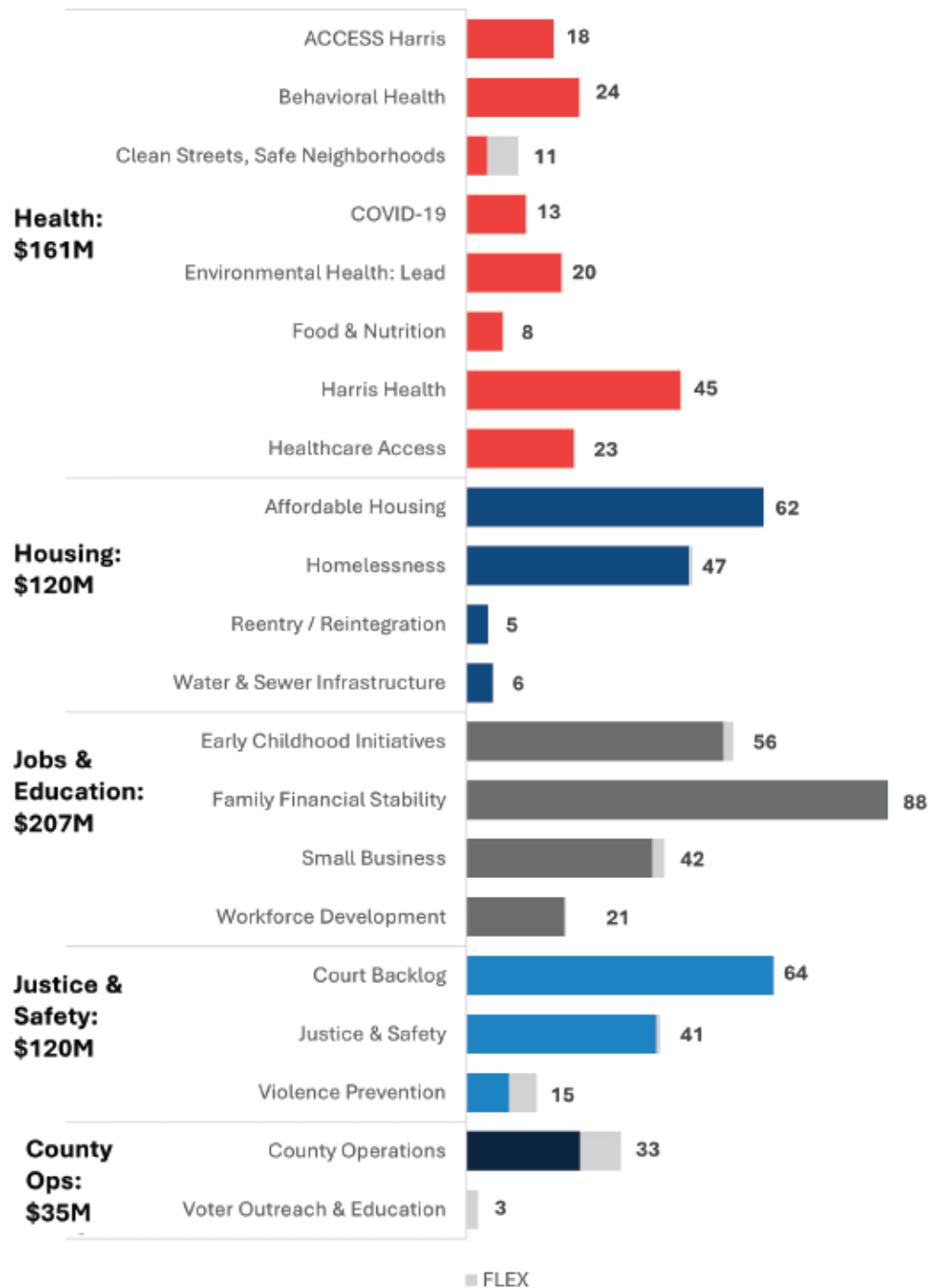
The County made swift use of federal recovery dollars, fully allocating U.S. Treasury funding made available via the CARES Act and Consolidated Appropriations Act. The ARPA Coronavirus State and Local Fiscal Recovery Fund provided a direct grant of \$915.5M to Harris County, of which \$642.7M has been committed.

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

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).

Below is a summary of ARPA funding committed through June 2023:

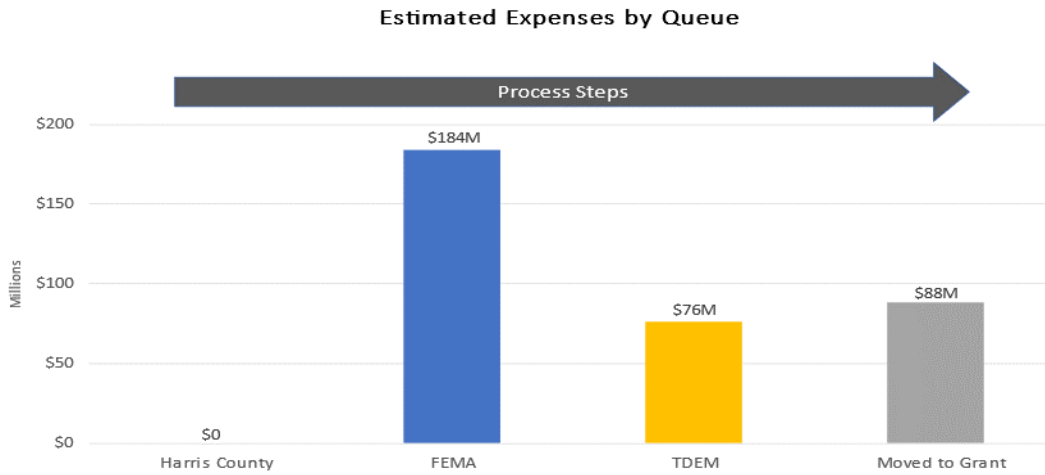
Funds committed by Harris County Commissioners Court through June 2023 (\$M)



In FY24, the County will focus on committing remaining funds and assessing options for sustainable funding where needed.

FEMA Public Assistance Program for COVID-19

Through June 2023, a total of 55 projects in the amount of \$164M 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 \$184M is estimated to be obligated by the end of FY24. 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. \$76M in reimbursements have been approved by FEMA and are awaiting the Texas Department of Emergency Management (TDEM) review to be recognized by the County Auditor.



Budget Plan



Image: Commissioners Court

Approved Revenues and Expenditures

The proposed FY24 appropriation plan for Harris County's General Fund is \$2,395M, which includes \$2,395M in projected total revenue*.

The proposed HCFCD appropriation is \$128.2M. The recommended HCTRA appropriation is \$657M[†] and \$288M of total transfers to the Mobility Fund and Infrastructure Fund.

| | General Fund | Flood Control District | HCTRA |
|--------------|--------------|------------------------|------------|
| Revenue | \$2,395M | \$128M | \$967M |
| Expenditures | \$2,395M | \$128M | \$657M |
| Transfers | - | - | \$288M Out |

* OMB's estimated revenue will differ from the Auditor's estimate, partly due to this timing and partly for other reasons as described in the Revenue section.

[†] HCTRA Revenue consist of Operating revenue + Investment Income; HCTRA Expenditures consists of Operating Expenses + Debt Service + PAYGO.

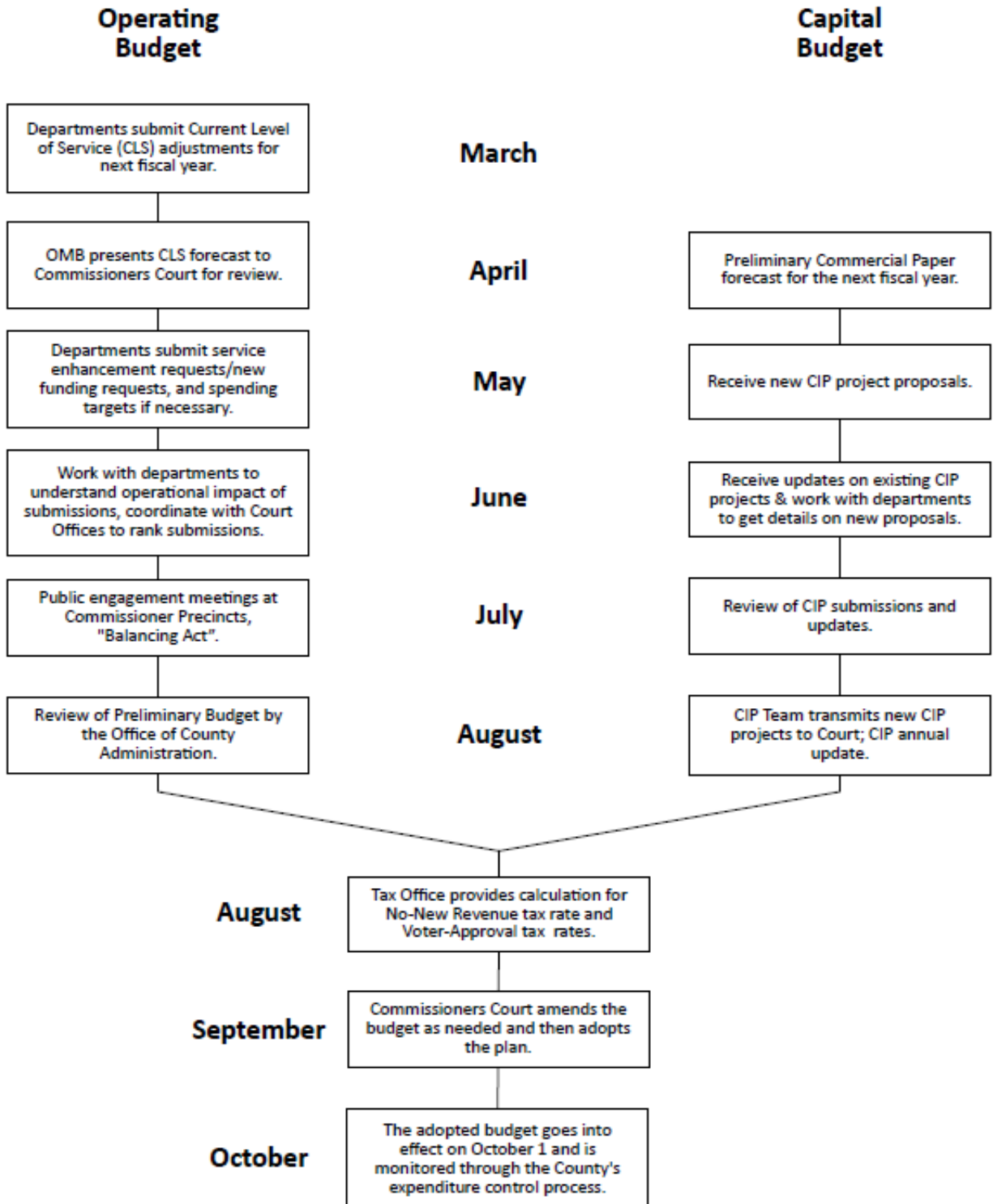
Budget Process and Policies



Image: Leonel Castillo Community Center

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 FY25 budget cycle. 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.



Fiscal Year Change

Prior to March 2022, the County's fiscal year ran from March 1st through February 28th. In 2022, to better align the county's budgeting and appropriations cycle with tax rate setting timelines, the fiscal year was changed to October 1 through September 30. This change required a short, 7-month transition year from March 1, 2022 through September 30, 2022. The following table shows the various abbreviations and corresponding dates for each fiscal year.

| FY20 | FY21 | FY22 | SFY22 | FY23 | FY24 |
|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| FY 2020 | FY2021 | FY2022 | SFY 2022 | FY2023 | FY2024 |
| 3/1/19- 2/29/20 | 3/1/20- 2/28/21 | 3/1/21- 2/28/22 | 3/1/22- 9/30/22 | 10/1/22- 9/30/23 | 10/1/23- 9/30/24 |

It should be noted that "Tax Years" (TY) are different than the fiscal year and cover very different periods. For reference, the 2023 tax rates (Tax Year 2023) are expected to be set in September 2023, with associated tax revenue to be received in County FY24.

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?"

In the FY24 budget cycle, the Commissioners Court formulated Goal Area Committees (GACs) that met with individual departments using Department Progress Meetings (DPMs) to understand from strategic priorities to service delivery. The services and program structure served as the basis for ongoing conversations with departments on spend, performance and resource needs for service efficiency.

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 |
|--|---------------------------|
| Administration and Support Services | Financial Services |
| | Human Resources |
| | IT |
| | Communications |
| | Case Management |
| Bail Hearing | Bail Hearing |
| Holistic Defense Services | 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.

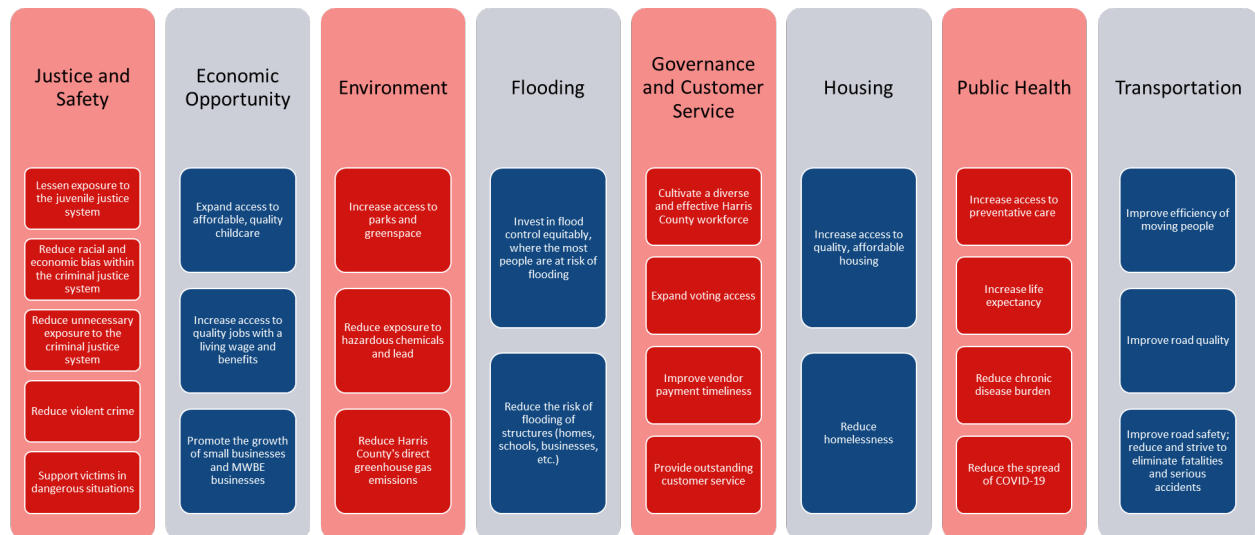
Each performance measure will fall into one of three categories:

- 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.

The County has made significant progress in the curation of performance measures and creating a consistent cadence of data reporting every quarter. However, this is an iterative process and as departments go through the process of aligning departmental strategic priorities with services provided, and get better visibility into their data, there will be changes to the measures provided.

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.



Five-Year Financial Plan

OMB has issued an RFP to help create a 5-year financial plan for the County with the goal of providing County leadership with a mid to long-term financial picture based on the status quo and to highlight opportunities to positively impact the County's revenue, expenditures, operational efficiency, and economic development. The current deadline for the RFP submittals is August 16, 2023 with an overall project timeline of nine months. 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.

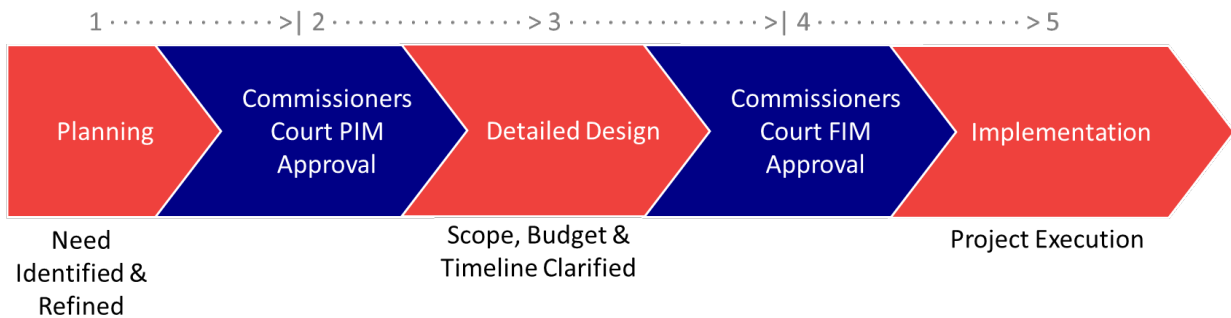
Capital Improvements Plan (CIP)

As part of the annual budget process, Harris 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 additional funding for 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 vehicles for County operations.
4. **Justice and Safety** - Projects directly supporting Justice and Safety, including law enforcement equipment and public safety and justice facility renovations.
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 Plan 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, multi-year 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.

Revenue



Image: El Franco Lee Service Plaza

Introduction

The General Fund is the primary fund for County operations and administration and includes all revenues that are not otherwise restricted or designated for use in another fund.

The two primary revenue streams for the General Fund are property taxes and charges for services accounting for 91% to 93% of total revenue over the past ten complete fiscal years (the seven-month short fiscal year is excluded). Over this span, tax revenue has grown faster than non-tax sources, resulting in property taxes becoming an increasingly large share of the total, now 81% vs. 76% ten years ago.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| Tax Revenue | 76% | 76% | 77% | 79% | 79% | 80% | 79% | 78% | 81% | 81% |
| Charges for Services | 16% | 15% | 15% | 14% | 14% | 13% | 13% | 12% | 12% | 12% |
| % of General Fund | 92% | 91% | 92% | 93% | 93% | 93% | 92% | 90% | 93% | 93% |

The County averaged 7.5% General Fund revenue growth between 2013 and 2018 but the rate of growth has slowed to an average of 3.6% over the last five years and is not expected to see future periods with sustained revenue growth like 2013-2018, due to the imposition of a lower tax revenue cap in 2020 by the Texas State Legislature. Total General Fund revenue (taxes plus non-tax revenue but excluding transfers in) for the last ten fiscal years is shown below.

| \$ in M | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | SFY22* |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| General Fund Rev. | 1,274 | 1,405 | 1,529 | 1,668 | 1,801 | 1,831 | 1,920 | 2,063 | 1,991 | 2,116 | 320 |
| Annual Change | | 10% | 9% | 9% | 8% | 2% | 5% | 7% | -3% | 6% | n/a |

OMB's projected FY23 General Fund revenue excluding transfers in is \$2,174M.

Projected FY24 General Fund Revenue

OMB recommends a FY24 General Fund revenue of \$2,395M, based on the assumption tax rates will be set at a rate below the VAR for the 2023 tax year. The projected FY24 revenue is comprised of \$1,933M from taxes (\$1,929M from ad valorem tax and \$4M from other taxes) and \$462M from charges for services and other non-tax sources. If approved, this would be a \$221M (10%) increase over projected FY23 revenue.

| | Preliminary FY24 | FY23 Adopted | Change in \$ | % Change |
|--------------------|------------------|--------------|--------------|----------|
| FY24 Projected NNR | 1,714.3 | 1,711.7 | 2.6 | 0.2% |
| FY24 Projected VAR | 1,932.5 | 1,711.7 | 220.8 | 12.9% |

* SFY22 was a 7-month fiscal year to facilitate a change in fiscal year start date from March to October.

By statute, the FY24 revenue budget must match the Auditor's Final Estimate of Available Resources which is not yet available. OMB's estimated revenue will differ from the Auditor's estimate, partly due to this timing and partly for other reasons. Most notably, the Auditor's estimate will exclude certain items with the expectation that those items can later be certified as "supplemental" revenue when the amounts are known and/or when funds are actually received.

The OMB estimate, on the other hand, tries to account for many of these items up-front. While the Auditor's Office is statutorily responsible for the estimate of resources providing a maximum that appropriations cannot exceed, OMB's figures are for information purposes that we believe reflects a more comprehensive projection which includes reasonable estimates of supplemental revenue that will be certified by the Auditor over the course of the year. That said, OMB's estimates only include known or reasonably expected sources of revenue. It is likely some new, currently unknown sources of revenue will come in during the year but due to the inherent uncertainty, OMB did not try to guess an amount to include in the initial estimate, preferring instead to treat these as supplemental revenue that can help offset unexpected costs that occur during the year.

Tax Revenue

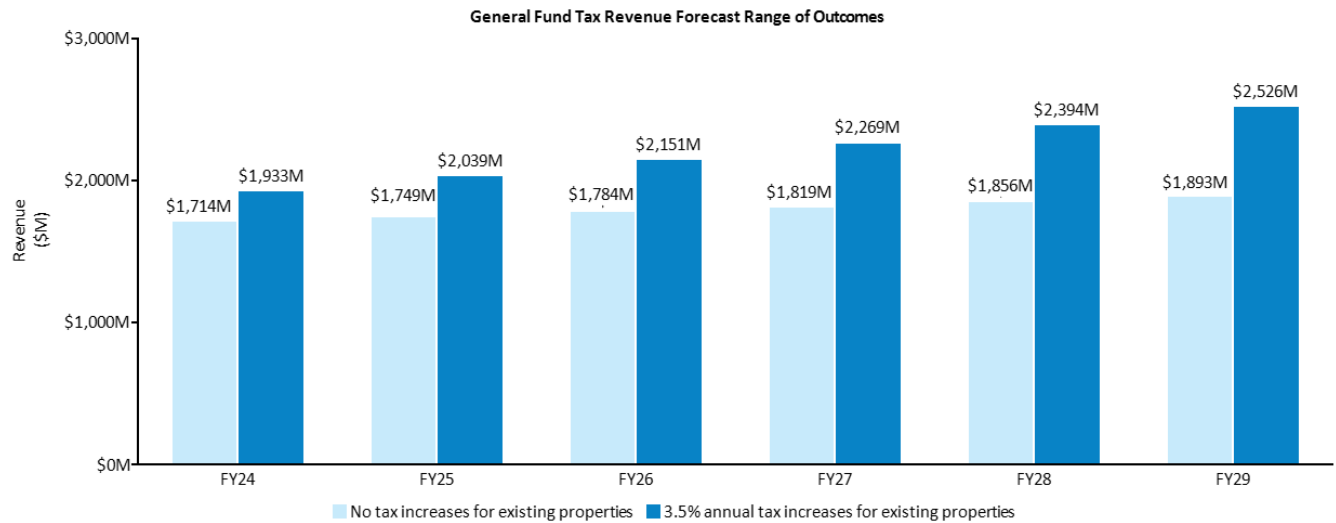
The 2023 tax rates to be set by Commissioners Court in September 2023 will determine the tax revenue for County Fiscal Year 2024. Tax revenue for the coming year is estimated based on the adopted tax rate multiplied by the certified taxable value of properties in the county after adjusting for anticipated future value losses, most commonly stemming from resolved property value disputes. Other tax revenue includes property-tax related penalty and interest income (~\$12M), property rendition penalty income and occupation taxes (~\$4M combined).

The total FY24 projected M&O tax revenue is \$1,929M at the proposed tax rates. This represents an increase of \$217M vs. FY23, of which approximately \$42M will come from new properties, and \$175M will come from higher taxes on existing properties. Compared to the OMB-recommended revenue of \$2,395M, NNR would be \$195M less, and VAR would be \$3.5 more.

The proposed increase is relatively high compared to recent years primarily to catch-up to growing county costs after the County defaulted to the NNR in FY23. As a point of reference, a homestead property valued at \$300,000 in 2022 (assumed to be \$330,000 in 2023) would pay about \$107 more in county property tax (County + Flood Control + Port of Houston + Hospital District) this year at the proposed revenue number.

The following chart illustrates the impact of adopting the NNR vs. the VAR based on new property growth of 2% and annual increases on existing properties of 0% for the NNR vs. 3.5% for the VAR.

With these assumptions, by FY29 the VAR would generate \$633M more General Fund M&O tax revenue than if the NNR was adopted each year*.



Non-Tax Revenue

Projected FY24 General Fund non-tax revenue is \$462M, with the ten largest revenue accounts comprising 73% of the total.

| Revenue Source | FY23 Adopted [†] | OMB FY24 Projected (M) | Diff. | FY24 % of Total |
|---|---------------------------|------------------------|--------|-----------------|
| Patrol Contracts (Including ISDs) | 95.2M | 100.0M | 4.8M | 21.6% |
| Motor Vehicle Sales Tax Fees | 46.4M | 58.0M | 11.6M | 12.6% |
| Auto Registration Fees | 35.2M | 39.0M | 3.8M | 8.4% |
| Fees of Office - Various Charges | 41.2M | 37.2M | (4.0M) | 8.1% |
| Mixed Beverage Taxes | 28.0M | 32.0M | 4.0M | 6.9% |
| Toll Road Reimbursement for Constable Services | 20.6M | 21.0M | 0.4M | 4.5% |
| Automobile Registration Collection Fees | 14.9M | 14.5M | (0.4M) | 3.1% |
| Property Tax Commissions | 14.0M | 14.5M | 0.5M | 3.1% |
| City of Houston Payment - Joint Processing Center | 11.7M | 14.2M | 2.5M | 3.1% |
| Bond Forfeitures | 5.1M | 7.9M | 2.8M | 1.7% |

**** Please note: while this comparison provides a reasonable approximation of future revenue, there are many additional factors that will affect future NNR and VAR tax rates and revenue.**

[†] Adopted FY23 is based on the Auditor's Final Estimate of Resources

| | | | | |
|------------------------------|---------------|---------------|--------------|---------------|
| Subtotal - Top 10 | 312.2M | 338.3M | 26.1M | 73.2% |
| All Other Revenue Sources | 82.7M | 123.8M | 41.1M | 26.8% |
| Total Non-Tax Revenue | 394.9M | 462.1M | 67.2M | 100.0% |

While most non-tax revenues are relatively stable over time, some of them can vary significantly from year to year. Investment/interest revenue is directly tied to market interest rates. Which rose dramatically over the past year, as the U.S. Treasury attempted to combat inflation, driving a large increase in revenue. For FY24, interest revenue is projected to remain near FY23 levels.

New litigation settlements were a significant source of unexpected revenue in FY23, with additional settlements and payments expected for FY24. Both the timing and amount of any settlements are uncertain and could cause variances from the OMB projection. Based on currently available information, OMB's FY24 estimate is \$7.4M including litigation settlements related to opioids (\$3.85M), smokeless tobacco lawsuits (\$1.4M), and the continuation of the tobacco settlement (\$2.1M).

Patrol contract revenue is expected to increase \$4.8M (5%) in FY24 compared to the FY23 adopted budget, due to the full-year impact of new contracts added during FY23 and a cost-based 5% rate increase that goes into effect October 1, 2023. The initial OMB projection does not account for new contracts that may be added at the start of, or during, FY24.

Motor vehicle sales tax and mixed beverage tax revenue both increased significantly in FY23. Vehicle sales tax increases were primarily due to the large increase in average vehicle price, along with a recovery in transaction volume from pandemic lows. Likewise, mixed beverage taxes likely increased based on the combination of higher per-unit prices and increased volume. The FY24 projection includes a slight moderation in vehicle sales prices, but sustained number of transactions as the County's population continues to grow and global supply chains improve. The FY24 budget assumes \$4M of growth in beverage taxes as tourism and nightlife continue to recover from the COVID-19 pandemic.

Revenue from Fees of Office declined by a projected \$6.5M in FY23 versus the prior twelve months, primarily due to a decrease in revenue from the County Clerk (\$4M), caused by lower real property filings, and a statutory change from the prior legislative session that moved some fees from the General Fund to special revenue funds (\$2M). FY24 Fees of Office revenue is projected to be on-par or slightly above FY23 levels.

Many of the County's fees are set by statute but others can be set by Commissioners Court, generally based on the cost to provide the specific service. As costs rise, it is prudent to adjust fees accordingly. OMB is currently soliciting proposals for a five-year planning study, of which one task is to review the County's revenue sources and provide recommendations regarding potential new sources or changes to existing fees.

The FY24 budget assumes a \$1M increase in burglar alarm fee revenue based on anticipated increases that would put the County's fees more in-line with those charged by the City of Houston.

| Current Fees | Harris County | City of Houston |
|------------------------------|---------------|-----------------|
| Application Fee | | |
| Residential | \$35 | \$50 |
| Non-Residential | \$35 | \$156 |
| Annual Permit Renewal | | |
| Residential | \$10 | \$50 |
| Non-Residential | \$10 | \$156 |

The budget also assumes an additional \$1M of revenue resulting from enhancements in the collections process for burglar alarm fee accounts receivables which currently has an outstanding balance of \$15M. Currently, alarm calls are HCSO's top call for service, with over 95% being false alarms. The budget further includes \$1M of additional revenue as a result of implementing a county-wide convenience fee to recover the county's transaction costs.

OMB is still evaluating potential impacts associated with the 88th Legislative session.

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 and management of the flood resilience infrastructure in Harris County. The Flood Control District's jurisdictional boundaries are set to coincide with Harris County. There are 23 primary watersheds within Harris County's 1,777 square miles.

The District is permitted by law to levy a tax rate up to \$.30 per \$100 of taxable valuation, with a maximum rate of \$.15 per \$100 for maintenance and operations but no specific restrictions for debt service within the \$.30.

For tax calculation purposes, Texas law defines any taxing jurisdiction with a M&O tax rate of \$.02500 or less as a Special District. This distinction is important because the multiplier used to determine the VAR for a Special District is 1.08 vs. 1.035 for other jurisdictions, but a Special District cannot apply the Unused Increment.

The District's M&O rate has decreased in each of the last 4 years, with the biggest drop in 2022 when the County defaulted to the NNR rate. The default to the NNR dropped FCD's 2022 M&O rate to \$.02043 which is below the \$.02500 threshold and means Flood Control was considered a Special District. Based on this year's calculations, the District must be treated as a Special District, and can no longer use \$34M in unused increment in any future year.

Beginning in tax year 2020, the debt service rate started increasing reflecting borrowing for the flood bond projects associated with the \$2.5B of bonds approved by voters in 2018. The 2023 rate is increasing by 8.2% and is expected to continue to climb as progress is made on flood control projects.

OMB's FY24 projected tax revenue for Flood Control is shown below. OMB will propose the VAR tax rate which is estimated to generate \$125.7M of tax revenue plus \$2.5M of non-tax revenue, for a total of \$128M, an increase of \$12M over last year. This increase is needed to provide a consistent level of support for the Bond Program and maintain both new and existing infrastructure.

| | Preliminary FY24 | FY23 Adopted | Change in \$ | % Change |
|--------------------|------------------|--------------|--------------|----------|
| FY24 Projected NNR | 104.7 | 113.8 | (\$9.1) | -8.0% |
| FY24 Projected VAR | 125.7 | 113.8 | \$11.9 | 10.5% |

Debt Service



Image: Foxwood Subdivision Drainage Project

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.

In FY2023, Harris County was in the market four times issuing long-term debt for: Hotel Occupancy Tax (HOT) revenue bonds (\$33.3M), Flood Control District (\$225M), Road and Public Improvement Bonds (PIB) (\$230M), and HCTRA (\$125M), for a total of \$613.3M of new debt. The County also had ten transactions relating to short-term debt in the form of commercial paper. Commercial Paper programs Series C (Road) and D-2 (PIB) were both increased by \$100M each, while Series J-1 (Disaster Recovery) was decreased by \$25M and the liquidity facility was replaced, amended orders for Series B (Parks), C (Road), D (PIB), D-2 (PIB), D-3 (Road) to include the new 2022 voted authority, established a new commercial paper program for HCTRA in the amount of \$150M, Series A-1 (Technology) will be increased by \$50M and we will also be replacing the liquidity facility and adding another dealer to the program.

Harris County is proud to have AAA rating from Moody's, S&P, Fitch, and KBRA 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.

The Interest & Sinking (I&S) tax rate is established by including all 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.

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-voted 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

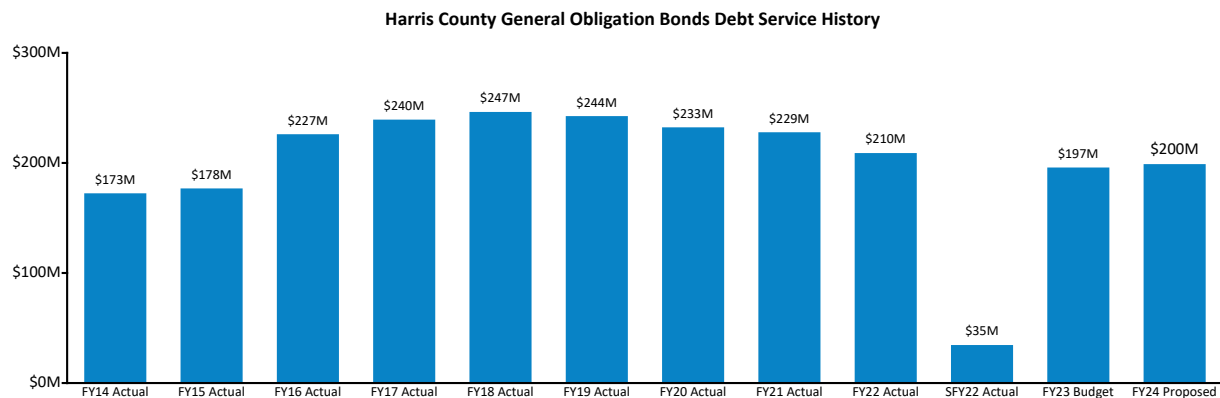
Short-term debt instruments include:

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 \$1.95B 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 are two commercial paper programs for Toll Road in the total amount of \$350M.

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 \$199.9M of its General Obligation debt in FY24. Also shown later in this section, HCFCD will pay off \$66.8M in FY24. As debt is paid off it will decrease the Interest and Sinking component of the tax rate, unless replaced by new debt.



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. In tax years 2020 and 2021, the County chose to pay debt service on the unlimited tax road bonds from HCTRA surplus funds.

| Historical Rates | TY13 | TY14 | TY15 | TY16 | TY17 | TY18 | TY19 | TY20 | TY21 | TY22 | Prelim* TY23 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Harris County | | | | | | | | | | | |
| Constitutional Debt Service | 0.05158 | 0.04802 | 0.05237 | 0.05111 | 0.05234 | 0.05084 | 0.04711 | 0.05088 | 0.04193 | 0.03084 | 0.03002 |
| Road Debt Service | 0.01750 | 0.02382 | 0.02139 | 0.02045 | 0.02067 | 0.01774 | 0.01828 | 0.00000 | 0.00000 | 0.01184 | 0.01338 |
| Harris County Total | 0.06908 | 0.07184 | 0.07376 | 0.07156 | 0.07301 | 0.06858 | 0.06539 | 0.05088 | 0.04193 | 0.04268 | 0.04340 |
| Flood Control District | | | | | | | | | | | |
| Debt Service | 0.00207 | 0.00116 | 0.00113 | 0.00084 | 0.00095 | 0.00139 | 0.00122 | 0.00493 | 0.00750 | 0.01012 | 0.01096 |
| Total Debt Service | 0.07115 | 0.07300 | 0.07489 | 0.07240 | 0.07396 | 0.06997 | 0.06661 | 0.05581 | 0.04943 | 0.05280 | 0.05436 |

* Rates are preliminary for FY23 until the Tax Assessor Collector presents them to Commissioner's Court and Court approves.

Harris County & Flood Control District Authorized /Unissued Bonds

As of: 06/30/2023

| Type and Purpose | Year of Voter Authorization | (Amounts in Thousands) | |
|--|--------------------------------|---------------------------|---------------------------|
| | | Original Authorization | Unissued Authorization |
| Limited Tax: | | | |
| Civil Justice Center | 1999 | \$ 119,000 | 33,000 |
| Forensic Center | 2007 | 80,000 | 5,180 |
| Family Law Center | 2007 | 70,000 | 70,000 |
| Parks | 2015 | 60,000 | 32,940 |
| Parks | 2022 | 200,000 | 200,000 |
| Public Safety | 2022 | 100,000 | 100,000 |
| <i>Total Limited Tax Bonds</i> | | \$ 629,000 | \$ 441,120 |
| Unlimited Tax | | | |
| Road Bonds | 2015 | 700,000 | 409,460 |
| Road Bonds | 2022 | 900,000 | 900,000 |
| <i>Total Unlimited Tax Bonds</i> | | \$ 1,600,000 | \$ 1,309,460 |
| Combination TR Unlimited Tax and Revenue: | | | |
| Toll Bonds | 1983 | \$ 900,000 | \$ 15,148 |
| <i>Total TR Unlimited Tax Bonds</i> | | \$ 900,000 | \$ 15,148 |
| Harris County Flood Control District Limited Tax Bonds | | | |
| Flood Bonds | 2018 | 2,500,000 | 1,491,775 |
| <i>Total FC Limited Tax Bonds</i> | | \$ 2,500,000 | \$ 1,491,775 |
| Total Harris County & Flood Control District Ad Valorem Tax | | \$ 5,629,000 | \$ 3,257,503 |

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 debt payments for Road and Park bonds in FY24 will be approximately \$71.5M

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 June 30, 2023:

| Bond Election | Authorized Amount | Issued | Unissued | Encumbrances | Remaining Budget |
|-----------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| 2015 Road bonds | 700,000,000 | 290,540,000 | 409,460,000 | 105,755,456 | 303,704,544 |
| 2022 Road bonds | 900,000,000 | - | 900,000,000 | - | 900,000,000 |
| 2015 Park bonds | 60,000,000 | 27,060,000 | 32,940,000 | 3,471,125 | 29,468,875 |
| 2022 Park bonds | 200,000,000 | - | 200,000,000 | - | 200,000,000 |
| Total | 1,860,000,000 | 317,600,000 | 1,542,400,000 | 109,226,581 | 1,433,173,419 |

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 a combination of voted and non-voted authority.

For voted projects, the County issues bonds and/or uses Commercial Paper Notes, Series B, 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 debt payments for Public Improvement bonds in FY24 will be approximately \$82.5M. In FY23, OMB has requested authority from Commissioners Court and the Texas Attorney General's Office, to utilize the \$70M in 2007 Family Law Bond to support the building or purchase of a new Family Law Center.

In FY24, OMB will work with the relevant departments to identify eligible uses and needs of the remaining authority for the Civil Justice Center and Forensic Center.

The table represents authorized but unissued bonds as of June 30, 2023:

| Bond Election | Authorized Amount | Issued | Unissued | 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 |
| 2022 Public Safety | 100,000,000 | - | 100,000,000 | 100,000,000 |
| Total | 369,000,000 | 160,820,000 | 108,180,000 | 208,180,000 |

Flood Control Contract Tax

The Flood Control 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 FY24 budget assumes \$45.8M in debt payments supported by Flood Control Contract Tax.

Flood Control District

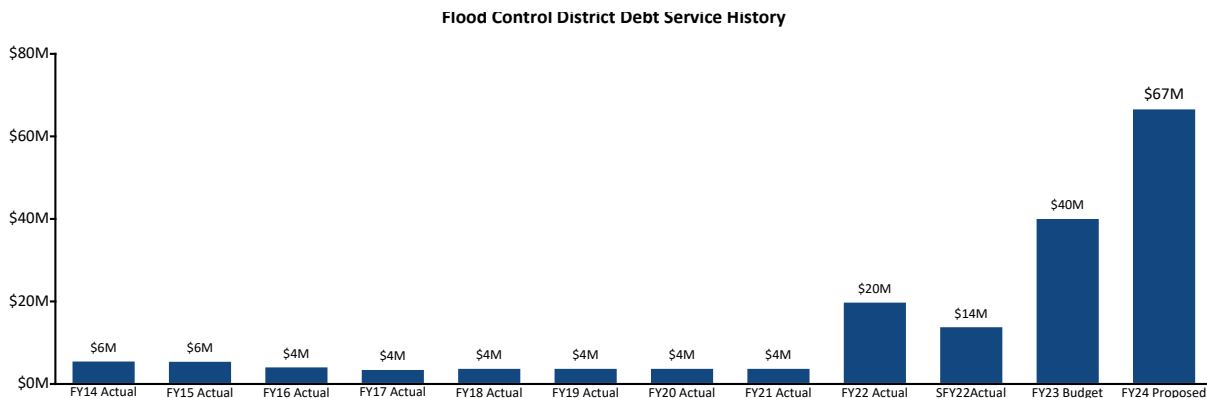
The Flood Bonds are obligations of the HCFCD, secured by a pledge and payable from the District's \$0.30 tax rate limit. Flood bonds require voters' approval. The bonds are issued to finance flood control projects including purchasing lands, easements, rights-of-way, and structures, and for the acquisition 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 June 30, 2023:

| Bond Election | Authorized Amount | Issued | Unissued | Encumbrances | Available Budget |
|---------------|----------------------|----------------------|----------------------|--------------------|----------------------|
| 2018 | | | | | |
| Flood Bonds | 2,500,000,000 | 1,008,225,000 | 1,491,775,000 | 130,749,259 | 1,361,025,741 |
| Total | 2,500,000,000 | 1,008,225,000 | 1,491,775,000 | 130,749,259 | 1,361,025,741 |

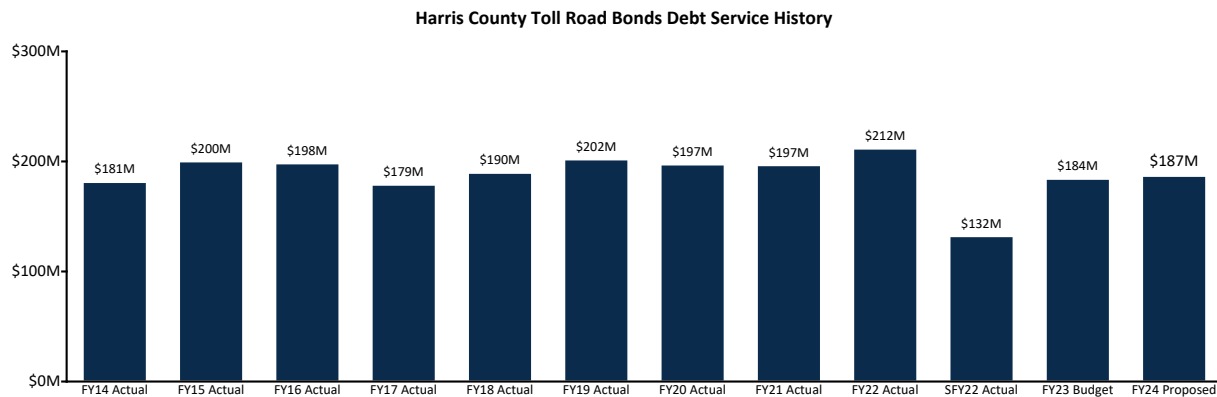
Flood Control bonds require voted authority. The debt payments for Flood bonds in FY24 will be \$66.8M.



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 and Series K-2, to finance toll road projects. Notes issued are eventually rolled into long term bonds to restore the commercial paper capacity.



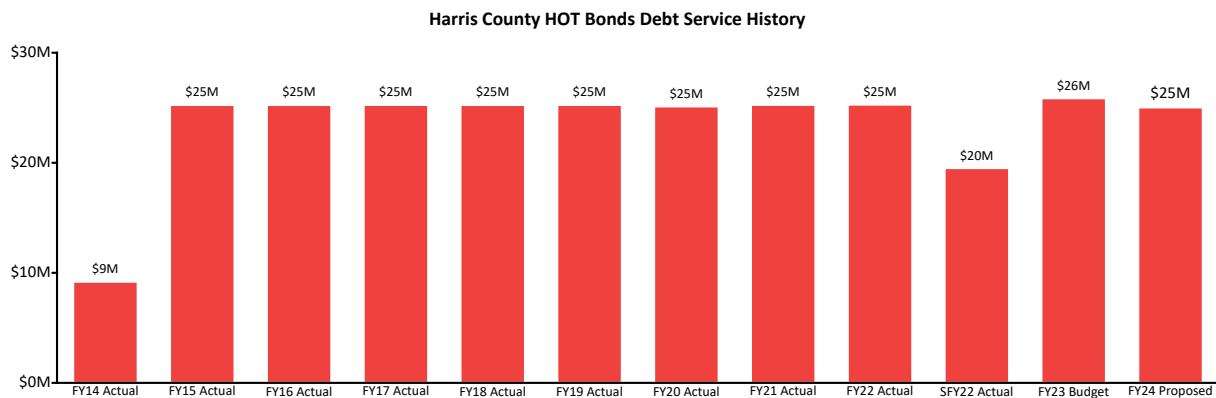
The HCTRA Budget assumes \$186.9M in Toll Road bonds in FY24.

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 is paid from hotel occupancy tax revenues and no tax has been levied to pay on these bonds.

In FY2023, the County issued \$33.3M in the form of Certificates of Obligations for the purposes of upgrading necessary utilities for facilities within the NRG Park Complex to be more energy efficient. The project consists of improvements to lighting, HVAC, central plant, building automation systems (BAS), fire alarm, water, and power factor correction for the complex. Harris County Sports & Convention Center Corporation owns NRG Park and will oversee the project; however, Harris County is responsible for the payment of its utilities. Over a 20-year period, the energy efficiency upgrades are guaranteed to provide a total savings of \$54M to the County.

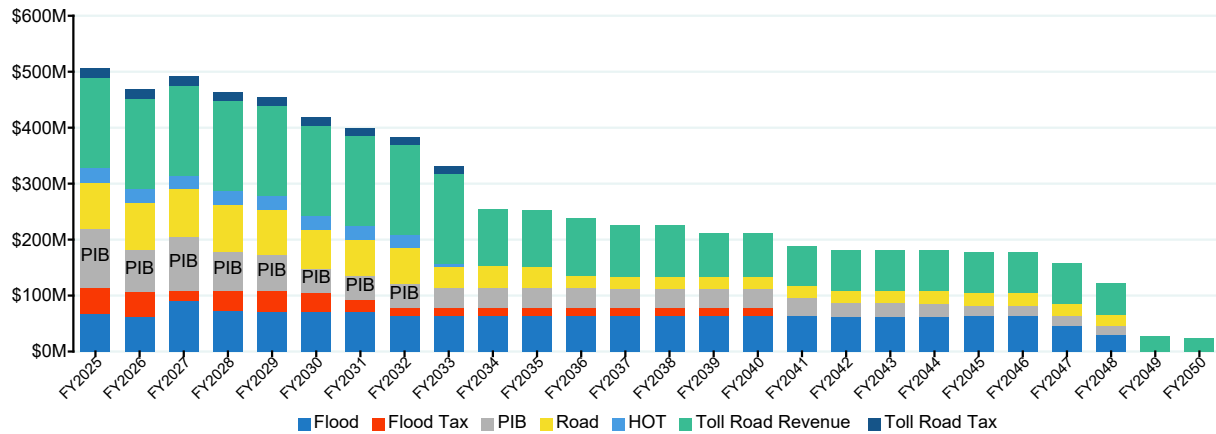
The HOT fund assumes \$25M in debt payments in FY24.



Overall Debt to Maturity

Harris County manages a debt portfolio equating to \$5B in outstanding debt. The below bar chart represents annual debt service payments composed of principal and interest from FY2024 through maturity of the bonds. Debt service payments are paid semi-annually.

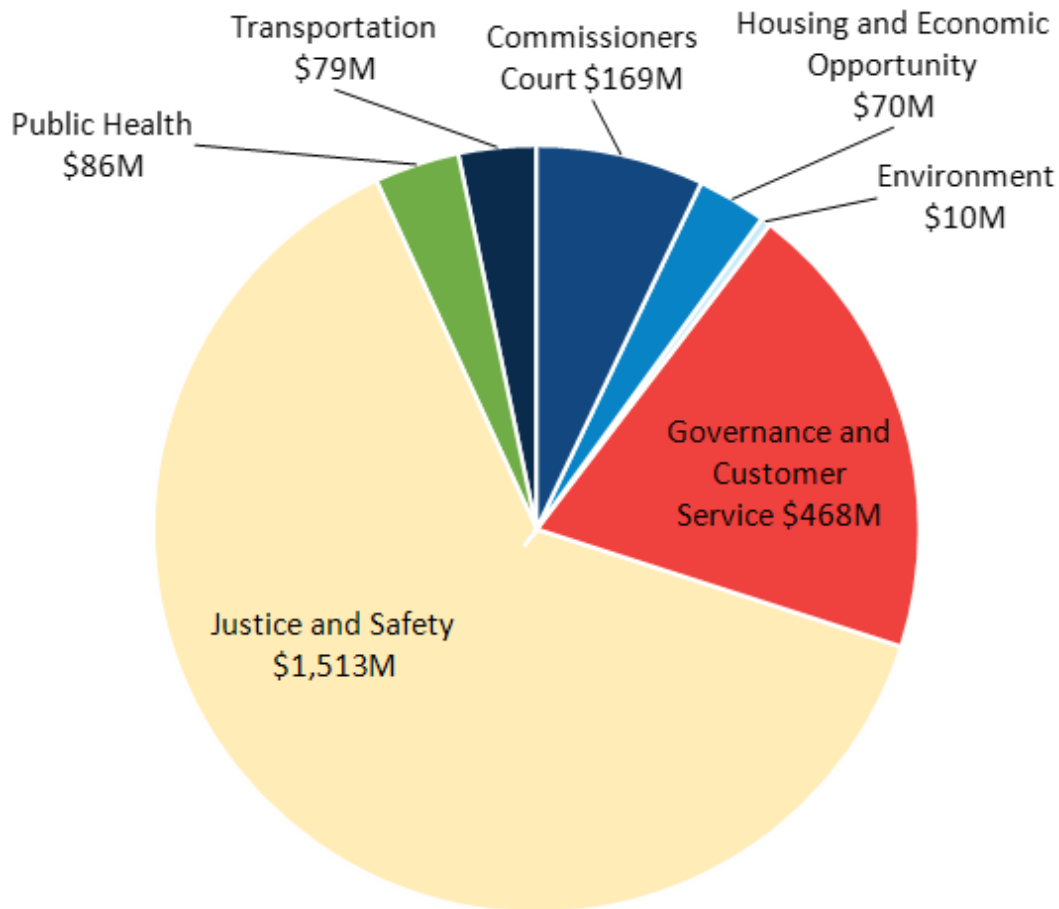
Debt Service Through Maturity



Budget Recommendations by Goal Area



Image: 1910 Courthouse Courtroom

FY24 Proposed General Fund Budget by Goal Area

FY24 Proposed Budget recommends \$2,395M of appropriations in the Proposed FY24 budget, of which \$2,301M is allocated to departments and \$94M 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”). These amounts exclude the County’s unallocated fund balance and Commissioner Court offices’ carryover funds. The Justice and Safety appropriation makes up 63% of the County’s total budget, and 66% of departmental spending. FY24 Budget constitutes a 13% increase over FY23.

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 recommendations for this Priority Outcome include:

- Sustaining a \$5.6M supplemental appropriation approved by Commissioners Court in FY23 to restore 120 HCSO Patrol deputies, that could not be funded with the default to NNR tax rate.
- Creating the detective classification for HCSO Patrol at a cost of \$2.7M.
- Transferring 8 positions, approximately \$700K, to the General Fund, these positions were previously funded through the Federal DOJ Victim Advocacy and COPS Gun Violence Hiring grants.
- Continuing \$37.3M of funding for outsourcing of prisoners to comply with state-mandated staffing ratios at the Harris County Jail. This includes \$14M in General Fund funding to outsource prisoners to LaSalle and an additional \$23.3M to outsource 600 prisoners to Garza County in ARPA funding.
- Investing \$8M for body-worn cameras for Harris County Constables, HCSO Patrol, and Detention staff.
- Expanding PHS's Holistic Assistance Response Team (HART) into HCSO District IV, and extending HART's operating hours to 24/7, at a cost of \$2.9M.
- Creating the classification of Detention Officer Captain and funding the first 2 positions.
- Maintaining funding for 5 Jail Population Specialists, 1 FMLA coordinator, and 1 Medical Liaison in the County's Jail, approved by Commissioners Court in FY23.

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 recommendations for this Priority Outcome include:

- Increasing the Public Defender's budget by \$7.4M, to support the first year of its expansion to represent 50% of all cases by FY26.
- Investing \$9.3M for three new Criminal District Courts, approved by the Texas State Legislature, to provide additional trial capacity and assist with processing of the court backlog:
 - District Attorney's Office (\$3.6M)
 - District Clerk's Office (\$1.5M)

- District Courts (\$1.1M)
- Public Defender's Office (\$972K)
- Pretrial Services (\$785K)
- Sheriff's Office (\$726K)
- Community Supervision (\$602K)
- Increasing court appointed attorney fees for indigent defendants by \$14M.
- Sustaining a \$6.6M supplemental appropriation, for the District Attorney's Office, to backfill 30 Assistant District Attorney positions that could not be funded with the default to NNR tax rate.
- Creating 1 additional Medical Examiner position to maintain adequate staffing levels and reduce reliance on contract pathologists, at a cost of \$388K.
- Increasing funding for the Institute of Forensic Sciences by \$781K to sustain necessary maintenance and calibration cycles for pathology equipment.
- Funding an additional \$1.1M for the District Courts to: maintain adequate funding for court ordered psychological testing services by the Harris Center (\$500K), meet rising costs for language access services (\$250K) as well as temporary labor law clerks and court coordinators (\$395K).
- Investing an additional \$1.1M for Pretrial Services to adequately budget for alcohol interlock devices and meet the volume of court-ordered monitoring.

Priority Outcome: Support victims in dangerous situations

Key budget recommendations for this Priority Outcome include:

- Transferring 3 full-time positions and 5 contract positions previously funded by a federal Victims of Crime Act (VOCA) grant that will not be renewed in FY24 for Harris County Resources for Children and Adults for a total of \$468K.
- Increasing the Children Assessment Center's budget by \$778K to fund 8 full-time positions and program expenses previously funded by a federal Violence Against Women Act (VAWA) grant that will not be renewed in FY24.

Priority Outcome: Lessen exposure to the juvenile justice system

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

Key budget recommendations for this Priority Outcome include:

- Investing \$9M in ARPA funding in the Youth Diversion Center to provide temporary respite care services focused on mental health services, substance use treatment, family counseling, training, and other supports for youth between the ages of 13-17 who have engaged in low-level offenses.
- Increasing the base salaries of Juvenile Supervision Officers and Juvenile Probation Officers within the Juvenile Probation Department to address challenges with recruitment and retention of positions critical to the safety and rehabilitation of troubled youth, which will be offset by \$1.8M

re-bidding of contract with Harris County Psychiatric Center and defunding of long-term vacant positions within the Department.

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

Target: Reduce disparity in incarceration rate by race/ethnicity

Key budget recommendations for this Priority Outcome include:

- Providing \$650K of additional funding for the County Courts to meet demand for interpreter services in the courtrooms.
- Transferring \$250K of County Court and \$238K of District Court translation expenses to the dedicated special revenue fund (Fund 2213) to ease the burden on the general fund and continue to track this key budget driver.

Budget Overview

Below is an overview of actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Justice and Safety goal area. Certain departments are also planned to receive transfers at the beginning of FY24 to their adjusted budget – these departments and the transfer amounts are included in a separate table below.

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|-----------------------------------|--------------|---------------|--------------|---------------|
| Justice & Safety | | | | |
| 14th Court of Appeals | 53,118 | - | 38,881 | 38,881 |
| 1st Court of Appeals | 53,668 | - | 38,881 | 38,881 |
| Community Supervision | 3,696,591 | 2,017,147 | 3,404,755 | 4,110,116 |
| Constable, Pct 1 | 46,951,214 | 30,571,862 | 45,364,315 | 48,612,247 |
| Constable, Pct 2 | 11,407,350 | 7,164,564 | 11,757,948 | 12,254,109 |
| Constable, Pct 3 | 19,363,932 | 12,617,530 | 19,919,058 | 20,729,763 |
| Constable, Pct 4 | 62,394,887 | 39,848,754 | 63,147,400 | 65,533,161 |
| Constable, Pct 5 | 44,444,598 | 28,685,304 | 46,582,350 | 48,374,601 |
| Constable, Pct 6 | 10,358,879 | 6,388,193 | 11,414,038 | 11,953,307 |
| Constable, Pct 7 | 14,592,764 | 8,711,861 | 15,647,290 | 16,160,570 |
| Constable, Pct 8 | 9,737,915 | 5,855,176 | 10,039,046 | 10,395,475 |
| County Court Appointed Att Fees | 6,864,602 | 5,992,799 | 5,600,000 | 9,600,000 |
| County Courts | 18,767,719 | 12,512,909 | 20,684,959 | 21,880,548 |
| Sheriff - Detention | 251,688,977 | 163,535,851 | 254,470,133 | 291,935,597 |
| Sheriff - Medical | 80,869,641 | 57,320,778 | 90,266,505 | 101,719,955 |
| Sheriff - Patrol & Administration | 248,240,767 | 160,633,711 | 258,969,789 | 290,058,729 |
| District Attorney | 97,392,545 | 64,367,952 | 99,341,100 | 114,540,226 |
| District Clerk | 38,870,407 | 24,946,877 | 38,856,940 | 45,494,533 |
| District Court Appointed Att Fees | 55,067,080 | 38,639,848 | 53,500,000 | 63,500,000 |
| District Courts | 30,836,147 | 19,542,163 | 32,536,078 | 36,016,054 |
| Domestic Relations | 5,106,800 | 4,417,717 | 7,323,367 | 7,834,267 |
| Fire Marshal | 10,151,288 | 6,761,386 | 11,528,383 | 12,418,387 |
| Institute of Forensic Sciences | 37,783,944 | 22,647,441 | 38,436,325 | 41,033,029 |
| Justice of the Peace, 1-1 | 2,330,243 | 1,436,449 | 2,455,754 | 2,569,039 |

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|--|----------------------|--------------------|----------------------|----------------------|
| Justice of the Peace, 1-2 | 2,302,473 | 1,378,262 | 2,603,808 | 2,701,035 |
| Justice of the Peace, 2-1 | 1,087,665 | 664,364 | 1,175,455 | 1,252,355 |
| Justice of the Peace, 2-2 | 935,233 | 568,987 | 1,116,350 | 1,153,529 |
| Justice of the Peace, 3-1 | 1,779,101 | 1,107,470 | 1,961,367 | 2,043,676 |
| Justice of the Peace, 3-2 | 1,237,771 | 814,310 | 1,378,862 | 1,428,321 |
| Justice of the Peace, 4-1 | 3,190,647 | 1,928,871 | 3,381,047 | 3,544,658 |
| Justice of the Peace, 4-2 | 1,616,746 | 989,398 | 1,787,394 | 1,814,620 |
| Justice of the Peace, 5-1 | 2,246,613 | 1,271,734 | 2,553,056 | 2,654,649 |
| Justice of the Peace, 5-2 | 3,218,901 | 1,933,211 | 3,415,110 | 3,543,611 |
| Justice of the Peace, 6-1 | 819,750 | 572,542 | 855,256 | 910,542 |
| Justice of the Peace, 6-2 | 773,951 | 434,841 | 954,039 | 990,064 |
| Justice of the Peace, 7-1 | 1,155,766 | 711,597 | 1,363,092 | 1,417,203 |
| Justice of the Peace, 7-2 | 858,024 | 595,941 | 1,184,241 | 1,222,957 |
| Justice of the Peace, 8-1 | 1,249,459 | 810,878 | 1,393,988 | 1,455,613 |
| Justice of the Peace, 8-2 | 728,479 | 482,361 | 989,710 | 1,021,105 |
| Juvenile Probation | 86,015,380 | 49,558,573 | 88,858,966 | 92,077,994 |
| Harris County Resources for Children and Adults | 27,816,185 | 16,963,526 | 27,822,385 | 30,129,581 |
| Office of Managed Assigned Counsel | 163,325 | 820,358 | 2,229,000 | 2,246,853 |
| Pretrial Services | 22,252,980 | 13,327,784 | 25,439,125 | 28,171,651 |
| Probate Court No. 1 | 1,601,718 | 1,080,743 | 1,768,863 | 1,977,522 |
| Probate Court No. 2 | 1,529,744 | 957,975 | 1,657,523 | 1,747,834 |
| Probate Court No. 3 | 5,386,689 | 3,341,228 | 5,840,740 | 5,996,363 |
| Probate Court No. 4 | 1,607,244 | 1,024,838 | 1,702,431 | 1,911,090 |
| Probate Court No. 5 | - | - | - | 1,713,193 |
| Public Defender | 27,093,174 | 18,769,383 | 32,521,150 | 42,566,083 |
| Sheriff's Civil Service | 278,505 | 154,929 | 306,264 | 334,344 |
| Total | 1,303,970,599 | 844,880,376 | 1,355,582,517 | 1,512,827,921 |

Harris County, Texas
Patrol Contracts - Revenue Adjustments as of 7/28/2023

| Department Name | FY24 Planned Transfer | FY24 Proposed Budget | FY24 Total Budget |
|-----------------------------------|--------------------------|-------------------------|----------------------|
| Constable, Pct 1 | 536,055 | 48,612,247 | 49,148,302 |
| Constable, Pct 2 | 882,538 | 12,254,109 | 13,136,647 |
| Constable, Pct 3 | 2,846,102 | 20,729,763 | 23,575,865 |
| Constable, Pct 4 | 2,779,243 | 65,533,161 | 68,312,404 |
| Constable, Pct 5 | 1,612,215 | 48,374,601 | 49,986,816 |
| Constable, Pct 7 | 110,900 | 16,160,570 | 16,271,470 |
| Sheriff - Patrol & Administration | 2,716,553 | 290,058,730 | 292,775,283 |
| | 11,483,606 | 501,723,181 | 513,206,787 |

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 our communities.

Priority Outcome: Improve vendor payment timeliness

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

Key budget recommendations for this Priority Outcome include:

- Funding 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.
- Defunding 1 of the 3 Deputy County Administrators, to reflect ongoing restructuring of the OCA.
- Funding \$635K for additional procurement operations personnel to reduce procurement and purchase order timelines.

Priority Outcome: Expand voting access

Target: Increase the percentage of eligible voters registered to vote

Key budget recommendations for this Priority Outcome include:

- Allocating an additional \$9.6M to fund polling locations, staffing and materials for the March 2024 Primary and Primary runoff elections.
- Maintaining \$1.6M for upgrades to election management software approved in FY23.
- Sustaining \$694K in additional election technicians to service voting machines, and train election workers approved in SFY22.
- Maintaining \$2.5M in FLEX funding previously approved for voter outreach and engagement is being continued in FY24.

Priority Outcome: Provide outstanding customer service

Target: Establish and improve customer effort score for key services

Key budget recommendations for this Priority Outcome include:

- Funding the transition of delinquent tax collection to the County Attorney decrease residents' fees for non-payment, for a total of \$10.6M.
- Creating a philanthropy liaison position within OMB, to develop a strategy for engagement with the local and national philanthropic community on behalf of Harris County, at a cost of \$193K.
- Allocating \$1.7M in general fund to maintain the Public Library collection levels for Harris County residents in the face of increasing costs for print and digital materials.

- Allocating an additional \$30M in short-term debt to order over 500 vehicles for the Sheriff's Office, Constables, and other County departments.
- Increasing funding for 311 operations by \$3.1M.
- Funding an additional \$3.3M in Universal Services for increased cost to Microsoft contracts.
- Transferring \$3.5M in funding to the General Fund for Universal Services expenses that were previously paid with other sources, including: \$1.7M for non-capitalizable hardware/software maintenance, and \$1M for 10 positions transferring into the General Fund.
- Transferring 14.5 FTEs in the Engineering Permitting service from General Fund to Fire Code for a savings of \$1.6M.
- Reducing Universal Services' non-labor budget by found \$843K, to align with historical spending.

Priority Outcome: Cultivate a diverse and effective Harris County workforce

Target: Increase the diversity of managers

Key budget recommendations for this Priority Outcome include:

- Creating a Talent Acquisition Manager to implement a County-wide employee engagement program to improve employee retention.
- Sustaining a \$1.2M investment for additional capacity in HRRM to improve County-wide recruitment, classification, and compensation.
- Allocating \$2.2M in ARPA funding to HRRM to create standardized job descriptions/classifications, and identify pay inequities across: county departments, race, and gender.

Budget Overview

Below is an overview of actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Governance and Customer Service goal area.

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|--|--------------------|--------------------|--------------------|--------------------|
| Governance and Customer Service | | | | |
| Appraisal District | 14,047,947 | 7,000,537 | 14,960,000 | 14,960,000 |
| County Attorney | 31,304,484 | 19,410,754 | 32,386,339 | 42,819,722 |
| County Auditor | 24,240,120 | 15,690,402 | 27,671,229 | 29,024,655 |
| County Clerk | 18,956,646 | 11,710,263 | 18,698,970 | 33,920,884 |
| County Treasurer | 1,109,070 | 723,530 | 1,314,899 | 1,331,164 |
| Elections Administration | 12,446,413 | 8,771,809 | 15,510,684 | - |
| Elections Operations | 11,813,655 | 18,712,100 | 13,360,850 | 24,620,276 |
| General Administrative I | 96,153,529 | 122,859,231 | 77,031,082 | 82,666,766 |
| General Administrative - Reserves | - | - | 15,000,000 | 10,000,000 |
| General Administrative - Commissioner Rollover | - | - | 28,741,450 | - |
| HRRM | - | 4,914,023 | 7,931,425 | 10,263,195 |
| Intergovernmental & Global Affairs | 1,570,449 | 872,605 | 1,820,938 | 1,898,011 |
| Management & Budget | 14,105,298 | 4,096,020 | 7,604,514 | 6,532,529 |
| Office of County Administration | 6,287,256 | 5,678,439 | 17,936,453 | 20,118,958 |
| Purchasing Agent | 9,241,435 | 6,180,252 | 10,320,325 | 13,474,710 |
| Tax Assessor-Collector | 30,641,149 | 19,267,560 | 31,679,145 | 37,435,122 |
| CE Shared Services | 71,184 | 16,166 | - | - |
| Universal Services | 74,527,987 | 42,835,496 | 75,240,336 | 92,837,466 |
| Universal Services Repair and Replacement | 12,109,043 | 12,109,043 | 12,109,043 | 16,600,000 |
| Utilities & Leases | 18,165,614 | 12,905,256 | 19,000,000 | 29,483,935 |
| Total | 376,791,279 | 313,753,486 | 428,317,682 | 467,987,393 |

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 recommendations for this Priority Outcome include:

- Transitioning the COVID-19 Division within Public Health to the Epidemiology, Surveillance and Emerging Diseases Division with a focus on providing disease surveillance, data analysis and interpretation, and guidance for healthcare providers and community partners to improve the health and well-being of all Harris County residents.

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 recommendations for this Priority Outcome include:

- Allocating \$1.4M in general funds for 19 full-time positions in Public Health previously funded by a Centers for Disease Control and Prevention (CDC) grant that will not be renewed in FY24. This includes 16 Community Health Workers essential in providing health education and outreach in underserved communities.
- Reducing Public Health Services contractual labor budget by \$1M to align with historical spending.
- Committing \$6M in ARPA funding to support access to the full spectrum of reproductive healthcare options for low-income, uninsured Harris County residents to help individuals achieve desired reproductive life goals.
- Allocating \$6M in ARPA funding to expand Chronic Disease Prevention and create 20 positions to support the program in efforts to reduce the prevalence and impact of chronic disease-causing risk behaviors in Harris County.
- Committing \$23.7M in ARPA funding to (1) support 11 programs to expand access to counseling services for youth and families, treatment for substance use, and growing the behavioral health workforce, and (2) to empower community members with tools and training to support each other's emotional health, strengthening community behavioral health, emotional wellness, and resiliency.

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 recommendations for this Priority Outcome include:

- Investing \$3.3M in short-term debt for approximately 40 electric vehicles with new pilot programs in the Sheriff’s Office, Engineering, Universal Services, the Flood Control District, and the Toll Road Authority.
- Negotiating with the Texas State Energy Conservation Office to secure a \$3.4M loan at 0.25% interest to replace 1970s-era chillers at 1111 Fannin with new, variable speed chillers that are expected to provide over 40% energy savings.
- Investing 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 recommendations for this Priority Outcome include:

- Allocating \$108K in U.S. Treasury Local Assistance and Tribal Consistency Funds (LATCF) to Pollution Control Services for one-time equipment purchases to improve the operations of the department.
- Committing \$20M in ARPA funding to the Lead Abatement and Prevention program to include a Healthy Homes Initiative, focused on raising awareness of lead-related issues in “hot spot” areas.

Budget Overview

Below is an overview of actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Health and Environment goal area.

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| Public Health | | | | |
| Children's Assessment Center | 9,376,996 | 6,132,436 | 9,108,585 | 10,495,149 |
| Mental Health - THCMH | 22,567,171 | 13,455,850 | 23,067,171 | 23,067,171 |
| Public Health Services | 40,016,127 | 23,359,611 | 46,581,022 | 51,426,251 |
| Texas A&M Agrilife | 878,102 | 558,228 | 990,977 | 1,107,722 |
| Environment | | | | |
| Pollution Control | 7,445,814 | 4,617,317 | 9,449,305 | 9,800,407 |
| Total | 80,284,210 | 48,123,442 | 89,197,060 | 95,896,700 |

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 recommendations for this Priority Outcome include:

- Allocating \$329K in general funds for 4 full-time positions previously funded by a federal Victims of Crime Act (VOCA) grant that will not be renewed in FY24. This funding for Harris County Resources for Children and Adults will retain existing housing case management services to foster youth at risk of homelessness.
- Allocating \$2.2M in general funds to establish the ACCESS Harris Homelessness Cohort which will provide coordinated care for individuals experiencing homelessness, connecting them to resources to improve their health and self-sufficiency.
- Investing \$7.2M in ARPA funds in the Knowles-Rowland House, a permanent supportive housing development for those aspiring to exit homelessness.
- Allocating \$4M in ARPA funds to provide eviction defense legal services for low-income residents through community partners and nonprofit agencies.

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 recommendations for this Priority Outcome include:

- Funding 13 new full-time positions in the Community Services Department to support the successful implementation and monitoring of affordable housing projects using ARPA funds.
- Allocating \$15M in ARPA funds to purchase more than 100 single-family homes, many of which will go into the county's Community Land Trust program to provide and preserve long-term affordable housing.
- Investing \$7.3M in ARPA funds for the acquisition and pre-development of the Yellow Cab Project, which will comprise of a mix of single-family and multi-family units with community space, green space, and walkable and pedestrian friendly amenities.
- Purchasing of the land under the Kingsland Park multi-family development, creating five new affordable units and preserving 141 existing ones, using \$4.2M in ARPA funds.

- Establishing a policy allowing applications for tax exemptions from certain low-income housing projects, under Texas Tax Code 11.1825, of up to \$1.5M total.
- Transferring \$232K, which represents 3 full-time General Fund Community Services outreach positions working on resiliency, to grant and special revenue funds.
- Partially terminating an office space lease for the Community Services Department, due to programs and services ramp-down, for a savings of \$131K in the General Fund.

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 recommendations for this Priority Outcome include:

- Sustaining \$492K in general funds to restore the FY23 proposed budget for the Department of Economic Equity & Opportunity to implement Commissioners Court priorities.
- Funding three new Vendor Diversity Project Monitors to support the increase in MWBE project monitoring using \$309K in general funds.
- Investing \$6.4M in ARPA funds for the Harris Hub small business assistance program to provide hands-on tailored technical assistance and accelerator grants to small businesses and entrepreneurs.
- Allocating \$600K in FLEX funds for a comprehensive evaluation of the Harris Hub Program to ensure program metrics and ARPA requirements are being met.

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

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

Key budget recommendations for this Priority Outcome include:

- Funding three new Wage Rate Monitors to support the increase in compliance monitoring to ensure county contractors are meeting prevailing wage and fringe benefits requirements, using \$309K in general funds.
- Committing \$9.7M in ARPA funds for participating organizations to implement the Hire Up Harris Program providing high-quality job training programs that offer residents technical or sectoral-based training, licenses, degrees, or other industry-recognized qualifications, coupled with career success training, a concrete pipeline to employment, and wraparound services support.

- Investing \$10.9M for the Apprenticeship Advantage Program to expand and create opportunities for Harris County residents experiencing under-employment by providing support and financial resources to increase successful completion of programs and transition to work.

Priority Outcome: Expand access to affordable, quality childcare

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

Key budget recommendations for this Priority Outcome include:

- Allocating \$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.
- Investing \$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.
- Investing \$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 actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Housing and Economic Development goal area.

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|---|-------------------|-------------------|-------------------|-------------------|
| Housing and Economic Opportunity | | | | |
| Community Services | 16,322,672 | 15,715,559 | 21,155,243 | 21,234,426 |
| Economic Equity & Opportunity | 1,838,971 | 2,777,031 | 4,769,091 | 6,081,179 |
| Library | 38,033,620 | 22,258,660 | 38,217,345 | 41,386,978 |
| Veterans Services | 981,332 | 793,624 | 1,375,374 | 1,456,716 |
| Total | 57,176,595 | 41,544,874 | 65,517,053 | 70,159,299 |

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 recommendations for this Priority Outcome include:

- Providing \$4.1M for increases due to overall inflation, including \$2.1M for sediment removal and repairs and \$1.2M for vegetation management.
- Restoring \$3M for the spring mowing cycle that was cut as a part of the default to No New Revenue.
- Allocating \$2.5M in erosion prevention and disaster recovery.
- Providing \$815K to fund regulatorily required maintenance on Federal channels.
- Allocating \$635K to fund additional infrastructure maintenance.
- Funding an additional \$600K for maintenance for new facilities coming online during FY24.

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 recommendations for this Priority Outcome include:

- Redirecting the \$40M contribution from HCTRA surplus revenue from the Flood Control Trust fund to Commissioners Subdivision Drainage projects, eligible under Texas Transportation Code Section 284.0031.
- Allocating \$200M in bond funding to improve neighborhood drainage, which will decrease flooding risk in neighborhoods, while improving the resiliency of the transportation network during disasters.
- Providing \$885K to Flood Control for CDBG support, project delivery, and administrative requirements.
- Allocating \$400K to continue the next phase of work on Flood Control's Asset Management Program to equitably and efficiently manage maintenance.

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

- Allocating \$7.7M in General Fund reserves in order to relocate households living in communities with a history of severe, repetitive flooding and that are ineligible for federal disaster recovery funds.

Budget Overview

Below is an overview of actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Flooding goal area.

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|-------------------------|-------------------|-------------------|--------------------|--------------------|
| Flooding | | | | |
| Flood Control District* | 96,638,816 | 57,824,609 | 114,000,000 | 128,200,000 |
| Total | 96,638,816 | 57,824,609 | 114,000,000 | 128,200,000 |

*The Flood Control District utilizes Fund 2890 for their Operation & Maintenance budget.

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 recommendations for this Priority Outcome include:

- Allocating \$50M of bond funding for Vision Zero programming to improve road safety.

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 recommendations for this Priority Outcome include:

- Increasing Precinct general mobility transfers by \$34M compared to FY23.
- Allocating \$100M in bond funding to improve road quality where it is most needed.

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:

- Investing in the Barrier Free program in FY24 to accelerate the transformation of the County's existing 820 lane-mile toll road system to an all-electronic roadway.
- Implementing the Commissioners Court approved new toll policy, which gives toll road discounts for EZ TAG users and charges higher rates for users without a transponder.
- Allocating \$90M (10%) of the \$900M 2022 bond authorization be allocated to County departments to provide engineering and management support for projects to move forward quickly and efficiently.

Budget Overview

Below is an overview of actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Transportation goal area.

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|---|--------------------|--------------------|--------------------|--------------------|
| Transportation | | | | |
| Engineering* | 73,817,342 | 37,510,382 | 59,697,224 | 78,633,832 |
| Facilities & Property Maintenance | (1,170) | - | - | - |
| Toll Road Authority - 5302 (Toll Road)** | 225,337,330 | 138,838,417 | 292,500,000 | 365,827,200 |
| Toll Road Authority - 5310 (Tunnel & Ferry)** | 5,934,269 | 3,003,522 | 10,800,000 | 11,825,700 |
| Total | 305,087,771 | 179,352,321 | 362,997,224 | 456,286,732 |

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

**The Toll Road Authority utilizes Funds 5302 & 5310 for their Operation & Maintenance budget.

Commissioners Court

Budget Overview

Below is an overview of actuals for FY22 and SFY22, as well as the Adopted FY23 Budget and the FY24 Proposed Budget for each department within the Commissioners Court goal area. Note, the FY24 Proposed Budget only reflects new funding amounts, and Commissioners Court Carryover will be included in the adopted budget:

| Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|----------------------------|--------------------|-------------------|--------------------|--------------------|
| Commissioners Court | | | | |
| Commissioner, Pct 1 | 35,123,548 | 20,359,101 | 37,114,926 | 39,759,044 |
| Commissioner, Pct 2 | 43,877,756 | 24,682,462 | 37,114,926 | 39,759,044 |
| Commissioner, Pct 3 | 38,347,137 | 26,442,970 | 37,114,926 | 39,759,044 |
| Commissioner, Pct 4 | 33,281,489 | 21,203,351 | 37,114,926 | 39,759,044 |
| County Judge | 10,214,409 | 5,855,769 | 9,771,834 | 10,458,679 |
| Total | 160,844,339 | 98,543,653 | 158,231,538 | 169,494,855 |

| Department Name | 75% of Estimated Opening Balance | FY24 New Budget | FY24 Total Proposed |
|----------------------------|----------------------------------|--------------------|---------------------|
| Commissioners Court | | | |
| Commissioner, Pct 1 | 23,823,010 | 39,759,044 | 63,582,054 |
| Commissioner, Pct 2 | 15,829,093 | 39,759,044 | 55,588,137 |
| Commissioner, Pct 3 | 5,709,236 | 39,759,044 | 45,468,280 |
| Commissioner, Pct 4 | 20,713,359 | 39,759,044 | 60,472,403 |
| County Judge | - | 10,458,679 | 10,458,679 |
| Total | 66,074,699 | 169,494,855 | 235,569,553 |

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 to a specific department due to the county-wide nature of the costs. Capital Reserve is also budgeted in Department 202 but is not shown here.

| Description | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed * |
|--|-----------------|------------------|-----------------|--------------------|
| Annual TIRZ Payments | 15,540,075 | 14,374,849 | 15,656,134 | 16,308,140 |
| Litigation Costs | 5,220,501 | 5,102,983 | 11,000,000 | 12,500,000 |
| Jail Outsourcing | - | - | - | 12,000,000 |
| FY23 Patrol Contracts | - | - | - | 11,483,606 |
| Unbudgeted Reserve | - | 4,317,880 | 15,000,000 | 10,000,000 |
| Annual Property Insurance | 4,219,428 | 6,409,600 | 7,666,689 | 7,666,689 |
| Misc. Fees & Services | 5,033,361 | 6,209,368 | 2,000,000 | 5,300,000 |
| Additional FY24 Patrol Contracts | - | - | 4,436,000 | 4,436,000 |
| ACT Collections Software | - | - | - | 4,000,000 |
| EPIC Annual Maintenance (Jail & Harris Center) | - | - | 3,200,000 | 3,200,000 |
| Final Benefits | - | 4,622,952 | 3,307,803 | 2,158,082 |
| Hospital District Reimbursement (Juvenile Detention) | 998,973 | 643,830 | 1,750,000 | 2,000,000 |
| Inmate Care - Memorial Hermann/St. Josephs | 489,950 | 3,768,241 | 500,000 | 1,515,686 |
| Cadence/AMEX Service Charges | 699,233 | 578,009 | 767,593 | 1,113,563 |
| Audit Fees/Studies | 897,740 | 709,820 | 950,000 | 1,000,000 |
| Law Enforcement/Jail Studies | - | - | - | 1,000,000 |
| Cybersecurity Insurance | - | - | 1,000,000 | 1,000,000 |
| Annual Memberships | 373,853 | 295,209 | 450,000 | 510,000 |
| HR Based Claims/Torts | - | 254,694 | 400,000 | 400,000 |
| Linebarger Court Collection | - | - | 480,000 | 75,000 |
| LIDAR Project Charges | 973,372 | 58,351 | 470,049 | - |
| Economic Development Programs | 707,458 | 513,444 | - | - |
| Cybersecurity Investment | - | - | 5,200,000 | - |

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

**Harris County is including \$5M of vacancy savings from various departments in FY24.

| Description | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed* |
|--|-------------------|-------------------|-------------------|-------------------|
| Compensation Study/Pay Equity Implementation | - | - | 5,000,000 | - |
| 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 | - |
| Countywide Vacancy Savings** | - | - | - | (5,000,000) |
| Total | 35,153,944 | 47,859,230 | 92,031,082 | 92,666,766 |

Capital Plan Recommendations



Image: Rice Bridge at Brays Bayou – Flood Control Project

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 plan with a focus on FY24.

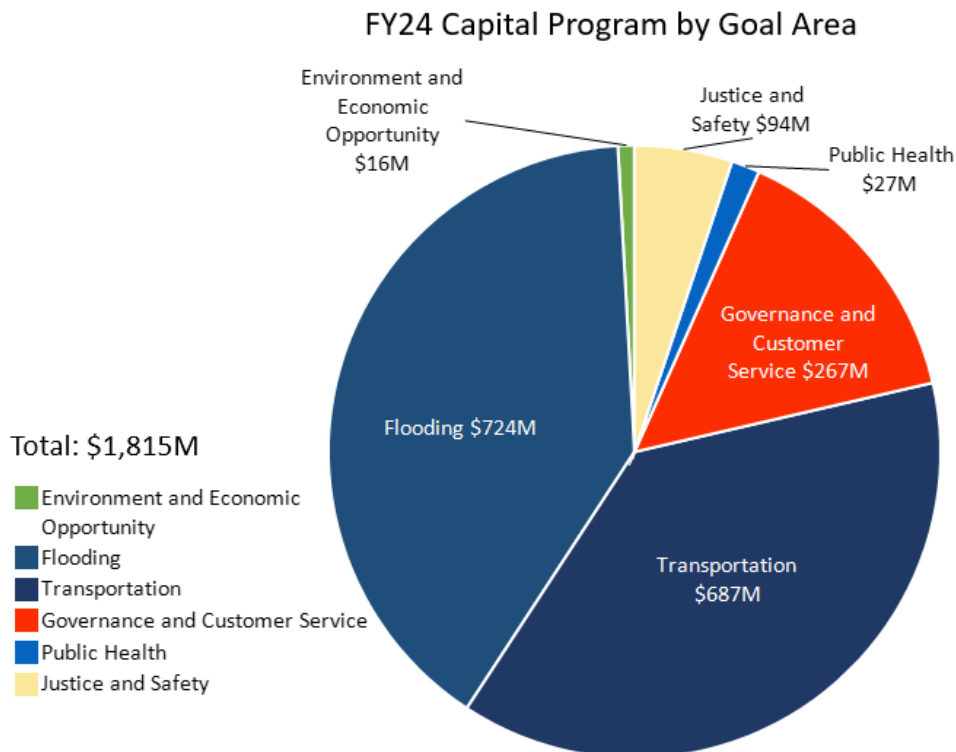
FY24 Capital Plan

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 FY24 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 FY24 Capital Plan Needs

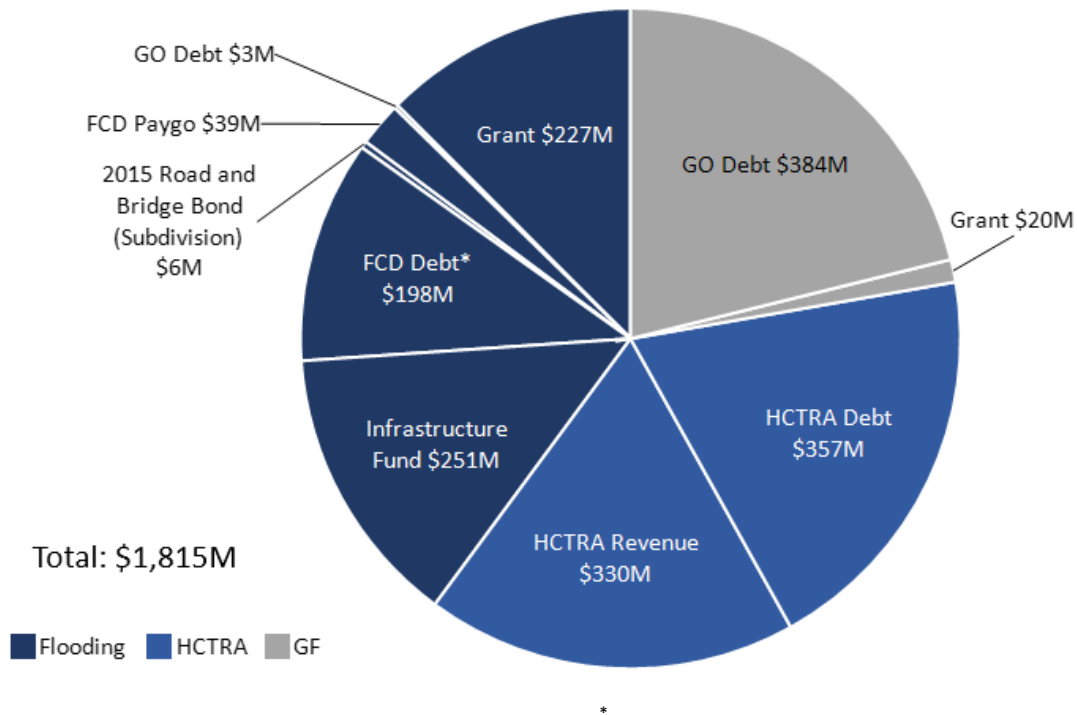
Overall, it is estimated that the Harris County capital plan will need approximately \$1.8B in resources in the next capital year. This most significantly includes investments in flood mitigation, with a need of over \$700M, including over \$250M for the Road and Bridge Subdivision Drainage Program. Transportation projects play a larger role this year as well, as HCTRA begins scaling up construction work on the Ship Channel Bridge and the Barrier Free (formerly known as All-Electronic Tolling) program.



Projected FY24 Capital Plan Funding Sources

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

FY24 Capital Program by Funding Source



*FCD Debt funding consists of voter-approved 2018 Flood Control Bond, including bond funds that are a part of the Flood Resilience Trust. 2018 Flood Control Bond projects are paid for with a mixture of debt, grant, and paygo funds.

FY24 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
- 3-1-1 Implementation – a one-stop-shop which allows residents to request non-emergency services and enables departments to fulfill them
- Baldwin Boettcher Library Restoration and Mitigation – to restore Baldwin Boettcher Library’s condition and implement flood mitigation measures to prevent similar damages from reoccurring, including a flood barrier, structural modifications, and strengthening of the building envelope
- Law Enforcement Equipment Replacement – to provide, replace, and upgrade law enforcement officers’ ruggedized laptops, ballistic vests and tasers
- New District Criminal and Probate Court Renovation – HB 3474 created six new District Courts and one Probate Court in Harris County. Harris County will be renovating the Criminal Justice Center and Family Law Center to accommodate with these changes.

FY24 Proposed Potential Projects

In preparing the FY24 CIP Plan, OMB has gathered proposals for potential new CIP projects from County departments. OMB has received 87 new project requests* across multiple Goal Areas.

Voted Authority

A significant part of the debt that Harris County incurs is authorized by voters at elections. In November 2022, Harris County voters approved the issuance of up to \$1.2B of debt, including up to \$100M for public safety projects, up to \$900M for road and bridge projects, and up to \$200M for parks and trails. Additionally, the County plans to use up to \$70M in previously voted authorization on the Family Law Center to ensure this facility can continue to safely operate for constituents. Furthermore, while having its own tax rate, board of directors, and debt rating, the Harris Health System has indicated plans to present a \$2.5B bond proposal to Harris County voters in November 2023.

- **Public Safety Bond (up to \$100M):** Certain Justice and Safety projects may be a good fit for this funding. Harris County law enforcement agencies have proposed 14 projects that could enhance public safety in Harris County. Given the complexity of the proposals and early stage of investigations into possible solutions, formal budget estimates have not yet been developed for each potential project. As proposals are further defined, the County will develop estimates and

* Not all projects will start in FY24, 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.

determine legal eligibility. Projects that are not eligible to use voted debt may be able to use other sources of CIP funding for completion, pending legal and auditing review and Commissioners Court approval. OMB proposes allocating \$10M of the potential \$100M in funding to Engineering for project management and administration.

- **Road and Bridge (up to \$900M)/Parks and Trails (up to \$200M):** While these projects are managed by precincts and not formally reflected as a part of OMB's CIP, these large bond authorizations will impact tax rates and County operations. Commissioners Court has authorized 10% of total voted authority to be allocated to Engineering for project management and administration. OMB expects to begin issuing budget to precincts for these projects in late FY23 or early FY24.
- **Family Law Center (up to \$70M):** Commissioners Court authorized the first \$5 million in funding for the Family Law Center. Harris County voters approved up to \$70 million for the Family Law Center in November 2007.

New Continuous Project Proposals

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 \$156.7M in FY23, and we expect a request for a total authorization of at least \$124.1M for FY24.

Continuous projects are projects that 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 projects. This year, County departments have proposed two new continuous CIP projects:

- **Vehicles Program:** Starting in FY23, Harris County began purchasing most new vehicles with capital funds and included vehicle needs as a part of the overall Capital Infrastructure Plan.
- **Law Enforcement Equipment Replacement:** Starting in FY23, Law Enforcement's ruggedized laptops, ballistic vests and tasers needs will be review as a part of the CIP program and will be replace and upgraded on a set schedule.

Countywide New CIP Project Proposals

OMB solicited proposals from all departments for additional projects that have not yet been approved by Commissioners Court. There are 87 requests for new projects, totaling over \$250M across several Goal Areas:

- **Governance and Customer Service (\$23M):** 14 projects were proposed from various departments to improve Harris County's ability to provide excellent Governance and Customer Service to Harris County residents. These include:
 - Building renovations at various locations
 - Establishing satellite locations for permit offices

- ADA compliance for County facilities
- Housing and Economic Opportunity (~\$2M): Harris County Public Library has identified 16 CIP projects for various library branches that could benefit from renovations or new specialized equipment, such as reference desks or shelving.
- Transportation (\$140M): 1 project proposed by HCTRA to purchase the Dairy Ashford Building that HCTRA currently leases for a Call Center and Image Review Center.
- Public Health (~\$24M): Harris County Public Health has proposed 30 projects to enhance Public Health's service:
 - Implementation of a case management system to capture key data related services with capacity to integrate with outside health systems
 - Set up a Community Health & Violence Prevention center to provide a safe zone and hub for public health employees to interact with the community and perform mediation and therapy.
 - Set up the Sheldon Health Hub on the campus of C.E. King Middle School to expand Public Health's service area.
- Justice and Safety (\$94M+): 30 Projects were proposed from various Justice and Safety departments. These projects vary in sizes, and some would qualify for Public Safety Bond.
 - The Sheriff's Office proposes to expand the Training Academy located at 2316 Atascocita to provide more training spaces for Law Enforcement and Fire Marshals.
 - The District Clerk's Office proposed renovation of existing County courthouses to add 7 additional courtrooms to accommodate 6 new district courts and a new probate court.
 - The Juvenile Probation Department proposes a project to improve and modernize the Juvenile Justice Facility with new furniture for youth and staff, an open office landscape, a new facility for therapist treatment space and a vocational training center.

All Other Funds

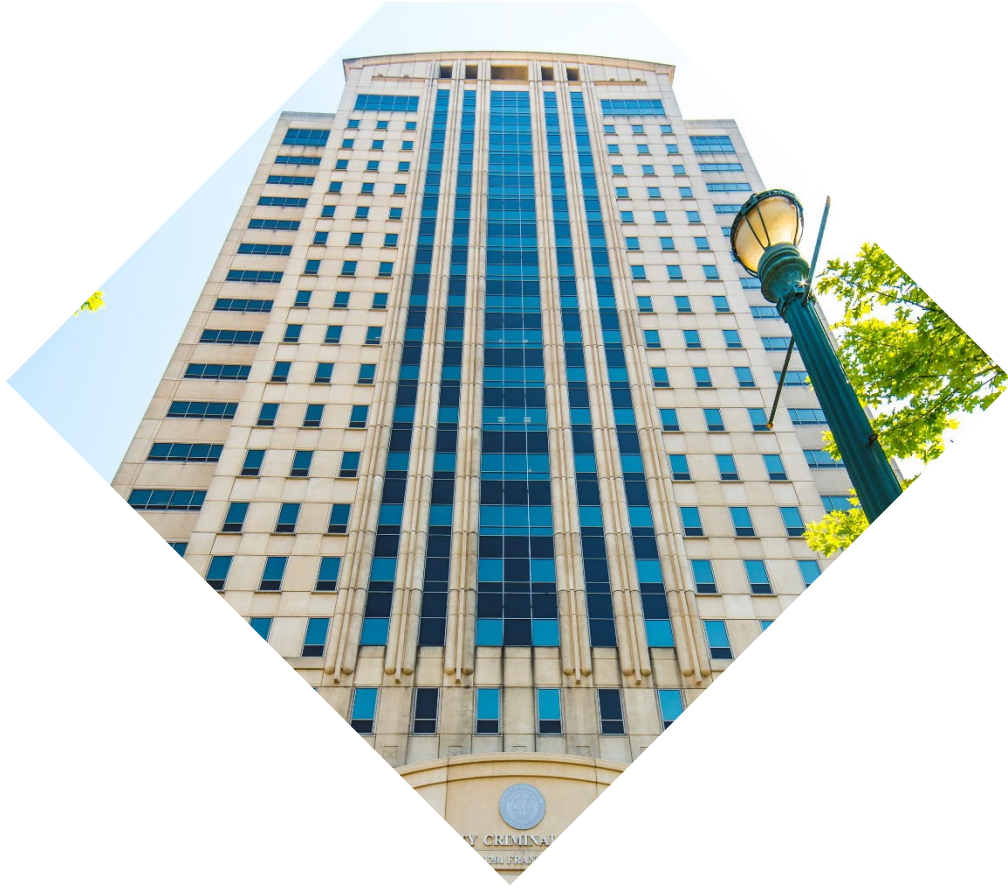


Image: Criminal Justice Center

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 FY23. The Adopted Budget for these funds will be set once the FEAR is published.

Contingency Fund, R&R Fund

During the Short Fiscal Year 2022 Commissioners Court voted to return the remaining contingency funds from departments, and reporting will not continue past FY23.

Mobility Fund

The Mobility Fund consists of transfers of surplus revenue from HCTRA which fund eligible transportation projects throughout the County. Eligible uses are governed by Section 284.0031 of the Texas Transportation Code and include the study, design, construction, maintenance, repair, or operation of roads, streets, highways, or other related facilities.

The FY24 Budget, recommends that \$242M in Mobility Funds will be transferred to Commissioner Precincts. This reflects the recommendation to draw an additional \$30M in HCTRA surplus and redirect the planned \$40M contribution to the Flood Resiliency Trust Fund to Commissioner Precincts for road related projects that meet the requirements of Section 284.0031. Additionally, Engineering will receive \$45.7M for M&O (\$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.

| Department | New Revenue FY24 |
|------------------------|--------------------|
| Commissioner Precincts | 242,000,000 |
| Engineering | 45,700,000 |
| Total | 287,700,000 |

American Rescue Plan

In 2021, following passage of the American Rescue Plan Act (ARPA), the U.S. Treasury allocated \$915 million in Coronavirus Local Fiscal Recovery Funds to Harris County, with a goal of accelerating recovery from the economic and public health impacts of the COVID-19 pandemic. Commissioners Court quickly adopted a governance approach, established an equity framework to guide project selection and delivery, and identified major investment priorities to ensure a holistic recovery.

Since then, Commissioners Court has committed \$643 million across five priorities:

- Health - \$161 million
- Housing - \$120 million
- Jobs & Education - \$207 million
- Justice & Safety - \$120 million
- County Operations - \$35 million

| Portfolio | Focus Area | ARPA Local Fiscal Recovery Funds | FLEX Fund | Total Committed (June 2023) |
|-----------------------------------|--------------------------------------|---|-------------|-----------------------------------|
| Health | Food & Nutrition | 7.7M | | 7.7M |
| | Clean Streets, Safe Neighborhoods | 4.4M | 6.5M | 10.9M |
| | COVID-19 | 12.6M | | 12.6M |
| | ACCESS Harris | 18.4M | | 18.4M |
| | Environmental Health: Lead | 20M | | 20M |
| | Healthcare Access | 22.6M | | 22.6M |
| | Behavioral Health | 23.7M | | 23.7M |
| | Harris Health | 45M | | 45M |
| Health Total | | 154.4M | 6.5M | 160.9M |
| Housing | Reentry / Reintegration | 4.6M | | 4.6M |
| | Water & Sewer Infrastructure | 5.6M | | 5.6M |
| | Homelessness | 46.7M | 0.7M | 47.4M |
| | Affordable Housing | 62.3M | | 62.3M |
| Housing Total | | 119.2M | 0.7M | 119.9M |
| Jobs & Education | Workforce Development | 20.6M | 0.4M | 21M |
| | Small Business | 39M | 2.6M | 41.6M |
| | Early Childhood Initiatives | 53.9M | 2.1M | 56M |
| | Family Financial Stability | 88.4M | | 88.4M |
| Jobs & Education Total | | 201.9M | 5.1M | 207M |
| Justice & Safety | Violence Prevention | 9M | 5.8M | 14.8M |

| | | | | |
|------------------------------------|------------------|---------------|--------------|---------------|
| | Justice & Safety | 104.3M | 0.8M | 105.1M |
| Justice & Safety Total | | 113.3M | 6.6M | 119.9M |
| County Ops | Elections | | 2.5M | 2.5M |
| | County Ops | 23.9M | 8.6M | 32.5M |
| County Ops Total | | 23.9M | 11.1M | 35M |
| Total Committed (June 2023) | | 612.7M | 30M | 642.7M |

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.

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



Image: Transtar-Harris County Emergency Operations Center

Appendix A – Department Budgets

General Fund Budgets

| Dept | Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|------|---|-----------------|------------------|-----------------|------------------|
| 35 | CE Shared Services | 71,184 | 16,166 | - | - |
| 91 | Appraisal District | 14,047,947 | 7,000,537 | 14,960,000 | 14,960,000 |
| 100 | County Judge | 10,214,409 | 5,855,769 | 9,771,834 | 10,458,679 |
| 101 | Commissioner, Pct 1 | 35,123,548 | 20,359,101 | 37,114,926 | 39,759,044 |
| 102 | Commissioner, Pct 2 | 43,877,756 | 24,682,462 | 37,114,926 | 39,759,044 |
| 103 | Commissioner, Pct 3 | 38,347,137 | 26,442,970 | 37,114,926 | 39,759,044 |
| 104 | Commissioner, Pct 4 | 33,281,489 | 21,203,351 | 37,114,926 | 39,759,044 |
| 200 | Office of County Administration | 6,287,256 | 5,678,439 | 17,936,453 | 20,118,958 |
| 201 | Management & Budget | 14,105,298 | 4,096,020 | 7,604,514 | 6,532,529 |
| 202 | General Administrative I | 96,153,529 | 122,859,231 | 77,031,082 | 82,666,766 |
| 202 | General Administrative - Reserves | - | - | 15,000,000 | 10,000,000 |
| 204 | Intergovernmental & Global Affairs | 1,570,449 | 872,605 | 1,820,938 | 1,898,011 |
| 205 | Economic Equity & Opportunity | 1,838,971 | 2,777,031 | 4,769,091 | 6,081,179 |
| 208 | Engineering | 73,817,342 | 37,510,382 | 59,697,224 | 78,633,832 |
| 212 | HRRM | - | 4,914,023 | 7,931,425 | 10,263,195 |
| 213 | Fire Marshal | 10,151,288 | 6,761,386 | 11,528,383 | 12,418,387 |
| 270 | Institute of Forensic Sciences | 37,783,944 | 22,647,441 | 38,436,325 | 41,033,029 |
| 272 | Pollution Control | 7,445,814 | 4,617,317 | 9,449,305 | 9,800,407 |
| 275 | Public Health Services | 40,016,127 | 23,359,611 | 46,581,022 | 51,426,251 |
| 283 | Veterans Services | 981,332 | 793,624 | 1,375,374 | 1,456,716 |
| 285 | Library | 38,033,620 | 22,258,660 | 38,217,345 | 41,386,978 |
| 286 | Domestic Relations | 5,106,800 | 4,417,717 | 7,323,367 | 7,834,267 |
| 289 | Community Services | 16,322,672 | 15,715,559 | 21,155,243 | 21,234,426 |
| 292 | Universal Services | 74,527,987 | 42,835,496 | 75,240,336 | 92,837,466 |
| 293 | Universal Services Repair and Replacement | 12,109,043 | 12,109,043 | 12,109,043 | 16,600,000 |
| 296 | Mental Health - THCMH | 22,567,171 | 13,455,850 | 23,067,171 | 23,067,171 |
| 297 | Facilities & Property Maintenance | (1,170) | - | - | - |
| 298 | Utilities & Leases | 18,165,614 | 12,905,256 | 19,000,000 | 29,483,935 |
| 301 | Constable, Pct 1 | 46,951,214 | 30,571,862 | 45,364,315 | 48,612,247 |
| 302 | Constable, Pct 2 | 11,407,350 | 7,164,564 | 11,757,948 | 12,254,109 |

| Dept | Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|------|-----------------------------------|-----------------|------------------|-----------------|------------------|
| 303 | Constable, Pct 3 | 19,363,932 | 12,617,530 | 19,919,058 | 20,729,763 |
| 304 | Constable, Pct 4 | 62,394,887 | 39,848,754 | 63,147,400 | 65,533,161 |
| 305 | Constable, Pct 5 | 44,444,598 | 28,685,304 | 46,582,350 | 48,374,601 |
| 306 | Constable, Pct 6 | 10,358,879 | 6,388,193 | 11,414,038 | 11,953,307 |
| 307 | Constable, Pct 7 | 14,592,764 | 8,711,861 | 15,647,290 | 16,160,570 |
| 308 | Constable, Pct 8 | 9,737,915 | 5,855,176 | 10,039,046 | 10,395,475 |
| 311 | Justice of the Peace, 1-1 | 2,330,243 | 1,436,449 | 2,455,754 | 2,569,039 |
| 312 | Justice of the Peace, 1-2 | 2,302,473 | 1,378,262 | 2,603,808 | 2,701,035 |
| 321 | Justice of the Peace, 2-1 | 1,087,665 | 664,364 | 1,175,455 | 1,252,355 |
| 322 | Justice of the Peace, 2-2 | 935,233 | 568,987 | 1,116,350 | 1,153,529 |
| 331 | Justice of the Peace, 3-1 | 1,779,101 | 1,107,470 | 1,961,367 | 2,043,676 |
| 332 | Justice of the Peace, 3-2 | 1,237,771 | 814,310 | 1,378,862 | 1,428,321 |
| 341 | Justice of the Peace, 4-1 | 3,190,647 | 1,928,871 | 3,381,047 | 3,544,658 |
| 342 | Justice of the Peace, 4-2 | 1,616,746 | 989,398 | 1,787,394 | 1,814,620 |
| 351 | Justice of the Peace, 5-1 | 2,246,613 | 1,271,734 | 2,553,056 | 2,654,649 |
| 352 | Justice of the Peace, 5-2 | 3,218,901 | 1,933,211 | 3,415,110 | 3,543,611 |
| 361 | Justice of the Peace, 6-1 | 819,750 | 572,542 | 855,256 | 910,542 |
| 362 | Justice of the Peace, 6-2 | 773,951 | 434,841 | 954,039 | 990,064 |
| 371 | Justice of the Peace, 7-1 | 1,155,766 | 711,597 | 1,363,092 | 1,417,203 |
| 372 | Justice of the Peace, 7-2 | 858,024 | 595,941 | 1,184,241 | 1,222,957 |
| 381 | Justice of the Peace, 8-1 | 1,249,459 | 810,878 | 1,393,988 | 1,455,613 |
| 382 | Justice of the Peace, 8-2 | 728,479 | 482,361 | 989,710 | 1,021,105 |
| 510 | County Attorney | 31,304,484 | 19,410,754 | 32,386,339 | 42,819,722 |
| 515 | County Clerk | 18,956,646 | 11,710,263 | 18,698,970 | 33,920,884 |
| 516 | Elections Operations | 11,813,655 | 18,712,100 | 13,360,850 | 24,620,276 |
| 517 | County Treasurer | 1,109,070 | 723,530 | 1,314,899 | 1,331,164 |
| 520 | Elections Administration | 12,446,413 | 8,771,809 | 15,510,684 | - |
| 530 | Tax Assessor-Collector | 30,641,149 | 19,267,560 | 31,679,145 | 37,435,122 |
| 540 | Sheriff - Patrol & Administration | 248,240,767 | 160,633,711 | 258,969,789 | 290,058,729 |
| 541 | Sheriff - Detention | 251,688,977 | 163,535,851 | 254,470,133 | 291,935,597 |
| 542 | Sheriff - Medical | 80,869,641 | 57,320,778 | 90,266,505 | 101,719,955 |
| 545 | District Attorney | 97,392,545 | 64,367,952 | 99,341,100 | 114,540,226 |
| 550 | District Clerk | 38,870,407 | 24,946,877 | 38,856,940 | 45,494,533 |
| 560 | Public Defender | 27,093,174 | 18,769,383 | 32,521,150 | 42,566,083 |
| 601 | Community Supervision | 3,696,591 | 2,017,147 | 3,404,755 | 4,110,116 |
| 605 | Pretrial Services | 22,252,980 | 13,327,784 | 25,439,125 | 28,171,651 |
| 610 | County Auditor | 24,240,120 | 15,690,402 | 27,671,229 | 29,024,655 |
| 615 | Purchasing Agent | 9,241,435 | 6,180,252 | 10,320,325 | 13,474,710 |
| 700 | District Courts | 30,836,147 | 19,542,163 | 32,536,078 | 36,016,054 |

| Dept | Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|------------------------|---|-----------------|------------------|-----------------|------------------|
| 701 | District Court Appointed Att Fees | 55,067,080 | 38,639,848 | 53,500,000 | 63,500,000 |
| 821 | Texas A&M Agrilife | 878,102 | 558,228 | 990,977 | 1,107,722 |
| 840 | Juvenile Probation | 86,015,380 | 49,558,573 | 88,858,966 | 92,077,994 |
| 845 | Sheriff's Civil Service | 278,505 | 154,929 | 306,264 | 334,344 |
| 880 | Harris County Resources for Children and Adults | 27,816,185 | 16,963,526 | 27,822,385 | 30,129,581 |
| 885 | Children's Assessment Center | 9,376,996 | 6,132,436 | 9,108,585 | 10,495,149 |
| 930 | 1st Court of Appeals | 53,668 | - | 38,881 | 38,881 |
| 931 | 14th Court of Appeals | 53,118 | - | 38,881 | 38,881 |
| 940 | County Courts | 18,767,719 | 12,512,909 | 20,684,959 | 21,880,548 |
| 941 | County Court Appointed Att Fees | 6,864,602 | 5,992,799 | 5,600,000 | 9,600,000 |
| 945 | Office of Managed Assigned Counsel | 163,325 | 820,358 | 2,229,000 | 2,246,853 |
| 991 | Probate Court No. 1 | 1,601,718 | 1,080,743 | 1,768,863 | 1,977,522 |
| 992 | Probate Court No. 2 | 1,529,744 | 957,975 | 1,657,523 | 1,747,834 |
| 993 | Probate Court No. 3 | 5,386,689 | 3,341,228 | 5,840,740 | 5,996,363 |
| 994 | Probate Court No. 4 | 1,607,244 | 1,024,838 | 1,702,431 | 1,911,090 |
| 995 | Probate Court No. 5 | - | - | - | 1,713,193 |
| Sub-Total | | 2,052,883,194 | 1,384,356,213 | 2,127,801,624 | 2,395,000,000 |
| Working Capital | | - | - | 461,112,399 | - |
| Total | | 2,052,883,194 | 1,384,356,213 | 2,588,914,023 | 2,395,000,000 |

Toll Road Operating Funds

| Dept | Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|--------------|---|--------------------|--------------------|--------------------|--------------------|
| 050 | Toll Road Authority - 5302 (Toll Road) | 225,337,330 | 138,838,417 | 292,500,000 | 365,827,200 |
| 050 | Toll Road Authority - 5310 (Tunnel & Ferry)* | 5,934,269 | 3,003,522 | 10,800,000 | 11,825,700 |
| Total | | 231,271,599 | 141,841,939 | 303,300,000 | 377,652,900 |

Flood Control Operating Funds

| Dept | Department Name | FY22 Actuals | SFY22 Actuals | FY23 Adopted | FY24 Proposed |
|--------------|-------------------------|-------------------|-------------------|--------------------|--------------------|
| 090 | Flood Control District* | 96,638,816 | 57,824,609 | 114,000,000 | 128,200,000 |
| 202 | General Administration | 582,006 | 7,303,829 | 100,761,328 | - |
| Total | | 97,220,822 | 65,128,438 | 214,761,328 | 128,200,000 |

***The Toll Road Authority utilizes Funds 5302 & 5310 for their Operation & Maintenance budget*

Appendix B – Glossary of Terms

| Term | Description |
|--|--|
| Accrual | 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). |
| Ad Valorem Tax | Is a tax whose amount is based on the value of a transaction or of property. |
| Allocation | An amount or portion of a resource assigned to a particular Department. |
| Appraisal | An assessment or estimate of the value of property. |
| Appropriation | The legislative authority to spend and obligate a specified amount from a designated fund account for a specific purpose. |
| ARPA | 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. |
| Bond | 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.” |
| Capital Funds | Funds set aside for purpose of funding a long-lived asset that depreciates over time. |
| Capital Improvement Plan (CIP) | A list of capital projects and funding sources for the next 5-10 years. |
| Capital Improvement Project | 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. |
| Capital Reserve | A fund or account set aside for major long-term investment projects or other anticipated expenses. |
| Carryover | Balances in each fund at the end of the fiscal year that will be the beginning fund balances of the next fiscal year. |
| Carry-Forward | Prior year appropriation that is brought into the current fiscal year to pay for encumbered expenses that have not been paid. |
| Community Development Block Grant (CDBG) | Federal block grant through the Housing and Urban Development Department (HUD) designed to support community development activities to build stronger and more resilient communities. |
| Community Development Block Grant-Disaster Recovery (CDBG-DR) | 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. |

| Term | Description |
|--|--|
| Certificates of Obligation (CO) | 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. |
| Current Level of Service (CLS) | The annual OMB pre-decisional projection of the County's costs in the next fiscal year. |
| Cost of Living Adjustments (COLA) | Salary increases designed to maintain purchasing power for employee compensation with inflation. |
| Commercial Paper | 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. |
| Consumer Price Index (CPI) | A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. |
| Contingency | 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. |
| Debt Service | 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. |
| Deficit | The amount that expenditures exceed projected revenue. |
| Encumbrance | 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. |
| Enterprise Fund | 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. |
| Expenditure | 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. |
| FEAR | Final Estimate of Available Resources prepared by the County Auditor. |
| Federal Grants | 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. |

| Term | Description |
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| Fiscal Year (FY) | 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. |
| Fitch Rating | Internationally recognized credit rating agency. |
| Flex Fund | 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. |
| Flood Contract Tax Bonds | 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. |
| Flood Control Bonds | 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. |
| Flood Resilience Trust | 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. |
| Forfeited Fund | Seized funds awarded to law enforcement entities by federal and state courts. |
| Full-Time Equivalent (FTE) | 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. |
| Fund | 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. |
| General Fund | 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. |
| General Obligation (GO) | 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. |

| Term | Description |
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| Grant | 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. |
| Healthcare Fund | The county maintains a separate fund to account for employee healthcare expenses and sources of revenue, including county contributions and employee premiums. |
| Hotel Occupancy Tax (HOT) | 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. |
| I&S Rate | Interest and Sinking is the tax rate needed to generate enough funds to cover all debt service and commercial paper repayments for the year. |
| Indigent Defense | County-provided criminal defense services for those persons accused of a crime that cannot afford to pay for their own lawyer/counsel. |
| Infrastructure Fund | Special Fund created to track Road & Bridge Subdivision Drainage Program costs. |
| M/WBES | Minority and Women Owned Business Enterprises. |
| Maintenance and Operation Rate (M&O) | 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. |
| Maturity | The date on which the principal or stated value of investments or debt obligations is due and may be reclaimed. |
| Mobility Fund | Special Fund to track road and bridge related projects that are part of the county-wide transportation plan linked to the Toll Road network. |
| Mobility-nexus | Having relation to road, street, or highway projects, as defined in Section 284.0031 of the Texas Transportation Code. |
| Moody's | Internationally recognized credit rating agency. |
| Operating Budget | 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. |
| Outcome Budgeting | 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. |
| PEAR | Preliminary Estimate of Available Resources (prepared by the County Auditor). |
| Permanent Improvement Bonds (PIB) | 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. |
| Portfolio | A collection of departments that an OMB Portfolio Manager works closely with to identify budgetary needs. |

| Term | Description |
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| Precinct | A defined area for each Harris County Commissioner. |
| Priority Outcomes | 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. |
| Proprietary Funds | 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. |
| Public Improvement Contingency Fund (PIC) | Emergency Fund created to be used in case of County-wide emergencies, many costs of which are expected to be reimbursed by FEMA (hurricanes, COVID-19, etc.). |
| COVID R&R Fund | Special Fund created to track COVID-related costs that are not expected to be reimbursed by FEMA. |
| Revenue Bonds | Bonds whose debt service is paid through a non-General Fund dedicated revenue stream such as tolls or hotel tax. |
| Request for Proposals (RFP) Process | 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. |
| Road Bonds | General Obligation debts used to fund road projects. |
| Rollover | 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. |
| Standard & Poors (S&P) | Internationally recognized credit rating firm. |
| SB2 | 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. |
| SB6 | 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. |
| Senior Lien | The first security interest placed upon property at a time before other liens. |
| SFY22 | Short Fiscal Year 2022 (March 2022 - September 2022). |
| Special Revenue Fund | Non-General funds that are supported by something other than property taxes (i.e. special taxes, tolls, fees for service). |
| Subordinate Lien Revenue Bonds | Bonds issued to fund capital projects and facilities related to the revenue stream, i.e. Toll Road revenue. Subordinate Lien bonds are issued when there are existing Senior Lien bonds outstanding due to certain bond restrictions. |

| Term | Description |
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| Surplus | The amount that revenues or appropriation exceed actual spending. |
| Tax & Subordinate Lien Revenue (HOT) Bonds | 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. |
| Tax Increment Reinvestment Zones (TIRZ) | An economic development tool used by cities and the county to attract developers to invest in projects on vacant land or run-down properties. |
| Transfer | Movement of budget/items between different departments within the same fund or between funds. |
| Truth in Taxation (TNT) | 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. |

