



# Harris County Budget

## Overview for Budget Hearings

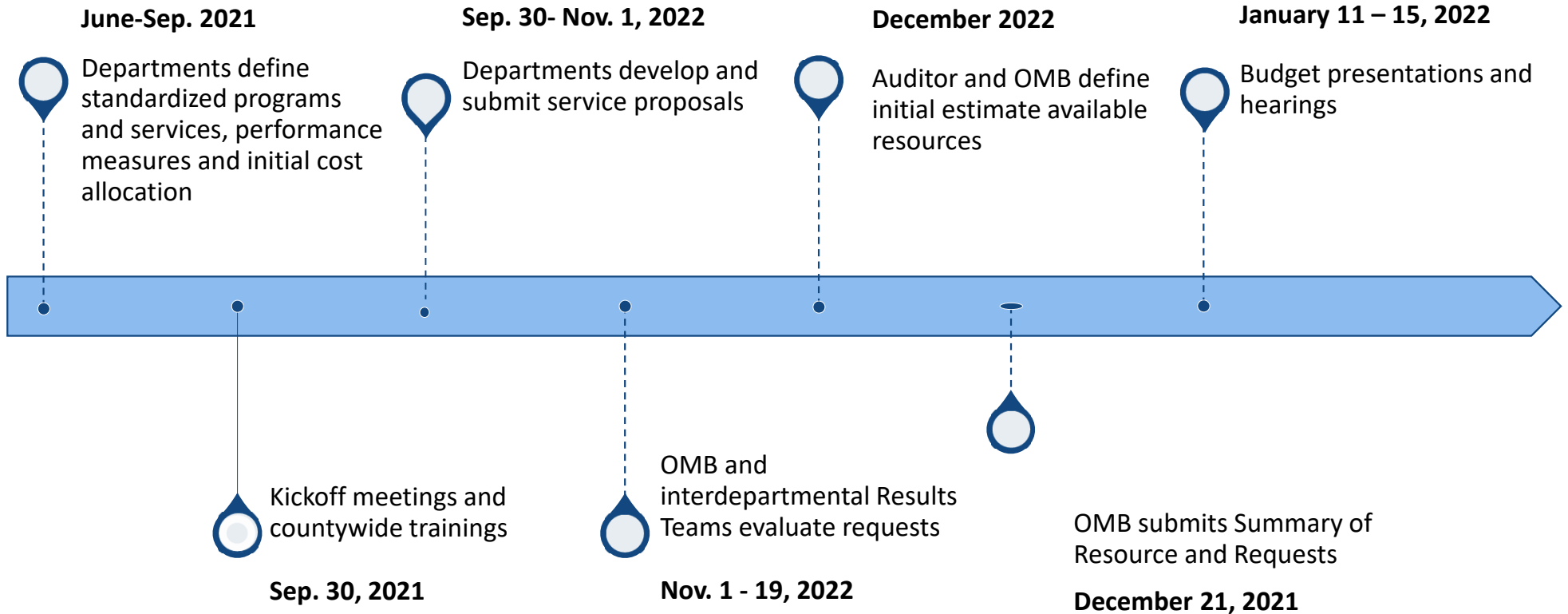
January 11, 2022

# Overview of budgets to approve

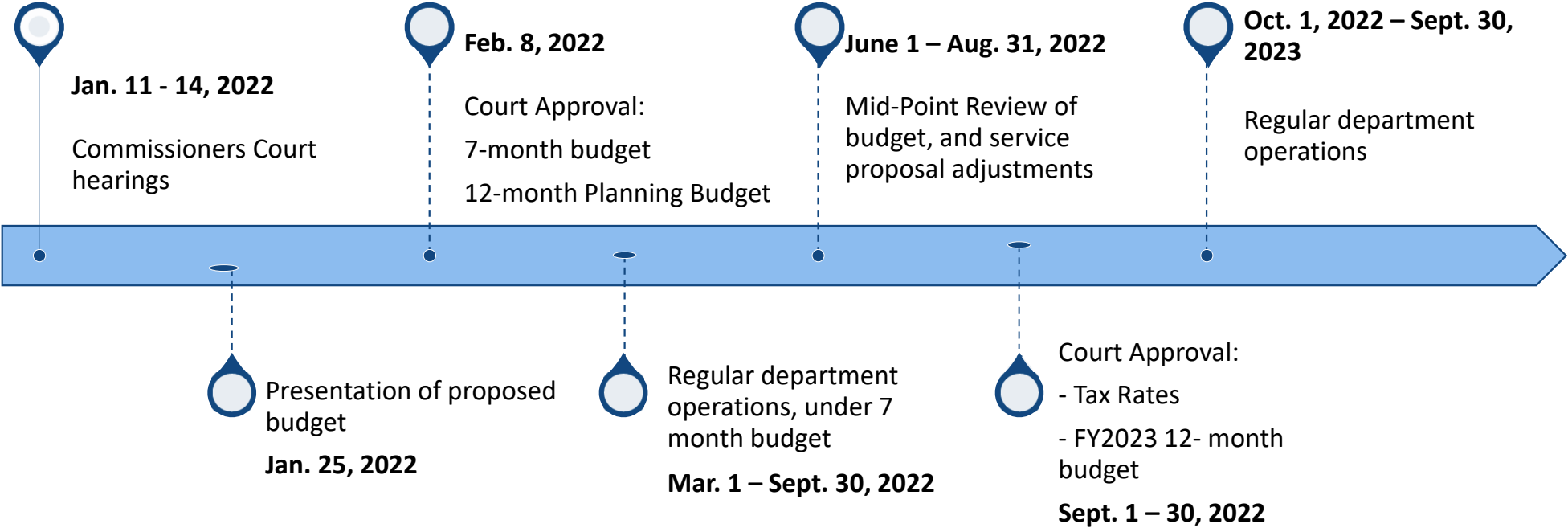
- Commissioners Court must approve budgets for the following, in advance of the next 7-month fiscal year running from March 1 – September 30, 2022 (“Short Fiscal Year 2022 or SFY 2022”):
  - General Fund
  - Harris County Toll Road Authority (HCTRA)
  - Flood Control District
  - Debt service funds and other special revenue funds
- There is limited new revenue for SFY 2022 since no tax rate is set.
- In addition, Court will approve a 12- month planning budget, covering October 1, 2022-September 30, 2023 ("FY 2023") for the General Fund and Flood Control District.
  - This avoids a second budget process
  - The planning budget will be reviewed and confirmed based on additional performance data and setting the 2022 tax rate.
- Finally, though operations are managed by an appointed board, Commissioners Court will approve the budget for Harris Health.



# Budget process to date



# Budget process going forward



# Key budget drivers

## Positive factors

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- Harris County will begin SFY 2022 with estimated **general fund cash balances** (including the contingency and COVID R&R funds) of **\$1,560M**.
- Harris County maintains the **top general obligation credit rating (AAA)**.
- A **\$915.5M direct allocation** from the American Rescue Plan Act (ARPA) allows for new investments even as revenue is flat.
- **Property tax values** remain strong and growing.

## Negative factors

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- **Projected health costs** are a 16% increase from FY20-21 and 50% increase from FY 2017-18.
- Year-on-year **inflation exceeding 5%**.
- **Highly competitive labor market** creates recruitment and retention challenges.
- **Over 40,000 criminal case backlog** is driving up jail and pretrial costs.
- **Three years of consecutive tax cuts** have limited revenue growth.
- Long-term revenue outlook depressed because of **SB2**.



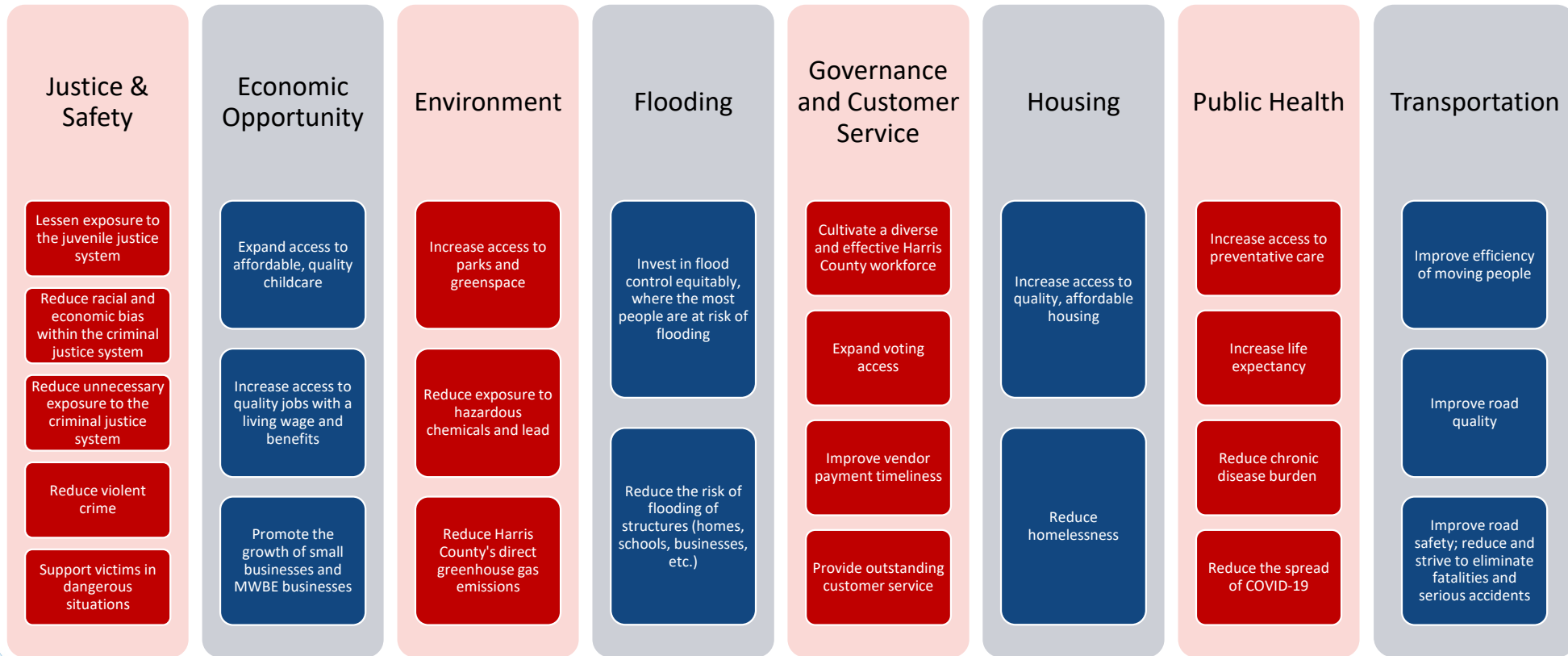
# Budget process improvements will help navigate financial pressures

1. **Outcome budgeting** will reshape the approach to the budget: which investments best achieve Priority Outcomes and measurable improvements to residents' lives?
2. **Standardized programs and services** will allow the tracking of costs and performance to continually monitor investments.
3. **A position-based budget** uploaded to PeopleSoft will clarify which positions are funded. Unfunded position control numbers (PCNs) will have budget maximums set to zero, and departments will need to demonstrate recurring budget availability to fill them.
4. **Changing the fiscal year** will align revenues and expenses, ensure investments are backed by the necessary tax rates and more transparently present the tradeoff between revenue and expenses.
5. An **improved CIP process**, approved earlier this year, will allow Commissioners Court to review projects at key check-in points to assure they still serve the public interest.
6. **Community engagement workshops** now focus on outcomes and services, rather than just numbers.



# County Goal areas and priority outcomes set strategic direction

**Countywide Vision:** Harris County will build a more dynamic, vibrant, and resilient community while being inclusive, equitable, and transparent in all that we do.



# Path to a General Fund balanced budget (SFY2022)

Balanced Budget for SFY2022





# Path to a General Fund balanced budget (FY2023)

