Harris County Budget

Summary of Resources and Requests

Volume I

December 21, 2021

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Executive Summary

Purpose and Overview

PURPOSE

- This Summary of Resources and Requests, or Volume I of the Budget Book, summarizes:
  - On a preliminary basis, the estimated resources available to Harris County
  - Additional budget requests for the General Fund, Flood Control District and debt service funds (i.e., CIP)
- The period covered is March 1, 2022 – September 30, 2022 (the County's Short Fiscal Year—or SFY 2022) as well as October 1, 2022 – September 30, 2023 (FY 2023).
- This is *not* a proposed budget or capital improvements plan (CIP). Based on guidance from Commissioners Court, the Office of Management & Budget (OMB) will present a proposed budget on January 25, 2022 with a final budget for approval February 8, 2022.

OVERVIEW OF BUDGETS TO APPROVE

- Commissioners Court must approve budgets for the following in advance of the next fiscal year, which are covered in this Volume I Budget Book:
  - General Fund (including the contingency fund and mobility transfers from HCTRA)
  - Harris County Toll Road Authority (HCTRA)
  - Flood Control District
- OMB plans to prepare and present an update on Harris County's CIP for Commissioners Court review in February.
- Finally, though operations are managed by an appointed board, Commissioners Court also approves the budget for Harris Health.

Key Highlights

- Harris County expects to **begin the next fiscal year in a strong position**, with the top general obligation credit rating (**AAA**), general fund cash balances (including the contingency and COVID R&R funds) of **$1,560M** and a large unspent balance from its $915.5M direct allocation from the American Rescue Plan Act (ARPA).
- Over the course of FY 2021-22, the **County has lived within its General Fund budget.** Of new revenue, 1% was set aside for unbudgeted items, and we are on track to stay within that limit.
- However, the County faces **growing financial constraints** including limited revenue during a short fiscal year, three years of consecutive tax rate cuts, rising inflation and health costs, and a highly-burdened criminal justice system.
- Based on revenue forecasts, preliminary General Fund resources to be allocated are $1,279M (SFY 2022) and for $2,131M (FY 2023). This creates room for additional spending (or fiscal space), over the baseline budgets, of $43M for SFY2022, and $105M for FY2022-23. The fiscal space must accommodate any salary or benefits increases as well as any increase to County general fund spending. **Department budget requests alone represent more than 200% of the available fiscal space.**
- In addition to ongoing approved projects, through the budget process, County-funded departments and agencies submitted more than 60 proposals for **new capital projects totaling over $450M** in investment. These projects will proceed through a **phased approval in line with the improved CIP process.**

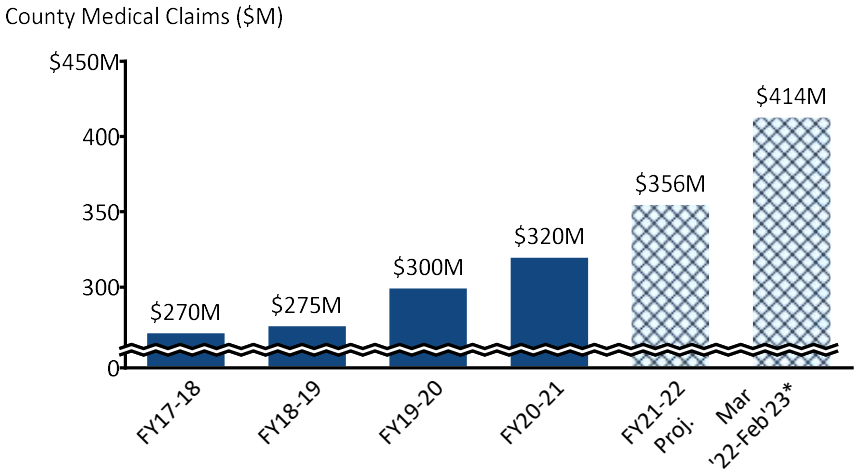
Reforms to the budget process will help navigate financial pressures

Thanks to the hard work of County departments and OMB staff, major reforms to the budget process will help the County navigate financial pressures and best serve constituents:

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** will clarify which positions are funded. Unfunded position control numbers (PCNs) will have budget maximums set to zero, and departments will need to demonstrate 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.

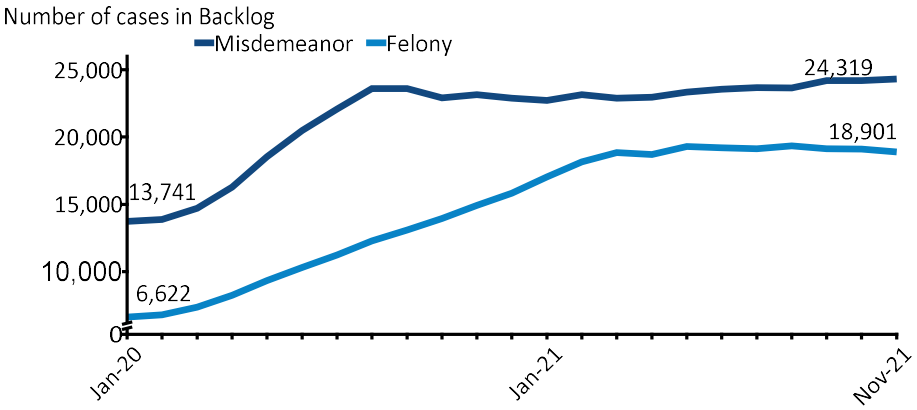
Rising personnel costs and stalled justice system put pressure on budgets

Baseline operational costs are rising



- Over the last year the County witnessed an unprecedented rise in health claims, and it is projected that FY21-22 costs will be nearly 12% higher than the prior year. For the next benefit year (March 2022 – February 2023), the CIGNA forecasts claims of $414M, which represents a 16% increase from the FY20-21 projection and 50% increase from just 5 years ago.
- Along with rising medical costs, the County's pension contribution will increase by 0.6% of salaries, with a substantial risk of future increases if interest rates remain low.

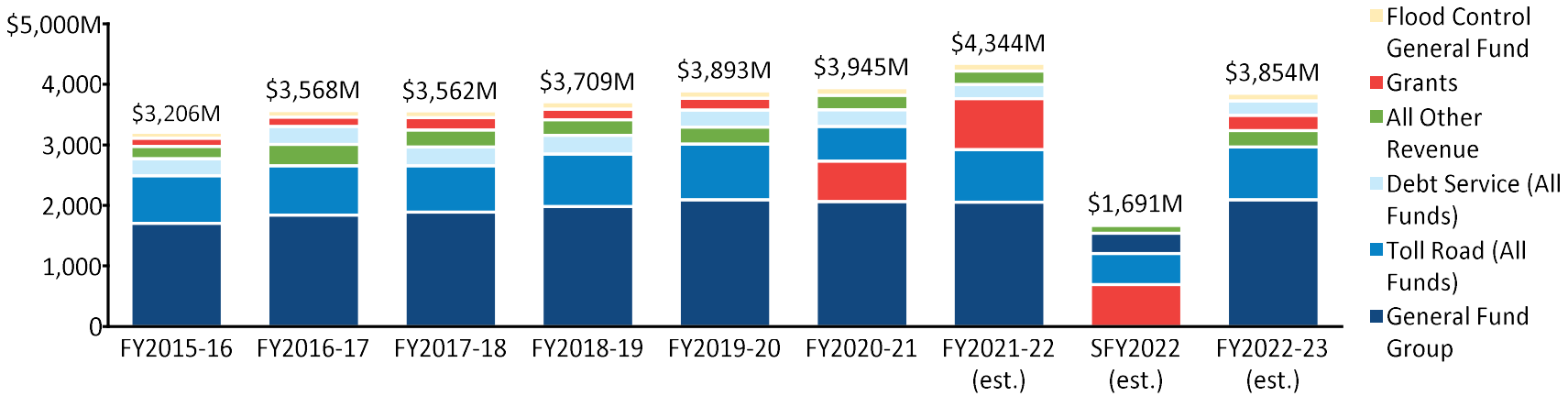
Criminal case backlog puts pressure on the justice system



- COVID had brought case processing to a grinding halt last year, which in turn created a large case backlog, a high jail population and a surge in pretrial monitoring.
- Nearly ~$10M in ARPA funds, and ~$30M in General Funds have been approved for FY 2022 in response to these related issues, with additional allocations earmarked for future fiscal years.
- While recent trends are promising, it will take time to work through the backlog and will likely require additional funding

Revenue remains stable but general fund revenue growth has slowed

- While County revenue has remained stable throughout the pandemic due to strong property values, **the growth of General Fund revenue has slowed due to tax rate cuts.**
- In prior years, the County's working capital balance was used to cover expenses between March and December, when tax collections picks up. SFY 2022 will be no different, **resulting in a working capital draw-down estimated to be $935M between March 1, 2022 and the start of FY23 on October 1, 2022.**
- **County revenue was bolstered by $1.34B from the Federal Government through CARES and ARPA grants** since the start of the pandemic. The second (final) $458M installment of ARPA funding is expected in May 2022. Although no new ARPA funds are expected in FY23, previously received funds do not have to be spent until December 2024 and will continue to be an important resource for the county for **one-time investments.**



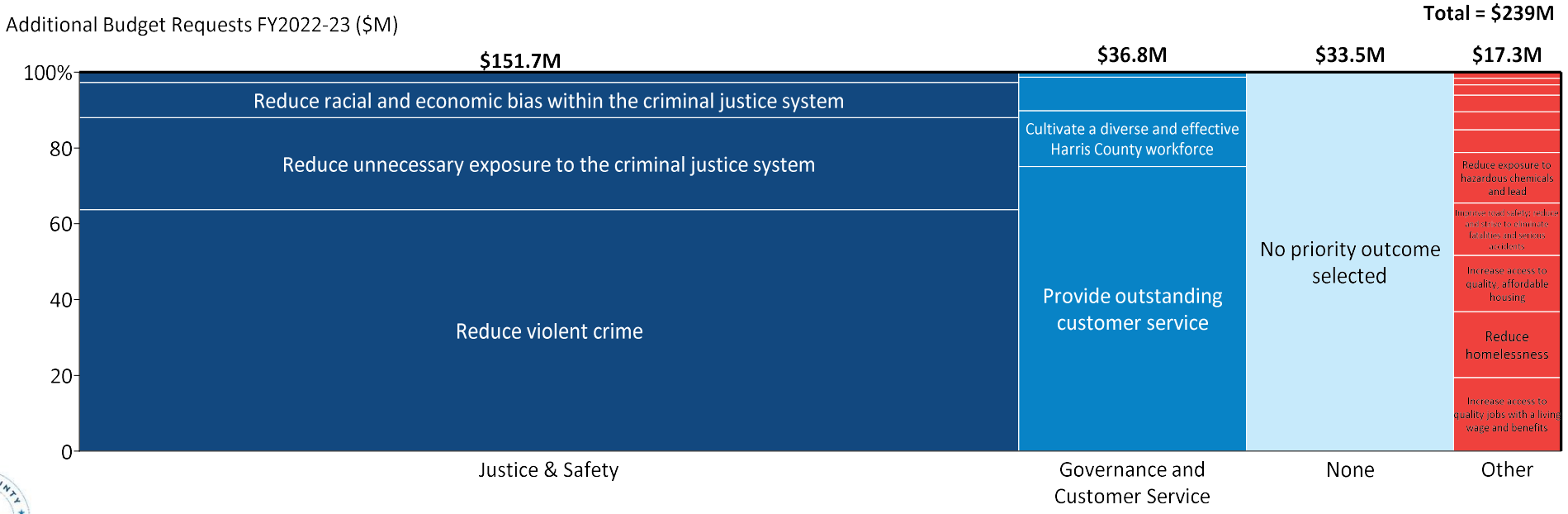
General Fund Group	1,705	1,838	1,886	1,980	2,094	2,063	2,052	333	2,091

Note: All County revenues include actual revenue and excludes transfers in and other financing sources. We have also excluded Health Premium revenue. *All Other Revenue* is comprised of revenue in capital project, other enterprise funds (parking), internal service funds (except premiums) and special revenue funds. Unearned revenue as of this report date totals $748M, mostly $103M for TRA and $641M for Federal grants.

New requests represent ~10% of the General Fund operating budget

- Harris County-funded organizations have submitted budget requests for **SFY 2022 equal to $119M, and budget requests for FY 2023 equal to $239M.***
- During the current fiscal year, there were initiatives approved for immediate and pressing needs at a recurring cost of approximately $18M. These requests are over and above that.
- Most requests begin in SFY 2022 and recur in FY 2023, so for this document we will focus on FY 2023. One-time requests for SFY 2022 totaled $9.5M and one-time plus recurring requests starting in FY2022-23 total $34.5M
- The requests are shown below aligned to Priority Outcomes. Nearly $34M in requests were not aligned to any priority outcome.**

Additional Budget Requests FY2022-23 ($M)

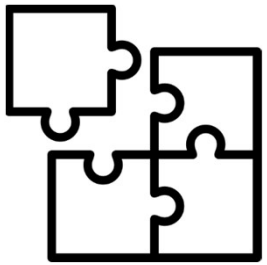


*This does not include the request for jail medical which is approximately $14M more than the HCSO budget for these costs and the DAO triage program
**OMB will be reviewing these requests to test to see if they align with any specific priority outcomes.

OMB will evaluate requests through the lens of County priorities

Clear understanding of what the service is and what is the **reason for the request**

Demonstration of how this infusion would improve **performance / reduce costs**



Explanation of how it would improve **Priority Outcomes**

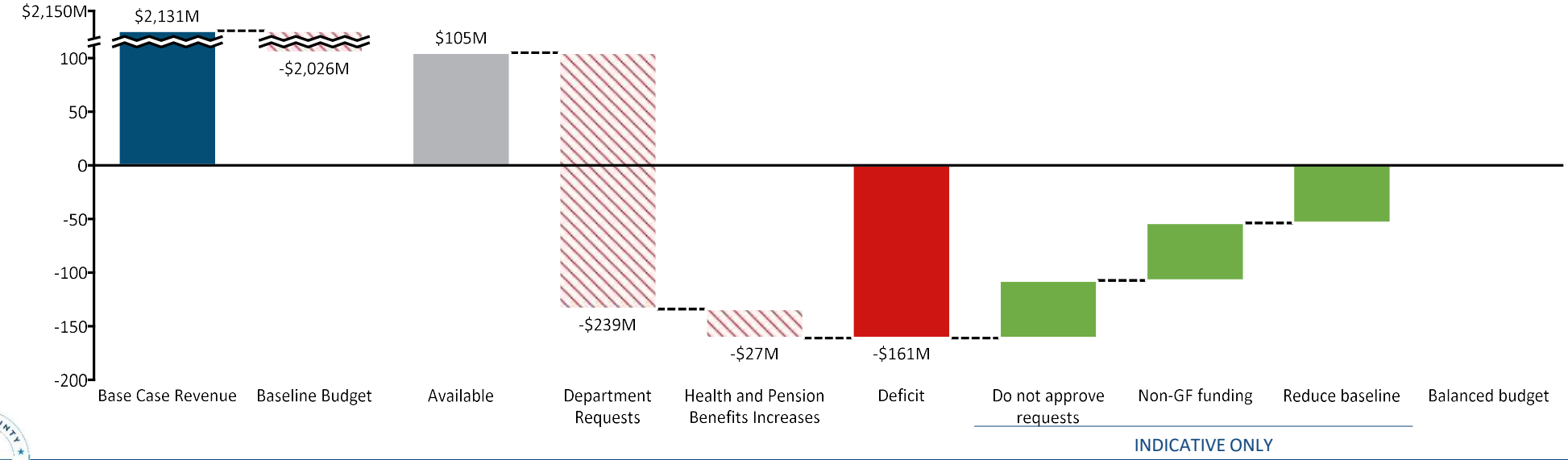
Clear presentation on the **calculation of costs and needs**

- In addition, requests for additional funding with the following criteria will be prioritized:
  - Request is a statutory obligation based off changes from the Texas Legislature
  - Funding was previously approved by Commissioners Court and/or positions committed, or the
  - Request is part of a priority outcome or is deemed necessary by Commissioners Court
- Over time, more and more existing programs and services will be evaluated through the lens of Outcome Budgeting. Given our revenue outlook, **the County must look to produce better outcomes without substantially more recurring resources.**

Path to a General Fund balanced budget (FY2022-23)

- In addition to the requests for new budget, Commissioners Court may consider granting increases to cover health insurance and pension increases, as well as staff salary increases, which would cost about **$12M per 1%.** In addition, Commissioners Court may wish to increase precinct/County Judge's office budgets or save some budget to allocate later in the year.
- With a goal of aligning recurring budget allocations with new revenue, OMB's preliminary, recommended **SFY 2022 fiscal space is $1,279M** which is equivalent to an annualized allocation of $2,106M for FY2022-23. The base case estimate for **FY2022-23 is $2,131M** but that amount will need to be verified once the tax rate is set.
- OMB will present a balanced budget for Commissioners Court's consideration and adoption in early February 2022 which prioritizes proposals likely to improve Commissioners Court Priority Outcomes. We have numerous tools to balance the budget:

Balanced Budget for FY2022-23



The move to a new fiscal year allows alignment of expenses and revenues

Dec. 21, 2021

OMB to distribute Summary of Resources and Requests Volumes I and II to Court

Jan. 25, 2022

Presentation of proposed budget

Mar. 1 – Sept. 30, 2022

Regular department operations, under 7 month budget

Sept. 1 – 30, 2022

Court Approval:

- Tax Rates
- FY2023 12-month Budget

Commissioners Court hearings

Jan. 11 - 14, 2022

Court Approval:

7-month budget

12-month Planning Budget

Feb. 8, 2022

Mid-Point Review of budget, and service proposal adjustments

June 1 – Aug. 31, 2022

Regular department operations

Oct. 1, 2022 – Sept. 30, 2023

Available Resources

Overview of Available Resources

FUNDS AVAILABLE FOR GENERAL FUND OPERATING BUDGET

SFY 2022: SFY 2022 covers a seven-month period during which the County has very limited tax collections. To determine the fiscal space available for SFY 2022, OMB considered starting fund balances, a multiyear forecast of revenues and an estimate of recurring, annualized revenue. The preliminary, recommended fiscal space (spending limit) for SFY 2022 General Fund is **$1,279M,** based primarily on the estimate of recurring, unrestricted, general fund revenues, assuming a continued recovery of other revenue but no increase in property tax revenue.

FY 2023: The preliminary, recommended fiscal space for the FY 2023 General Fund is **$2,131M,** based on estimated recurring revenue, which includes higher tax revenue due to new properties but the same amount of tax revenue from existing properties. This results in more flexibility for the County to make new investments in FY 2023 than in SFY 2022. But additional investments will need to be confirmed when the 2022 tax rate is set.

FUNDS AVAILABLE FOR CAPITAL PROJECTS

General Fund: Harris County's General Fund supports County bonded debt service for County roads, equipment and facility improvements. At the start of FY 21-22, Harris County had $1.50B in outstanding debt principal to be paid from Harris County tax rate and by the end of the fiscal year, we project that amount to be $1.43B, a net decrease of $70M. As of 12/20/21, the County had $772M of authorized voter-approved debt which had not yet been spent.

HCTRA: HCTRA currently has strong access to capital markets, and so long as revenues continue to recover, could add substantial debt while maintaining its key credit metrics. Based on our forecasts, HCTRA can execute on its current CIP, including the Ship Channel Bridge and all-electronic tolling, while maintaining reasonable debt levels and strong liquidity.

Flood Control: Typically, flood control debt must be approved by a referendum. In 2018, Harris County voters approved a $2.5 billion bond issuance to help cover project development costs for the approximately 170 projects which comprise the 2018 Bond Program. As of 12/20/21, $1.95B of voter-approved bond funding has not yet been spent. In 2021, Commissioners Court created the Flood Resilience Trust to provide an additional funding source to backstop missing partner funds for the 2018 Bond Program and eventually add projects beyond the Bond Program.

SY2022 Preliminary Estimate of Available Resources for Selected Funds

Fund Name	Cash	Revenue	Total
General Fund (1000)	$1,460M	$301M	$1,761M
General Fund Other (Funds 1010 – 1080)	$677M	$114M	$791M
HCTRA (Fund 5301, Revenue Collections Only)	$454M	$491M	$945M
Flood Control (General Fund)	$112M	$6M	$118M
Parking (Fund 5201)	$25M	$2M	$27M
Special Revenue	$99M	$46M	$145M
Total	$2,827M	$960M	$3,787M

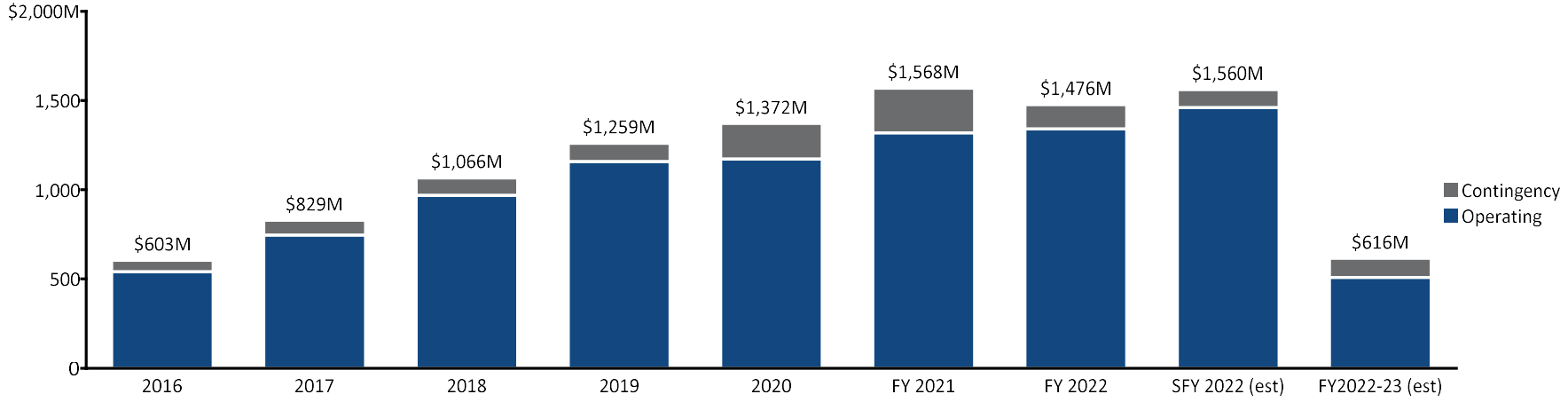
Does not include the following fund types: Grants, Debt Service, Capital Projects, Internal Service or other HCTRA funds.

Source: Harris County Auditor

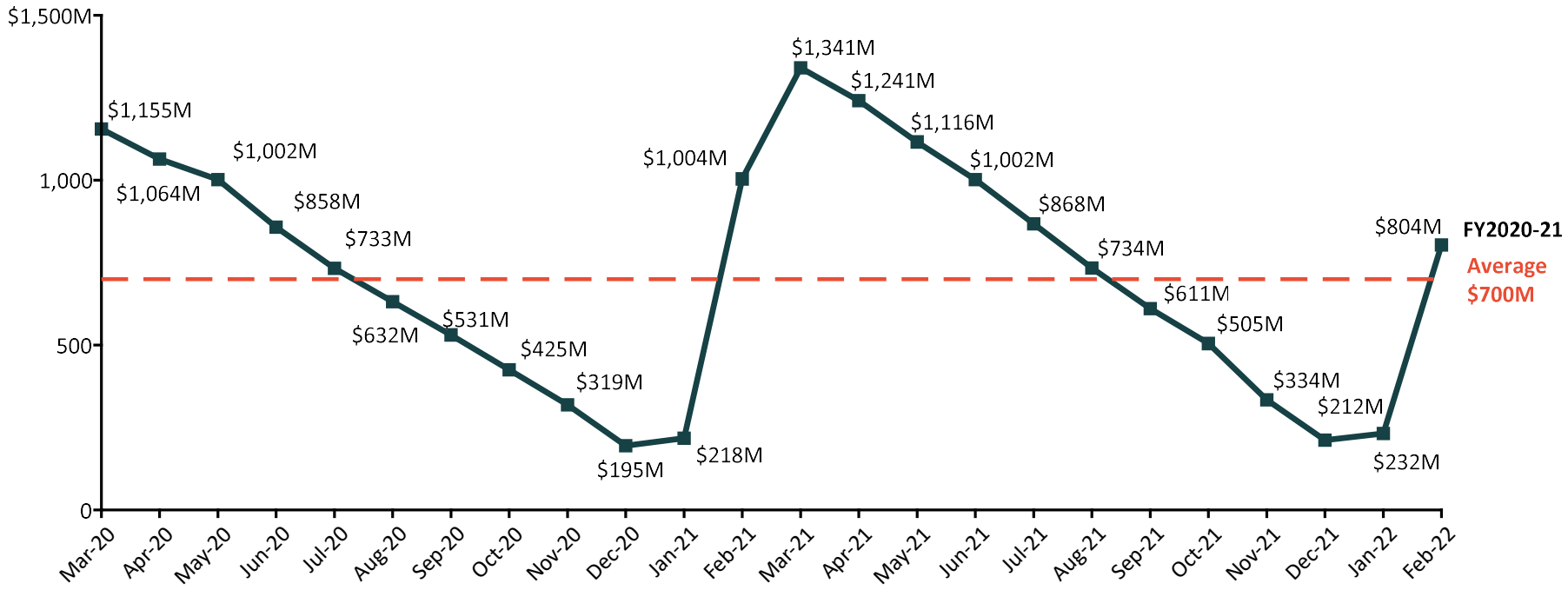
Starting Unrestricted General Fund Balance ($M)

- The unrestricted general fund includes both the operating general fund and the public improvement contingency (PIC), both of which can be used for any legal purpose.
- Harris County has built up a fund balance sufficient to avoid tax anticipation notes (TAN). The fiscal year starting balance, as of March 1, 2022, to avoid TANS is ~$1.1B.
- The preliminary estimate of starting, unrestricted fund balance for SFY 2022 is $1,560M, including approximately $32M in the PIC and $68M in the COVID R&R fund. In addition, the County projects over $200M of COVID-related expense reimbursement from FEMA that will be spread over the next several fiscal years.
- Tax collections are limited during SFY 2022. As a result, the County will rely on reserves, just as it usually does over the same period. These reserves will be replenished during November-February, at the peak of property tax collections.

General Fund - Starting Unrestricted Balance ($M)



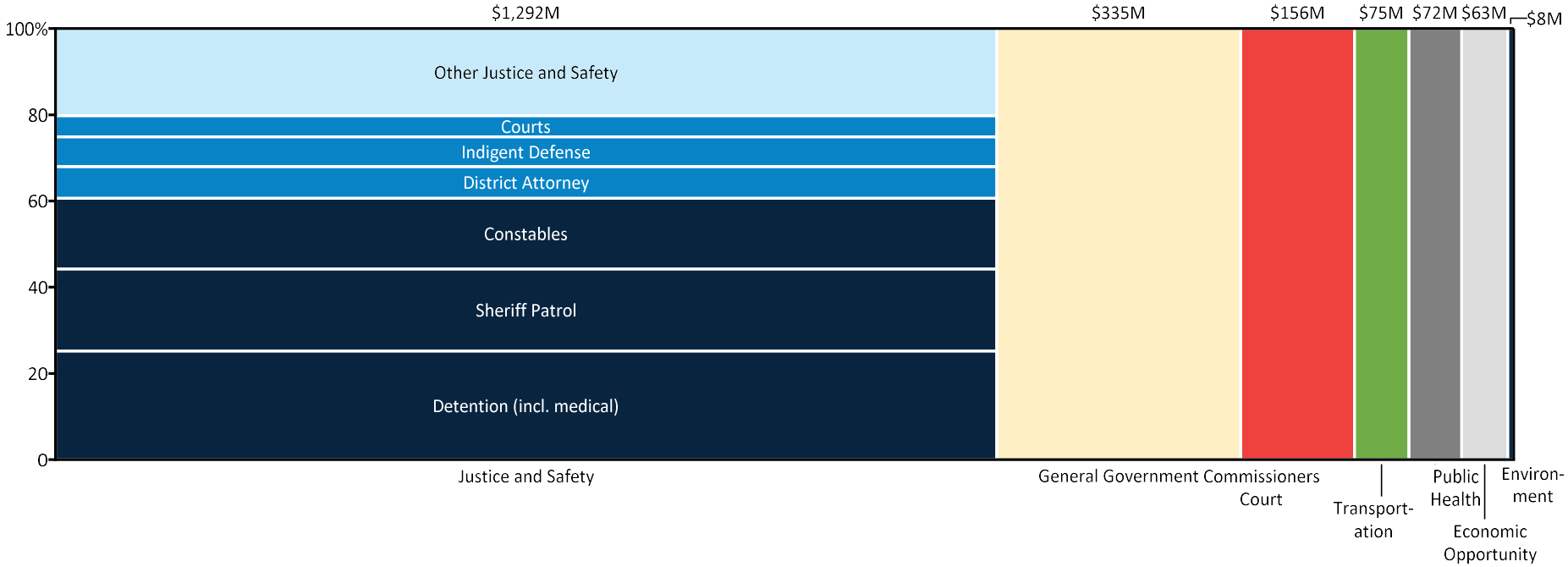
Projected General Fund balance follows historical trends



General Fund FY2021-22 Adopted Budget

- Of the $3,338M adopted FY2021-22 budget, $2,002M was allocated to departments with the remaining $1,337 allocated to General Administration to cover certain administrative costs, the county's working capital, and department as well as Commissioner Precinct cash balances. Subsequent adjustments made during the year have increased the estimated baseline spending level for SFY 2022 to $2,026M.

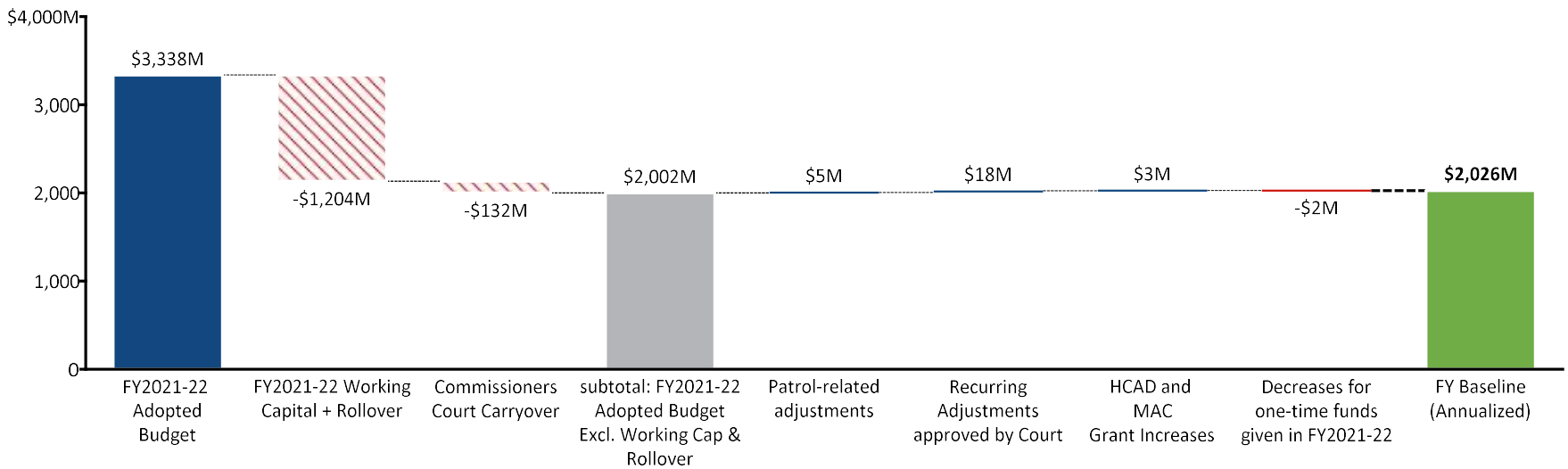
Total = 2,002M



Creation of the Baseline Budget

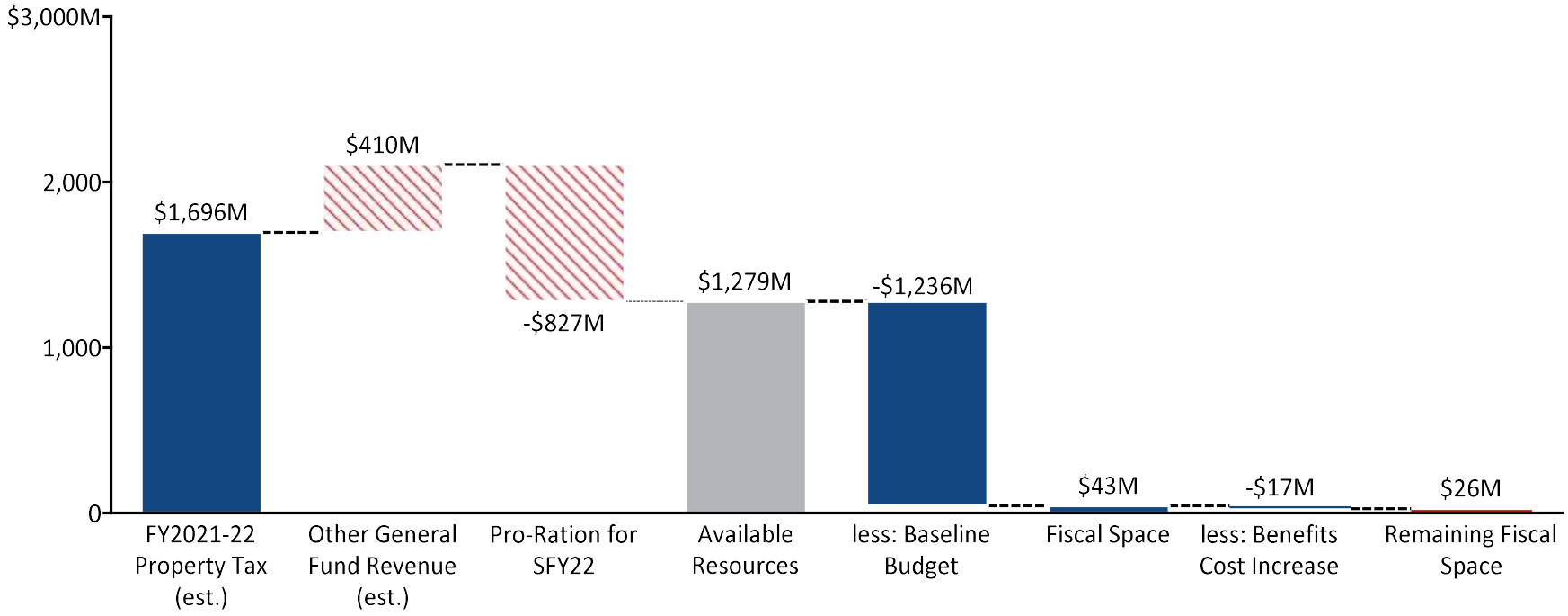
- The FY 2021-22 Adopted Budget was $3,338M. However, only $2,002M was new spending allocations to departments and Commissioners Court. The balance, $1,336M, was appropriated not as new spending but as working capital (to avoid tax anticipation notes) and carryover funds to Commissioners Court.
- In addition, throughout the year, Commissioners Court has so far approved $18M of recurring increases to departmental budgets. Other recurring increases for the upcoming year include new patrol contracts approved since budget adoption ($5M), increased grant match for the Managed Assigned Counsel Dept. ($0.5M), and $2.9M from the State for Domestic Relations that will be considered general revenue instead of a grant. These increases are offset by reductions for one-time allocations in the FY2021-22 budget ($1.7M).
- Incorporating these increases, the annualized amount of the SFY 2022 baseline expense budget (excluding working capital and Commissioner carryover funds) is **$2,026M**. OMB is evaluating increases or decreases for SFY 2022 against this baseline budget.

Baseline Budget ($M)



SFY2022 General Fund Fiscal Space ($M)

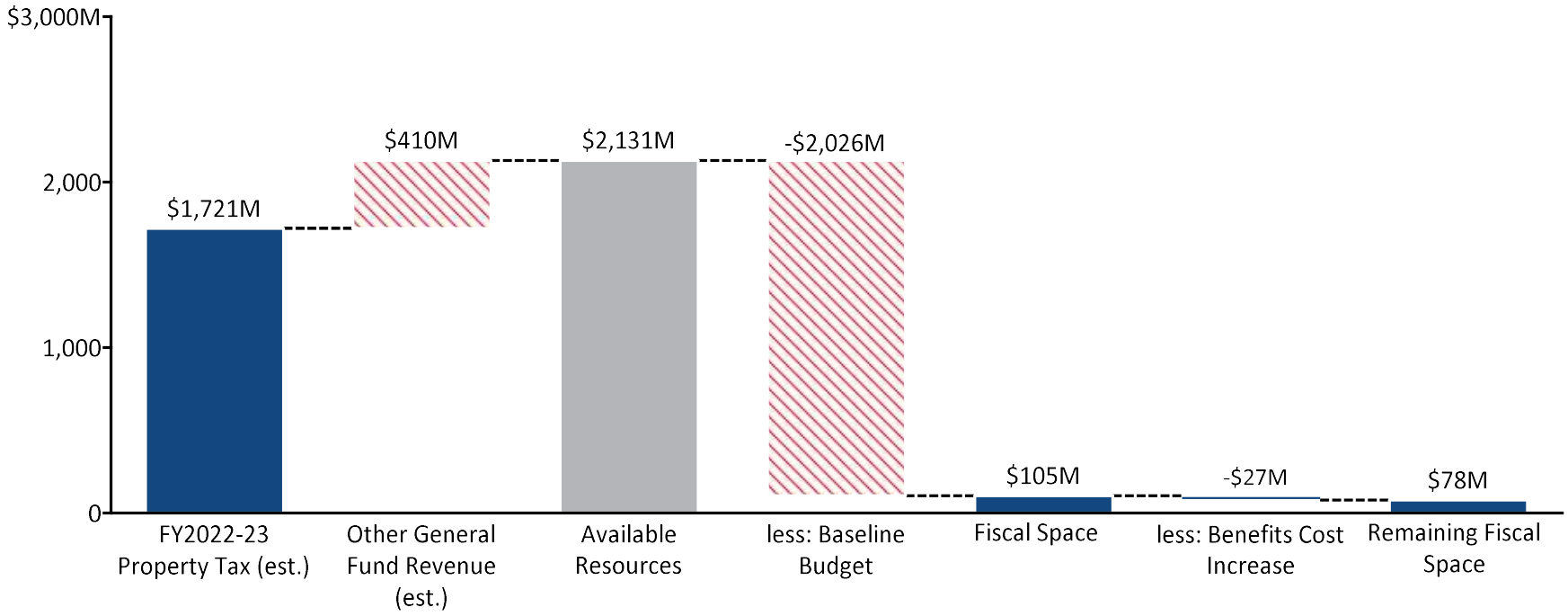
Baseline Budget ($M)



Note: Expenses and revenue pro-rated since 16 of 26 annual pay periods will fall in SY 2022

FY 2022-23 General Fund Fiscal Space ($M)

Baseline Budget ($M)



Overview of Existing Spending and Requests by Goal Areas

Goal Areas, Outcomes, Programs and Services

- Justice and Safety
- Governance and Customer Service
- Environment and Public Health
- Economic Opportunity and Housing
- Flooding
- Transportation

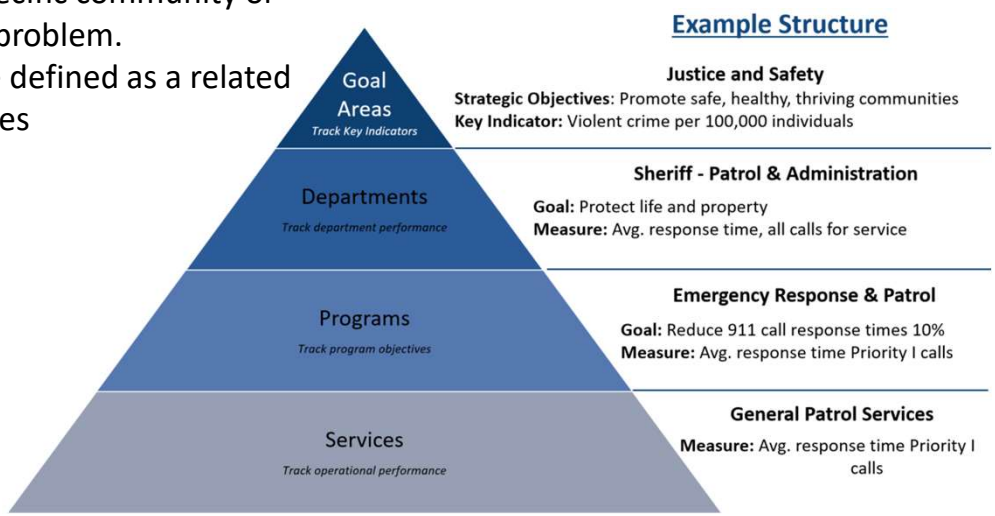
An improved structure for the budget can answer key questions

WHAT WE DO → **HOW WE SPEND** → **WHAT WE GET**

OMB worked with departments to build a **hierarchy of the organization focused on the services being delivered.**

- Services were defined as an amenity or set of amenities that addresses a specific community or governmental problem.
- Programs were defined as a related group of services

Once this hierarchy was in place, **departments assigned non-labor costs and headcounts to each service** to understand all costs with providing that service



Along with assigning costs to each of these services, the departments **provided performance measures** to track the impact of their work. These measures were provided at each level, that is, **department, program and service level measures**. These measures were broken into understanding:

- **How much did we do?**
- **How well did we do?**
- **Is anyone better off?**

County Goal areas and priority outcomes set strategic direction

OMB worked with Commissioners Court, departments and the public to align on the top, measurable priorities for each Goal area. The financial and budget request information for the rest of the book is presented with this lens and will be the guide for prioritization of requests

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

Justice & Safety

- Lessen exposure to the juvenile justice system
- Reduce racial and economic bias within the criminal justice system
- Reduce unnecessary exposure to the criminal justice system
- Reduce violent crime
- Support victims in dangerous situations

Economic Opportunity

- Expand access to affordable, quality childcare
- Increase access to quality jobs with a living wage and benefits
- Promote the growth of small businesses and MWBE businesses

Environment

- Increase access to parks and greenspace
- Reduce exposure to hazardous chemicals and lead
- Reduce Harris County's direct greenhouse gas emissions

Flooding

- Invest in flood control equitably, where the most people are at risk of flooding
- Reduce the risk of flooding of structures (homes, schools, businesses, etc.)

Governance and Customer Service

- Cultivate a diverse and effective Harris County workforce
- Expand voting access
- Improve vendor payment timeliness
- Provide outstanding customer service

Housing

- Increase access to quality, affordable housing
- Reduce homelessness

Public Health

- Increase access to preventative care
- Increase life expectancy
- Reduce chronic disease burden
- Reduce the spread of COVID-19

Transportation

- Improve efficiency of moving people
- Improve road quality
- Improve road safety; reduce and strive to eliminate fatalities and serious accidents

Justice and Safety

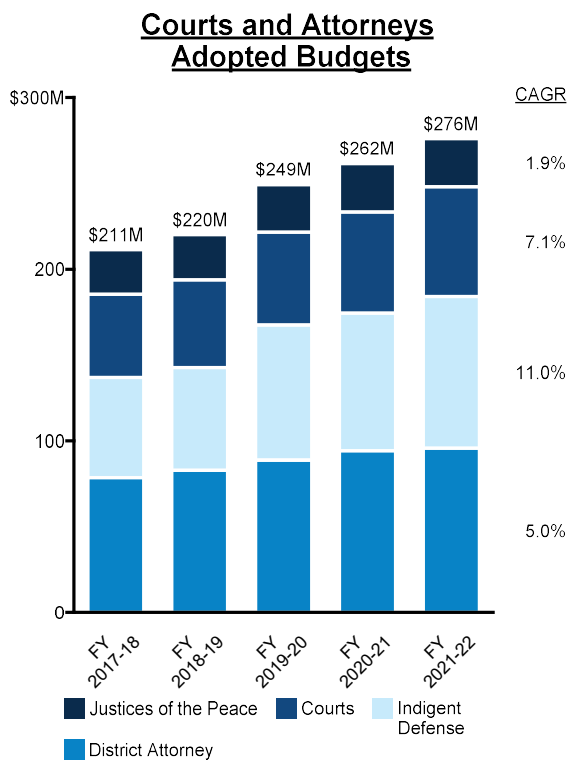
COMMISSIONERS COURT GOAL STATEMENT

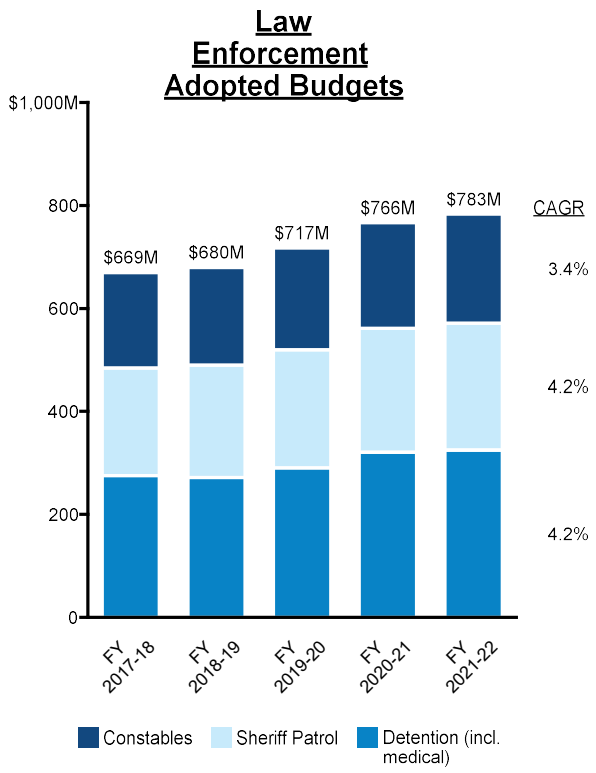
Harris County will promote safe, healthy, thriving communities through restorative and evidence-based strategies that foster public trust, prevent violence and trauma, reduce racial and economic disparities, and minimize criminal justice system exposure where at all possible.

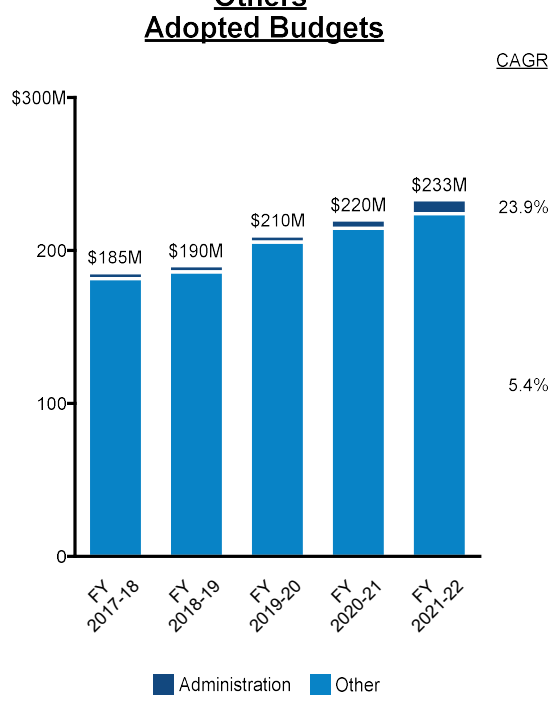
Priority Outcomes	Outcome Measures
Reduce violent crime	• Reduce number of violent (UCR Part I) crimes per 100,000 residents
Reduce unnecessary exposure to the criminal justice system	• Reduce average time to case disposition • Reduce felony case backlog (over 360 days old) • Increase % of adult diversions (including mental health interventions)
Support victims in dangerous situations	• Reduce response time to Priority 1 calls
Lessen exposure to the juvenile justice system	• Increase % of youth diversions (including mental health interventions)
Reduce racial and economic bias within the criminal justice system	• Reduce disparity in incarceration rate by race/ethnicity

Adopted Budgets

- Compound annual growth rate (CAGR) over the last five years for all Justice and Safety departments is **~5%**
- Total General Fund adopted budget for FY 2022 across all Justice and Safety is **$1.29B** or **~61% of the General Fund spending allocation**







Selected, ongoing initiatives to improve Priority Outcomes

Priority Outcome	Major Initiative
Reduce violent crime	• **The Violent Crime Reduction Initiative (VCRI)** reduces the backlog of open criminal investigations cases through a $3M overtime fund supporting the Sheriff and Constables. • **#HarrisCountySafe** created a $2.6M overtime fund for community-based, data-driven, precision policing in communities with higher rates of violent crime. • **Clean Streets, Safe Neighborhoods**: Commissioners Court preliminarily approved a $50M investment in neighborhood safety through improving street lighting, sidewalks, addressing blighted and abandoned structures, and restoring vacant lots. • The County has approved a **Community Violence Interruption Program,** working toward launch in two initial communities, to be managed by the Public Health Department.
Reduce unnecessary exposure to the criminal justice system	• **To reduce the criminal case backlog**, the County has **added court capacity** through Emergency Response Dockets, a new permanent District Criminal Court and an Associate Judge Program for the District Courts. This court capacity reduces the time defendants, including many who are incarcerated, wait for a trial. • **Staff and technology investments** have also been made at the Sheriff's Office, the Constables and the District Attorney **to reduce the backlog of evidence** needed for trials. These investments, and the additional court capacity, also advance the County's priority outcome to reduce violent crime. • An overtime program for the District Attorney supports the diversion and dismissal of lower-level, non-violent cases that allow the system to focus on more serious offenses. • The County has invested in technology for a **Cite and Release** program, preventing defendants for low-level offenses from coming to the County jail only to be quickly released. • **A Holistic Assistance Response** program, managed by the Public Health Department, will allow mental-health experts to respond to 911 calls where appropriate, allowing law enforcement to focus on other calls.

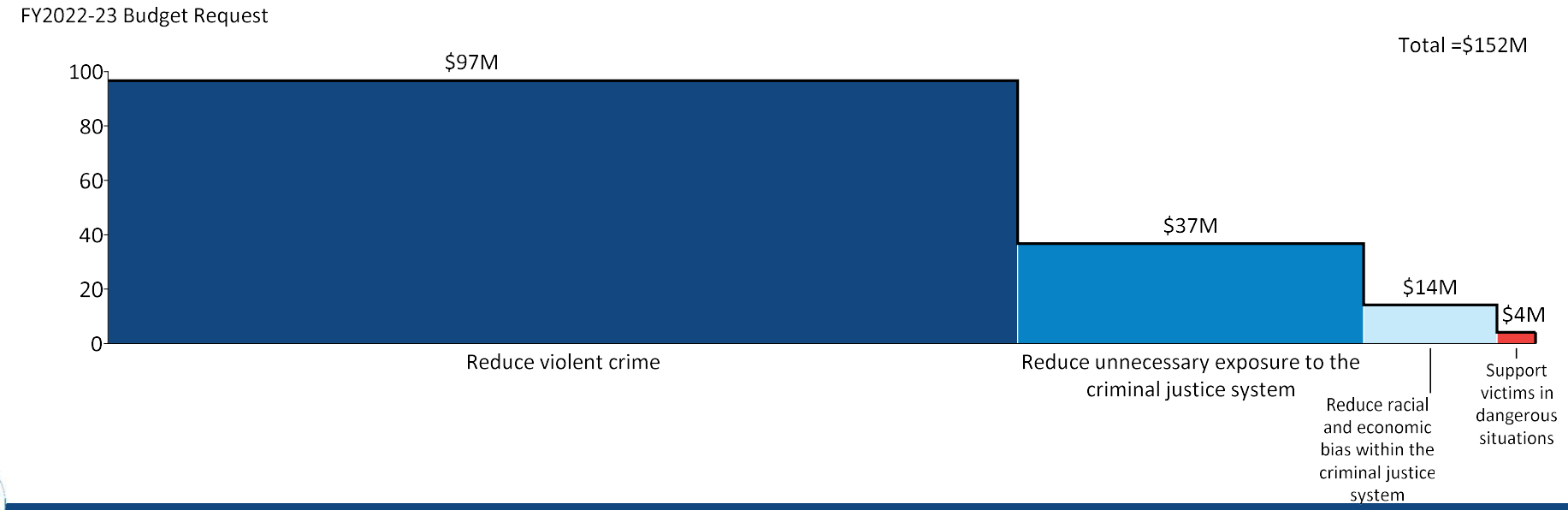
Selected, ongoing initiatives to improve Priority Outcomes

Priority Outcome	Major Initiative
Support victims in dangerous situations	• In January 2021, Commissioners Court approved a **Boarding Home and Elder Abuse Unit**, a joint effort between the Sheriff and Fire Marshal, to address increased calls for service in boarding homes and an increase in elder abuse. • Several victim assistance programs, including at the District Attorney's Office, which support victims of crime with **advocacy** services, **emotional support** workers, and **court accompaniment** for victims of crime.
Lessen exposure to the juvenile justice system	• The County continues to **implement misdemeanor bail reform** as ordered by the federal courts, reducing the number of defendants who are jailed for low-level crimes because they cannot afford cash bail. • Expansion of the **Public Defender's Office**, and creation of a **Managed Assigned Counsel** program, should improve the quality of defense representation for those who cannot afford their own attorney.

New General Fund budget requests to improve Priority Outcomes

/ JUSTICE & SAFETY

- Total requests of **$152M** represent **~60%** of all new budget requests. The biggest priority outcome focus is on reducing violent crime representing 63% of Justice and Safety priority outcome focused requests
- There are **~$2.8M in one-time requests in SFY2022**, and **~$25M of requests in FY2023 not requested in SFY 2022**
- The largest request is from the Sheriff's Department, representing **~72%** of the total requests, the bulk of the requests are for **~1,500** classified officers totaling **$94M**
- The second largest request is from the Public Defender, which is year one of a two-year plan to represent 50% of indigent defendants. The Public Defender estimates 63% of the cost of the two-year plan will be offset by an eventual $14M reduction in court-appointed attorneys.
- *Detail on each of the requests is available in **Volume 2***



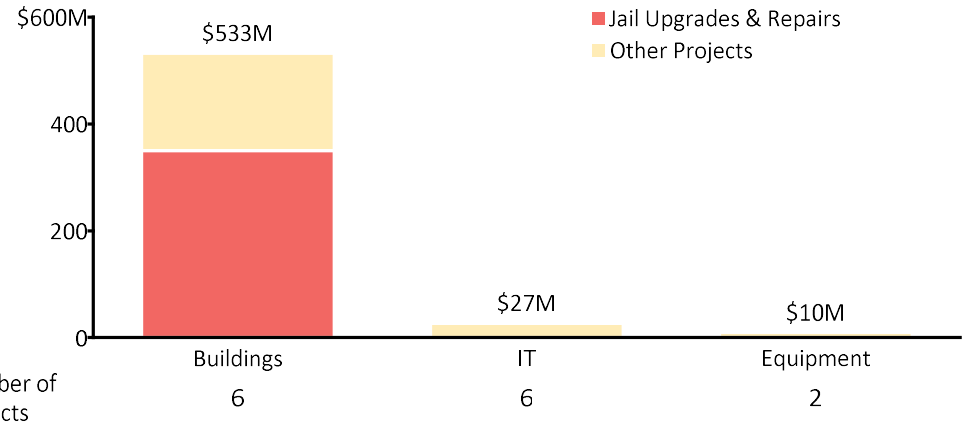
Capital Projects

/ JUSTICE & SAFETY

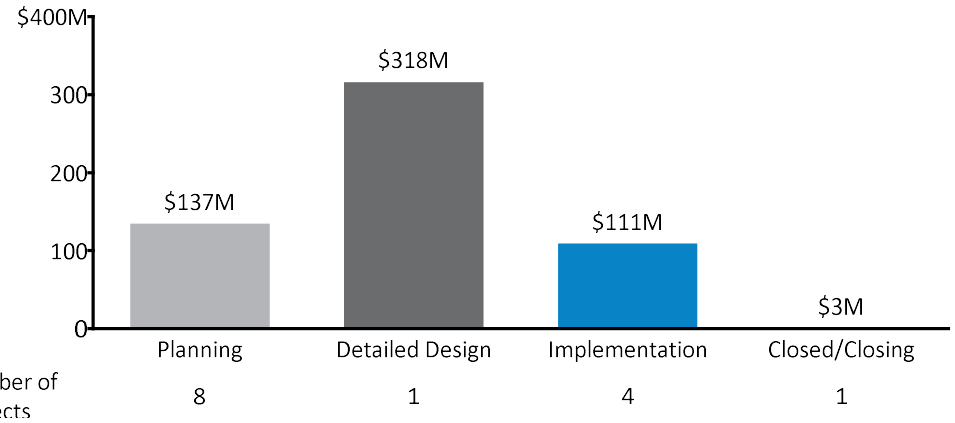
- Upgrades and repairs to County detention facilities still make up the largest single capital request for Justice & Safety ($350M). Most packages in this project are in detailed design, with Package 1 ($32M) under construction. Package 1 includes an emergency generator, urgent capital maintenance, water pumps, access doors, and over 500 updated security swing doors at 701 N. San Jacinto. Other packages include flood protection, fire & life safety, remodeling the Inmate Processing Center into a medical facility, and upgrading/replacing other critical systems at 701 N. San Jacinto, 1201 Commerce and 1200, 1203 and 1307 Baker.

- During the budget process there were three potential new projects identified within Justice and Safety:
  1. Computer equipment and furniture for additional positions for the PDO, if additional positions are approved
  2. Relocation of the Sheriff's Vehicular Crimes Division that is being asked to vacate their current premises
  3. Funding for time and attendance tracking and staff scheduling software system in the County jail

Approved Project Value by Subcategory ($M)



Approved Project Value by Current Project Stage ($M)



Governance and Customer Service Overview

COMMISSIONERS COURT GOAL STATEMENT

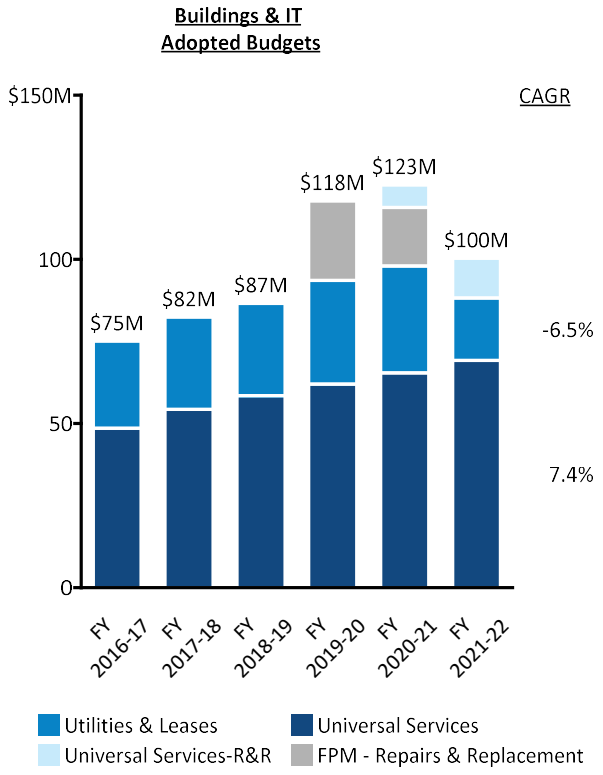
Harris County will exemplify high-quality, transparent, and accountable government by using data and best practices to invest taxpayer dollars wisely; by continually reviewing and improving the effectiveness of our policies, programs, and services; by recruiting and retaining a talented and diverse workforce;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

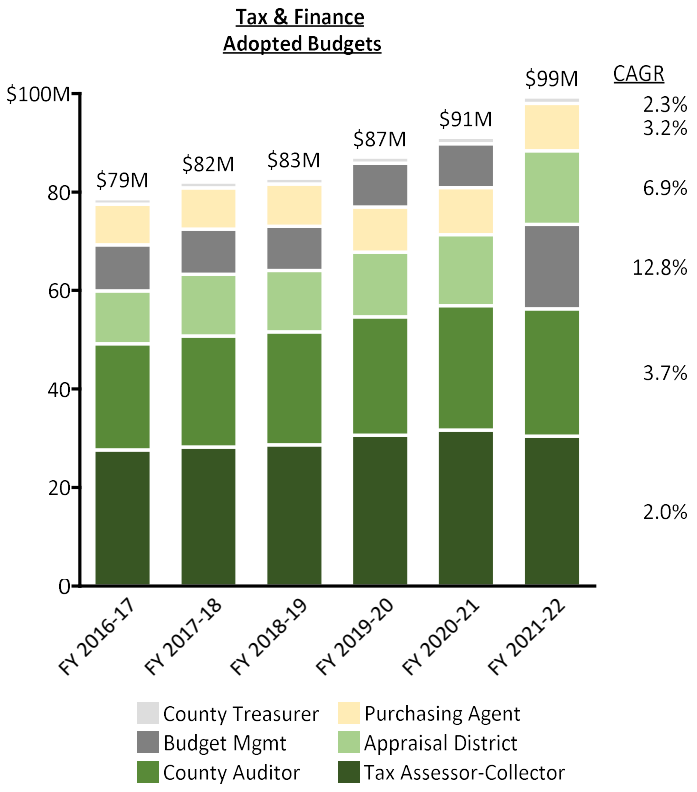
Priority Outcomes	Outcome Measures
Improve vendor payment timeliness	• Increase percentage of invoices paid in on-time window
Expand voting access	• Increase the percentage of eligible voters registered to vote
Provide outstanding customer service	• Establish and improve customer effort score for key services
Cultivate a diverse and effective Harris County workforce	• Increase diversity of managers

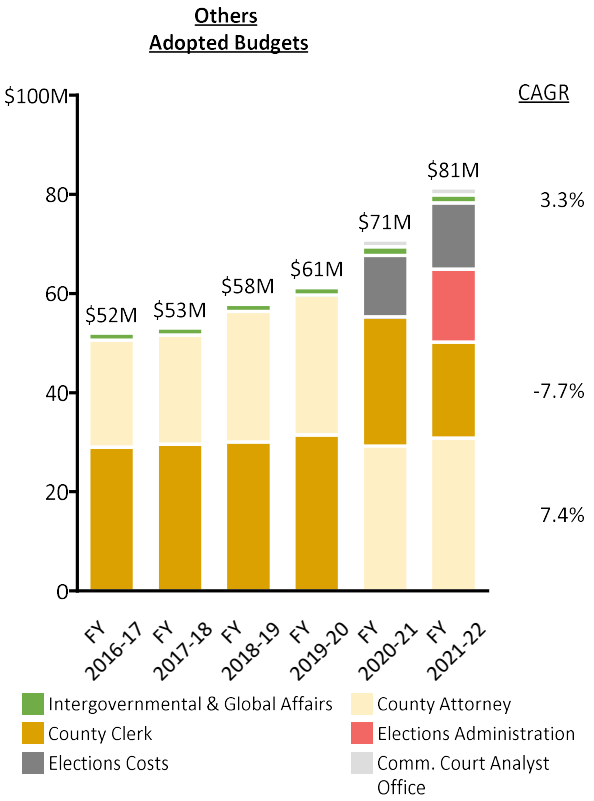
Adopted Budgets

/ GOVERNANCE & CUSTOMER SERVICE

- Compound annual growth rate (CAGR) over the last five years for all Governance and Customer Service departments is **7%**
- Total General Fund adopted budget for FY 2020-21 across all Governance and Customer Service is **$335M** or **~16% of the new spending allocations**







Note: Others doesn't include General Administrative costs

Selected, ongoing initiatives to improve Priority Outcomes

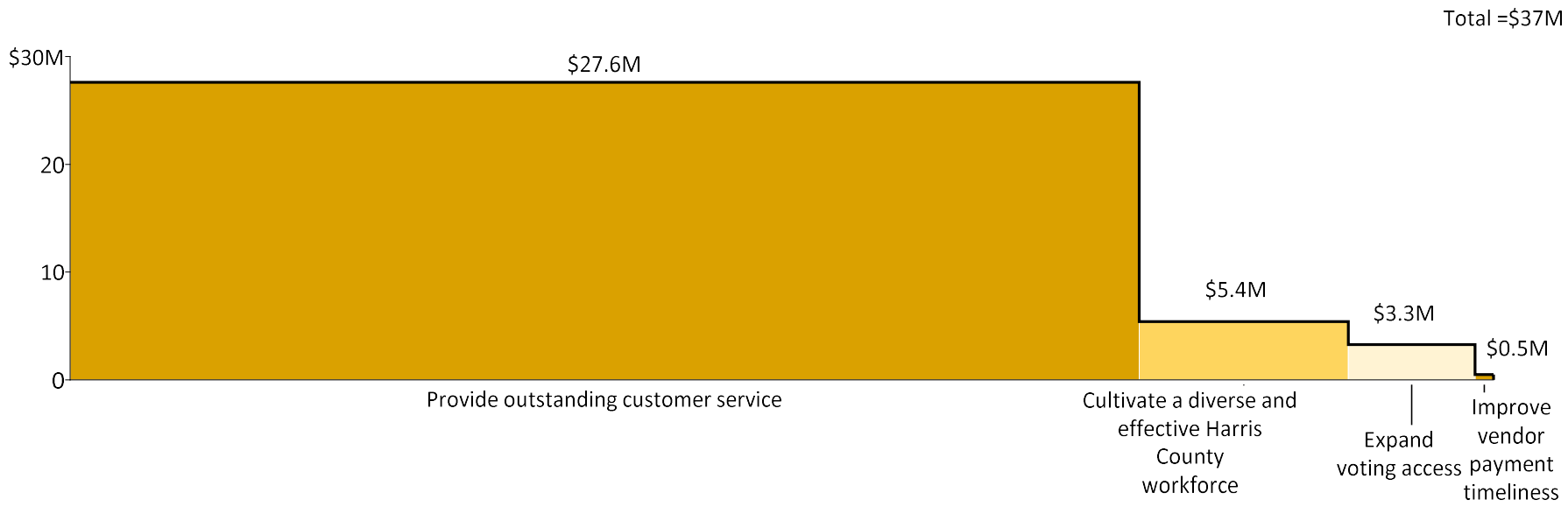
Priority Outcome	Major Initiative
Improve vendor payment timeliness	• The Auditor's Office is implementing **a dashboard for payments past 30 days**, and consulting resources to identify departments who have fallen behind.
Expand voting access	• The Elections Administrator has established a program to support outreach to unregistered voters and increase the percentage of eligible voters registered to vote.
Provide outstanding customer service	• To better focus on constituent outcomes, the County is transitioning to **Outcome Budgeting** instead of the traditional department-level approach • **311**: To improve access to services, Harris County is launching a streamlined, integrated constituent relations management system.

New General Fund budget requests to improve Priority Outcomes

/ GOVERNANCE & CUSTOMER SERVICE

- Total requests of **$37M** represent **~15%** of all new budget requests. The biggest priority outcome focus is on providing outstanding customer service representing 76% of Governance and Customer Service priority outcome focused requests.
- There are **~$4M in one-time requests in SFY2022**, and **~$3M of requests in FY2023 not requested in SFY 2022**
- The largest request is from the County Attorney, representing **~26%** of the requests.
- The second largest request is from Universal Services representing **~17%** of the requests
- *Detail on each of the requests is available in **Volume 2***

FY2022-23 Budget Requests

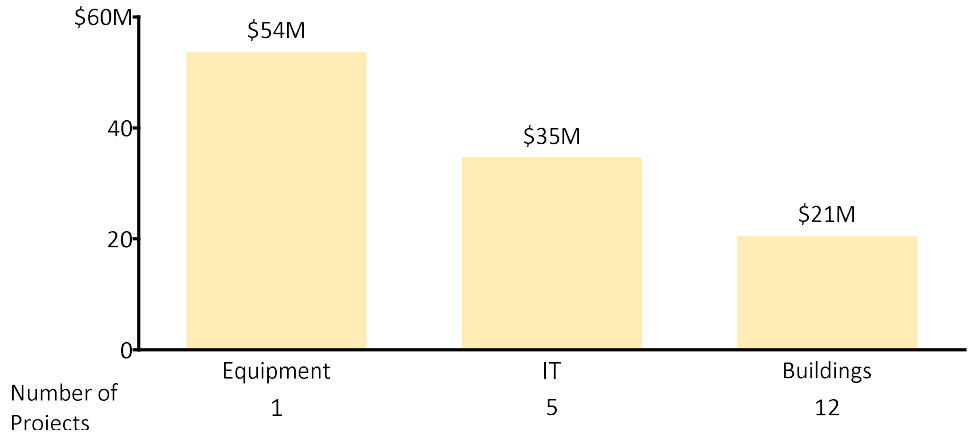


Capital Projects

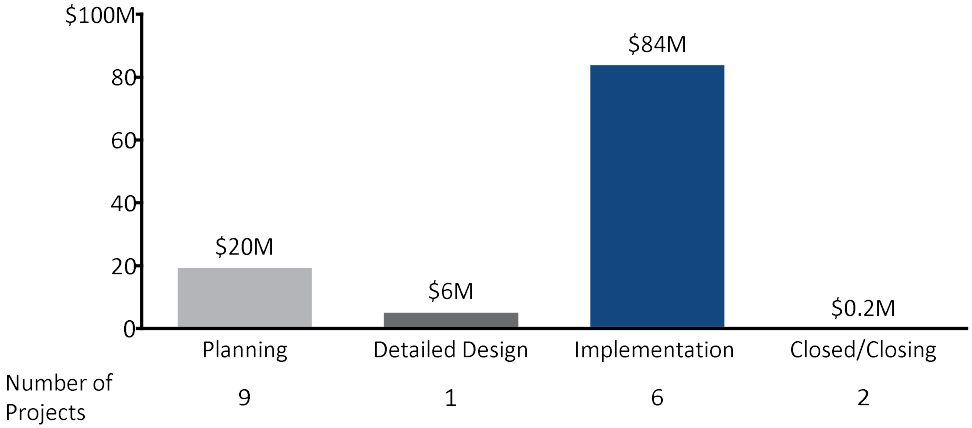
/ GOVERNANCE & CUSTOMER SERVICE

- Governance and Customer Service projects include projects to expand voting access, ongoing software & IT improvements and library renovations & expansions.
- The largest project in this category is the purchase of new voting machines ($54M).
- During the budget process there were 3 new projects identified:
  1. Design a remodel of the PCS Department facility
  2. Information Technology Asset Management project
  3. Microsoft Surface refresh for all CSCD staff members

Project Value by Subcategory ($M)



Project Value by Current Project Stage ($M)



Environment and Public Health Overview

COMMISSIONERS COURT GOAL STATEMENT

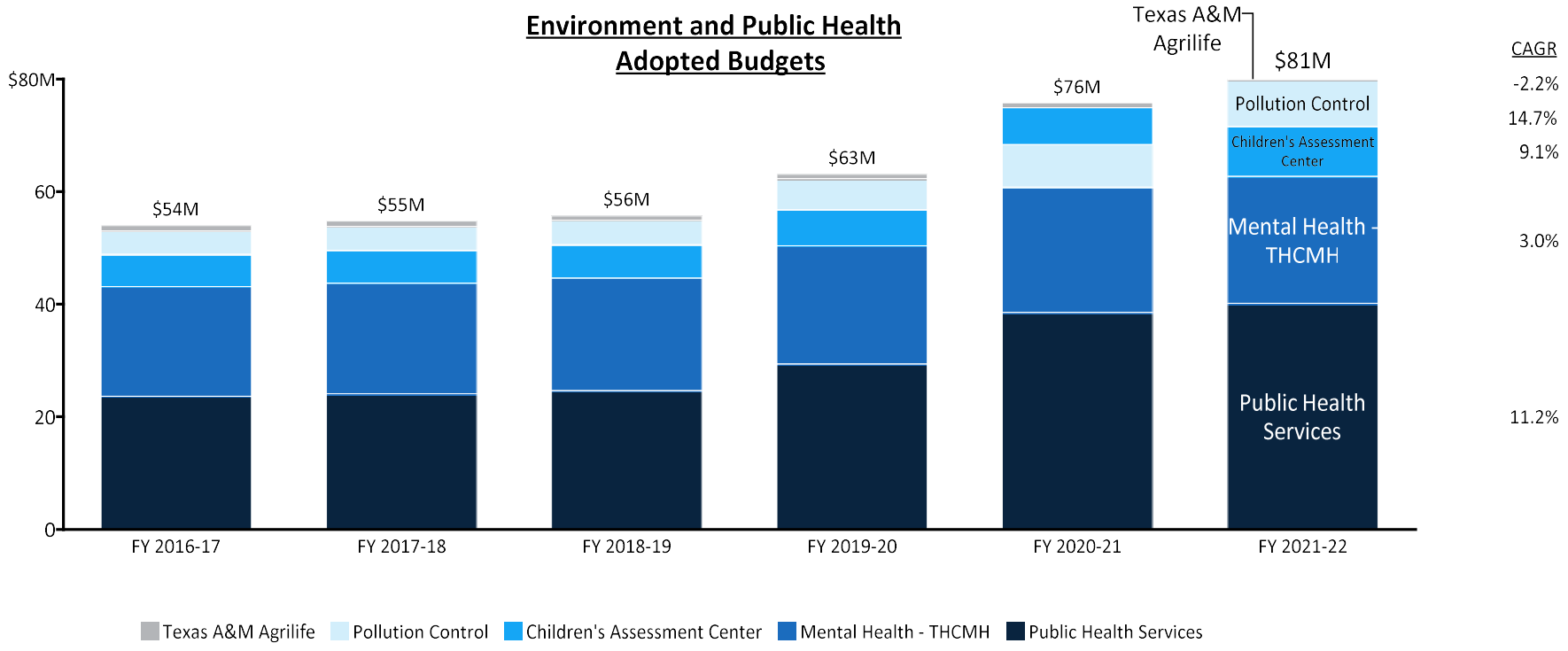
Public Health – Harris County will improve overall health and quality of life by implementing preventative and responsive public health strategies, providing access to affordable and high-quality health care, and addressing the social determinants of health to eliminate disparities and achieve health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

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.

Goal Area	Priority Outcomes	Outcome Measures
Public Health	Reduce the spread of COVID-19	• Move COVID-19 threat level to green
	Increase access to preventative care	• Reduce preventable hospitalization rate • Increase participation in the HCPH WIC program • Increase access to healthcare coverage
	Increase life expectancy	• Increase life expectancy
	Reduce chronic disease burden	• Reduce % of adults with diabetes • Reduce % of obese children
Environment	Reduce Harris County's direct greenhouse gas emissions	• Reduce direct greenhouse gas emissions from County vehicles and building energy usage
	Increase access to parks and greenspace	• Increase the percentage of residents within close proximity to a park or trail
	Reduce exposure to hazardous chemicals and lead	• Reduce hazard index (basket of critical items)

Adopted Budgets

- Compound annual growth rate (CAGR) over the last five years for Environment and Public Health departments is **10%**
- Total General Fund adopted budget for FY 2020-21 across all Environment and Public Health is ~**$81M** or ~**4% of the new spending allocations**



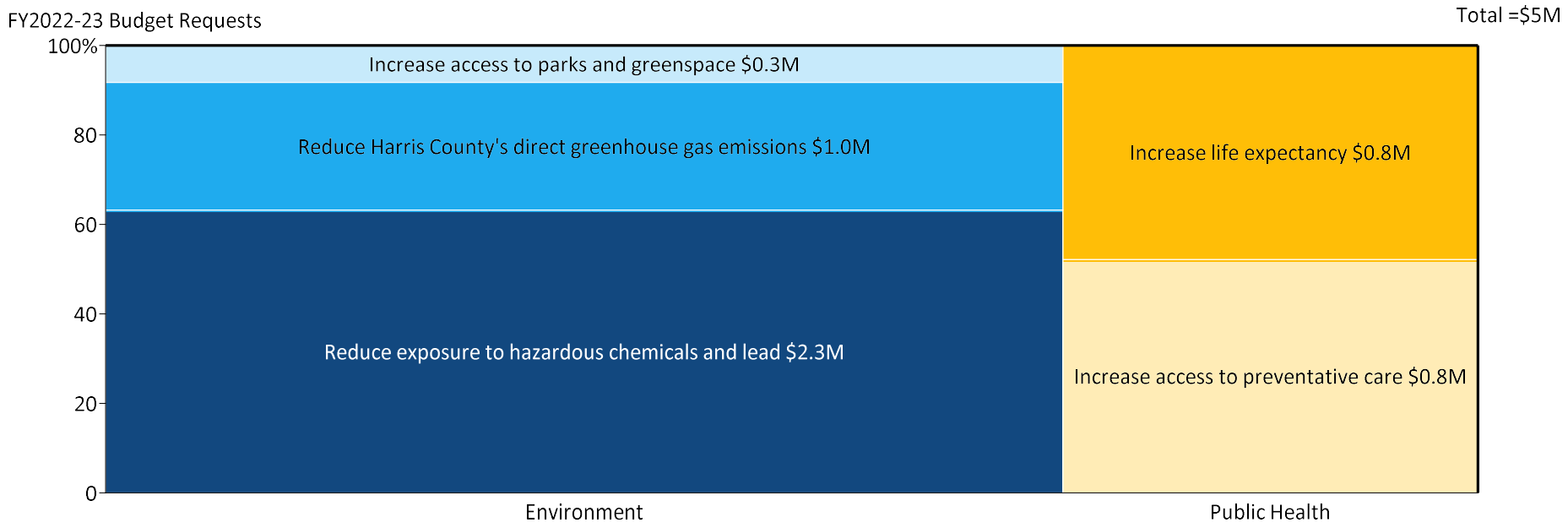
Selected, ongoing initiatives to improve Priority Outcomes

/ ENVIRONMENT & PUBLIC HEALTH

Priority Outcome	Major Initiative
Reduce exposure to hazardous chemicals and lead	• Additional capital investments were made to design and implement a **West-side Hazardous Materials Station and Training Facility Site**, based on a 2019 gap analysis study after the ITC fire. • The Public Health program administers a program in lead abatement.
Reduce Harris County's direct greenhouse gas emissions	• The County created an **Office of Sustainability** which will develop a Climate Action Plan with emissions baseline and targets. • The County is currently in the process of seeking bids for a **100% renewable energy supply** and has performed a feasibility study to convert a substantial portion of its light-duty fleet to electric vehicles.
Reduce the spread of COVID-19	• The Public Health department created a **COVID Division,** which provides a dedicated response and preventative approach to the COVID-19 pandemic. The division supports COVID-19 surveillance, promotes testing and vaccine access across Harris County, develops and disseminates COVID-19 health education messaging, and plans for long-term resilience and recovery from the pandemic. • Harris County has provided vaccination services in collaboration with state and federal partners and expanded community partnerships to reduce disparities in COVID-19 vaccination uptake, hospitalizations, and deaths.
Increase access to preventative care	• In July 2021, Commissioners Court unanimously voted to establish **ACCESS Harris**, a holistic, coordinated care delivery initiative for vulnerable populations that require the services and programs of multiple County safety net departments and community-based organizations. The project is currently in a technology procurement.

New General Fund budget requests to improve Priority Outcomes

- Total requests of **$5M** represent **~2%** of all new budget requests. The biggest priority outcome focus is on reducing exposure to hazardous chemicals and lead representing ~44% of Environment and Public Health priority outcome focused requests
- There are **no one-time requests in SFY2022**, and **~$3M of requests in FY2023 not requested in SFY2022**
- The largest request is from the Pollution Control, representing **~69%** of the requests
- *Detail on each of the requests is available in **Volume 2***

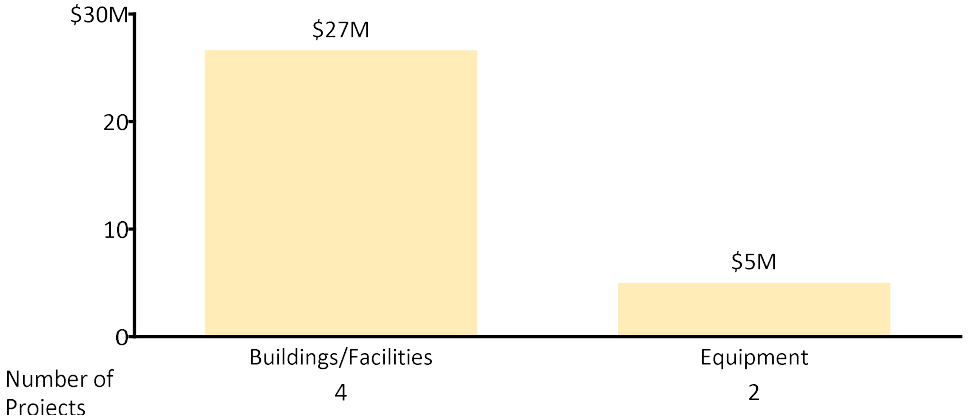


Capital Projects

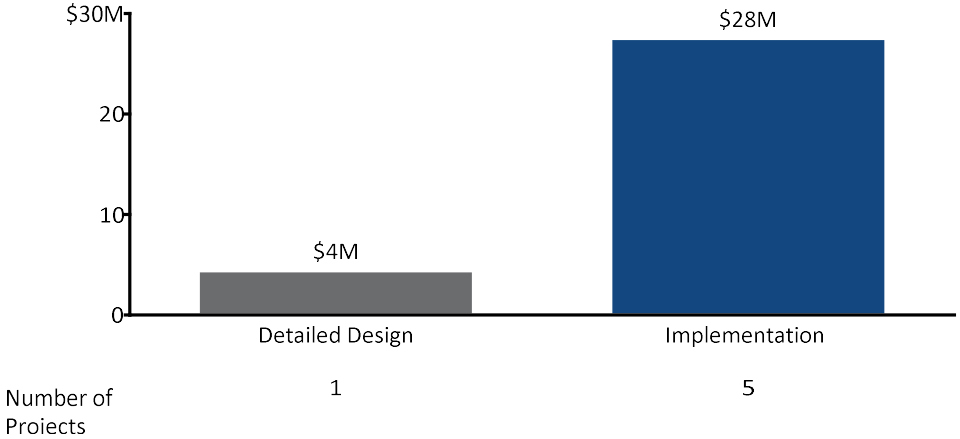
/ ENVIRONMENT & PUBLIC HEALTH

- Planned projects for Environment and Public Health include County-wide conversion to LED lighting ($20M) and Renovation of existing NeuroPsychiatric Center ($4M) to allow for improved patient care and to double the adult psychiatric emergency bed capacity from 30 to 60.
- During the budget process there were two requests from Pollution Control on fleet expansion to grow with staff and infrastructure to meet growing vehicle needs with electric vehicles.

Project Value by Subcategory ($M)



Project Value by Current Project Stage ($M)



Economic Opportunity and Housing Overview

COMMISSIONERS COURT GOAL STATEMENT

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.

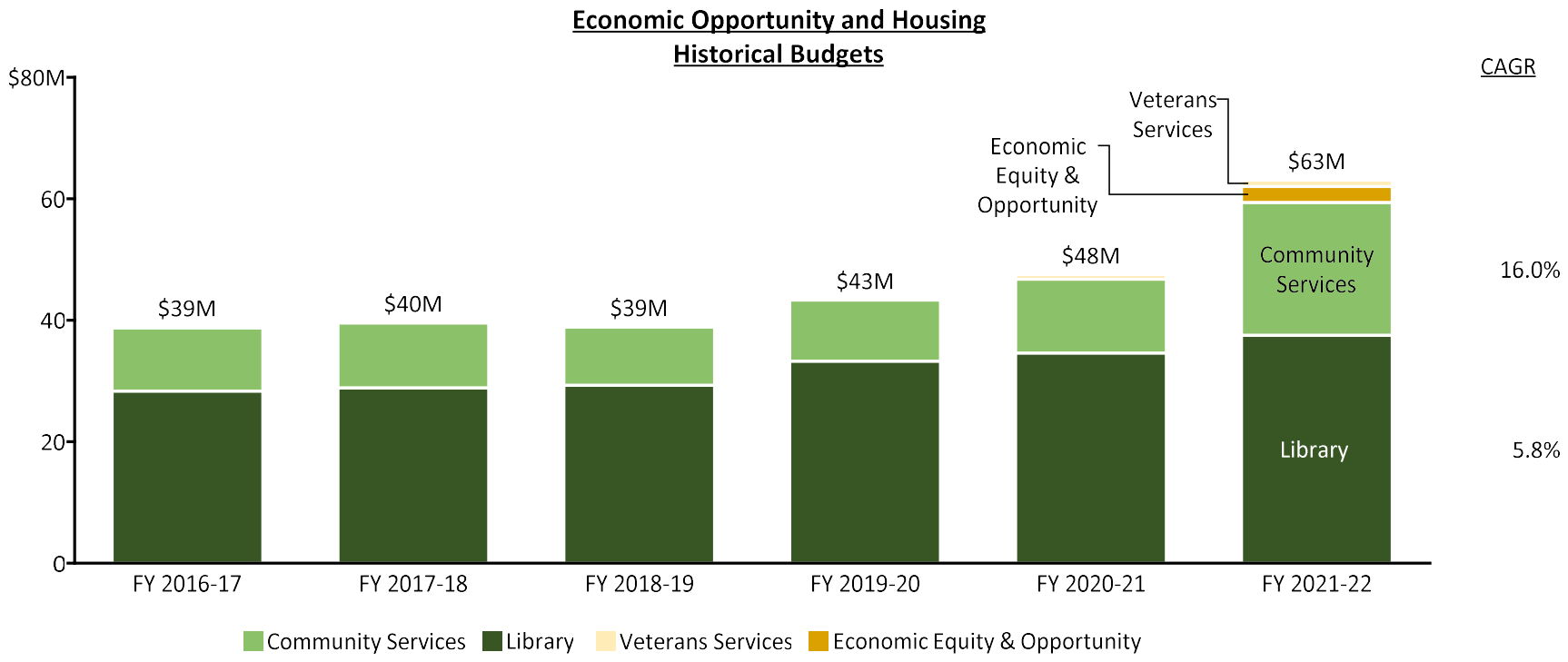
Housing – Harris County will increase access to, incentivize, and invest in quality, affordable, and flood resilient housing that is widely accessible throughout the county, builds safe and healthy neighborhoods, facilitates economic opportunity, and provides access to recreational green spaces for all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

Goal Area	Priority outcomes	Outcome measures
Economic Opportunity	Promote the growth of small businesses and MWBE businesses	• Increase revenues for small and micro businesses • Increase % of County procurement dollars awarded to MWBEs
	Increase access to quality jobs with a living wage and benefits	• Increase number of jobs at a living wage, with benefits • Decrease disparities in employment and wages by race/ethnicity and gender
	Expand access to affordable, quality childcare	• Increase number of affordable, quality childcare spots
Housing	Reduce homelessness	• Reduce number of residents experiencing homelessness
	Increase access to quality, affordable housing	• Deliver target number of affordable housing units preserved and created • Reduce housing & transportation cost burden rates

Adopted Budgets

/ ECONOMIC OPPORTUNITY & HOUSING

- Compound annual growth rate (CAGR) over the last five years for Economic Opportunity and Housing departments is ~**12%**
- Total General Fund adopted budget for FY 2020-21 across Economic Opportunity and Housing is **$63M** or ~**3% of new spending allocations**



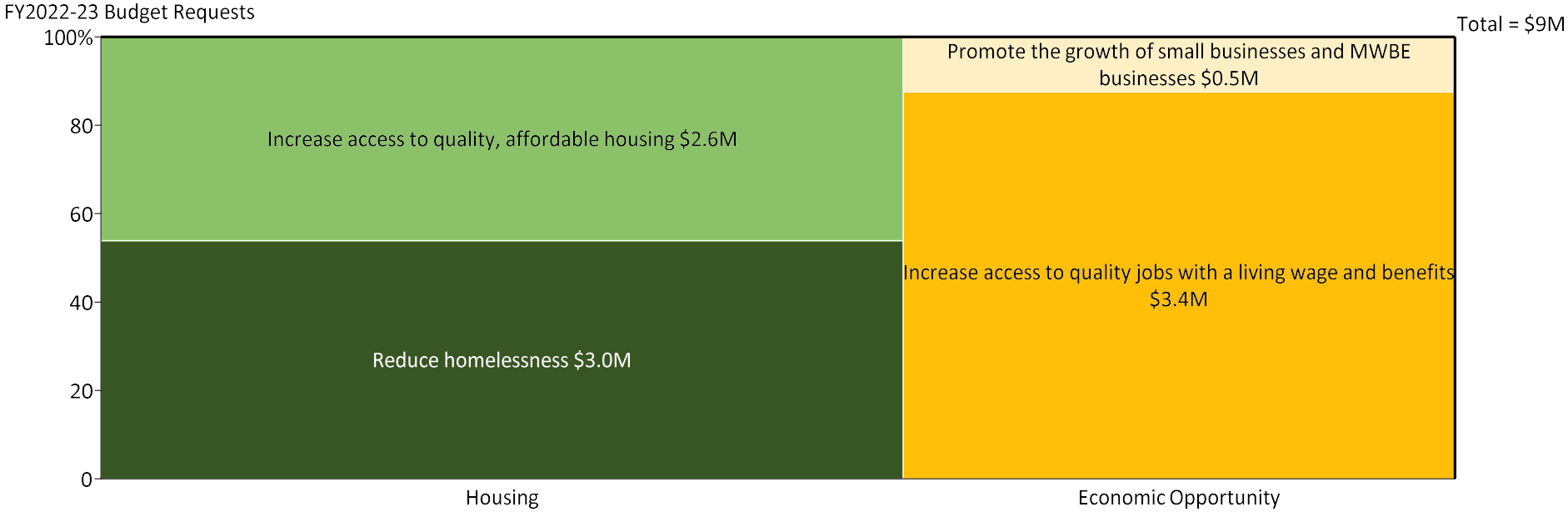
Selected, ongoing initiatives to improve Priority Outcomes

Priority Outcome	Major Initiative
Promote the growth of small businesses and MWBE businesses	• Harris County established an **MWBE program with an aspirational goal of 30%**. Full program guidelines and policy are slated to be published by December 31, 2021. Based on data from June through August 2021, the County awarded 17% of prime-contractor business to MWBE contractors. • Through ARPA funds, the County established a **$30M small business assistance program,** with extensive outreach and navigation assistance and a focus on micro- and MWBE firms.
Increase access to quality jobs with a living wage and benefits	• The first of its kind in the U.S., the **Harris County Essential Workers Board** will advise Commissioners Court and help inform workplace health and safety policies in the region.
Expand access to affordable, quality childcare	• Harris County established a $10 million **Early Childhood Impact Fund** to improve early childhood outcomes, with a focus on rigorous evaluation. • The County created an **Office of Early Childhood** to administer the Impact Fund and potential ARPA investments related to childcare.
Reduce homelessness	• **CCHP (Community-wide COVID-19 Housing Program)** is a coordinated effort between Harris County, the City of Houston, and the Coalition for the Homeless, and has housed over 3,900 individuals and added over 2,000 housing units. • **The Emergency Rental Assistance Program (ARPA)** has provided over $170 million in rent relief, helping over 57,000 families remain stably housed and achieving national recognition.
Increase access to quality, affordable housing	• The Community Services Department is administering over **$900M of CDGB-DR funds**; despite initial setbacks, progress has improved, with over 290 households receiving checks under the Homeowner Reimbursement Program and over 2,000 units under construction or in the acquisition process in the Affordable Rental Housing Program. • The County recently completed **"My Home is Here," a housing needs assessment** and 10-year strategy, in partnership with the Kinder Institute at Rice University.

New General Fund budget requests to improve Priority Outcomes

/ ECONOMIC OPPORTUNITY & HOUSING

- Total requests of **$9M** represent **~4%** of all new budget requests. The biggest priority outcome focus is on increasing access to quality jobs representing ~36% of Economic Opportunity and Housing priority outcome focused requests
- There are **~$1.5M in one-time requests in SFY2022**, and **~$2M of requests in FY2023 not requested in SFY 2022**
- The largest request is from the Community Services, representing **~60%** of the requests
- *Detail on each of the requests is available in **Volume 2***

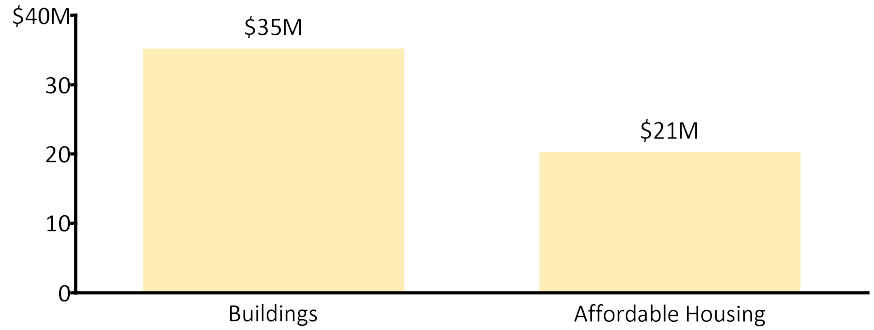


Capital Projects

/ ECONOMIC OPPORTUNITY & HOUSING

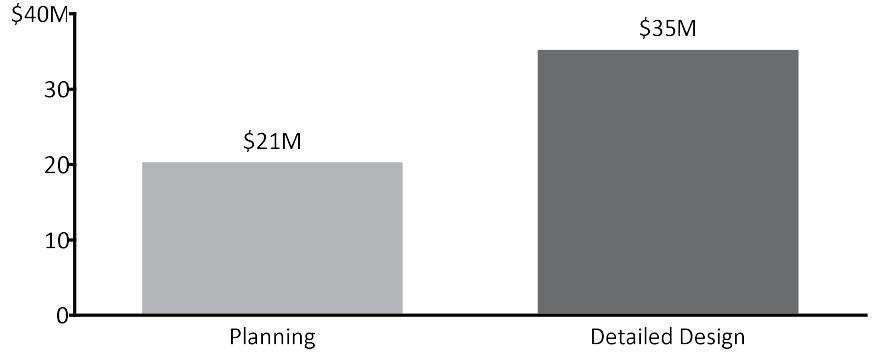
- Planned projects for Housing include $20M focused on providing affordable housing to low-income families.
- Construction on the new $35M facility for the HAY Center was approved in December 2021. This facility will provide wraparound services, including housing, to youth aging out of foster care and former foster youth.

Project Value by Subcategory ($M)



	Buildings	Affordable Housing
Number of Projects	1	2

Project Value by Current Project Stage ($M)



	Planning	Detailed Design
Number of Projects	2	1

Flooding Overview

COMMISSIONERS COURT GOAL STATEMENT

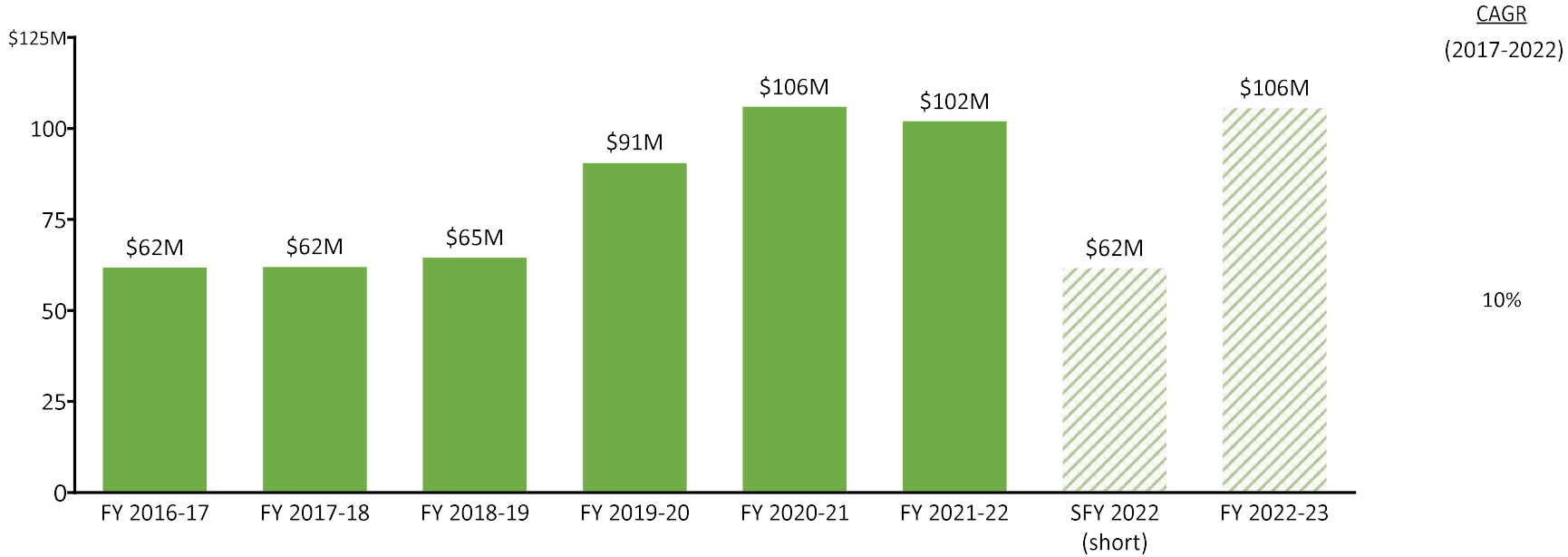
Harris County will reduce flood risk and strengthen resiliency through holistic, equitable, and effective prevention, mitigation, and response strategies.

PRIORITY OUTCOMES	OUTCOME MEASURES
Reduce the risk of flooding of structures (homes, schools, businesses, etc.)	• Deliver year-over-year reduction in number of structures susceptible to damage from a 1% ATLAS 14 event • Deliver year-over-year reduction in number of structures susceptible to damage from a storm surge event
Invest in flood control equitably, where the most people are at risk of flooding	• Increase alignment of flood control investment to areas of greatest need

Operating Expenditures

- Prior to the 2018 Bond Election, the Flood Control District spent approximately **$60M per year on operations**.
- The growth in the operating budget, starting in FY 2019-20 is associated with expanded personnel/staff augmentation to manage and implement the 2018 bond projects.
- The decrease in expenditures in FY 2021-22 can be attributed in part to shifting funding sources for bond administration and HCED administrative costs for the Subdivision Drainage Program from Fund 2890 to more appropriate funding sources.
- **FCD plans to spend $62M in SFY 2022** ($106M if adjusted to a 12-month basis) and is projected to have available resources to support this expenditure. In FY 2022-23, FCD plans to spend $106M, pending estimates of available resources from the Auditor's Office.

Flooding - Tax Based Operating & Maintenance Expenditure by Year* ($M)

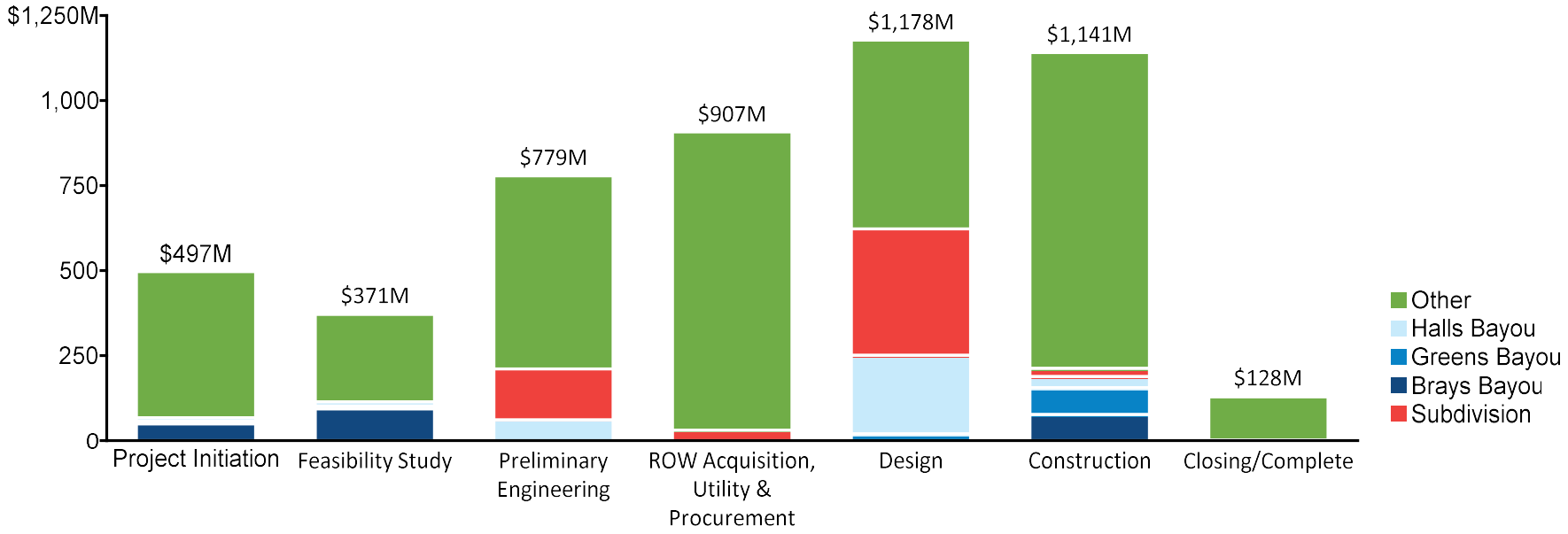


Note: Data from Fund 2890; *FY 2021-22 expenditure is estimated. SFY 2022 and FY 2022-23 expenditures are planned.

Project Status

- In addition to the approximately $5B in 2018 Flood Control Bond projects, Flood Control has initiated approximately $300M in non-Bond capital projects, of which $248M consists of a FEMA grant sediment removal program.
- Active work continues on fine-tuning the Prioritization Framework with the input of Commissioners Court and the Community Flood Resilience Task Force (CFRTF) and transferring initial funding to the Flood Resilience Trust.

Flooding - 2018 Flood Control Bond Project Value by Current Project Stage ($M)



Note: Channel project status current as of 12/20/21. Subdivision project status current as of 10/31/21. Subdivision projects in Greens and Halls Bayou watersheds are attributed to the "Subdivision" section.

Selected, ongoing initiatives to improve Priority Outcomes

Priority Outcome	Major Initiative
Reduce the risk of flooding of structures (homes, schools, businesses, etc.)	• Over 170 projects comprise the Flood Control District's $5+ billion **2018 Bond Program**, which are in various stages of development, including feasibility, engineering, and construction. • The Flood Control District has conducted a **needs assessment of deferred maintenance** for its channel system and is executing on the highest priority projects.
Invest in flood control equitably, where the most people are at risk of flooding	• In June 2021, Commissioners Court approved the creation of the **Flood Resilience Trust** to provide funding assistance for project delivery of the 2018 Bond Program. The Flood Resilience Trust should also provide an ongoing funding source for flood control projects beyond those being developed in the existing 2018 Bond Program. • The Flood Resilience Trust is implemented through the **Prioritization Framework**, a data-driven, worst-first tool that identifies the projects helping the most people who are most vulnerable to flooding. The Prioritization Framework also sequenced the start of projects in the 2018 Bond Program which were not already underway.

Transportation Overview

COMMISSIONERS COURT GOAL STATEMENT

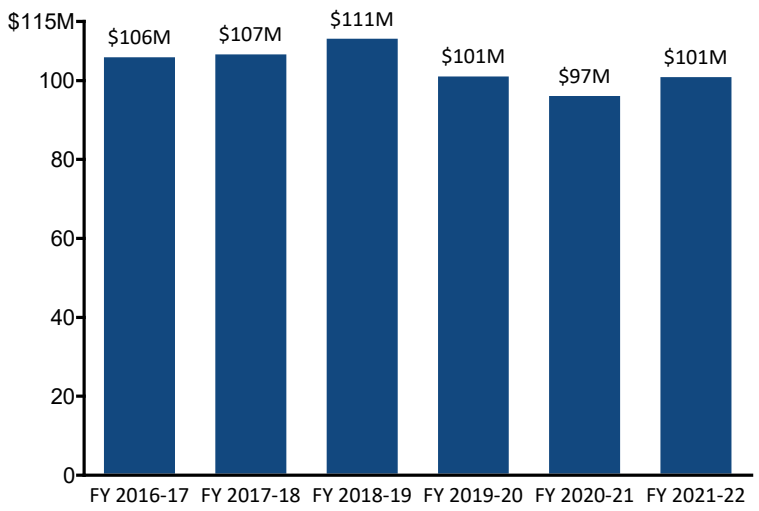
Harris County will promote accessible, affordable, equitable, reliable, safe and sustainable transportation options and networks to facilitate efficient movement of people and goods throughout the region.

Priority Outcomes	Outcome Measures
Improve road safety; reduce and strive to eliminate fatalities and serious accidents	• Reduce fatalities and accidents resulting in serious injuries occurring on County designed and/or maintained roadways
Improve road quality	• Reduce miles of sub-standard roadway (miles with low Pavement Condition Index; eligible roadway to be defined based on usage and type)
Improve efficiency of moving people	• Increase number of people moved vs. vehicle miles traveled (VMT) based on County-developed projects • Increase use of multi-modal transportation

Adopted Budgets

- Compound annual growth rate (CAGR) over the last five years for Engineering is **-1%,** and for HCTRA is **~5%**
- Total M&O adopted budget for FY 2021-22 across Engineering is **$101M** and HCTRA, including Tunnel & Ferry was **$281M**

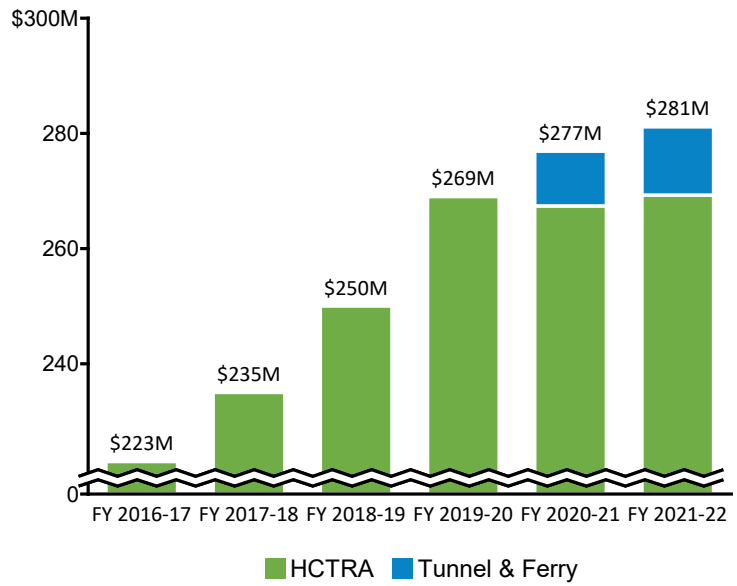
M&O - Engineering Adopted Budgets



CAGR

-1%

M&O - HCTRA Adopted Budgets



CAGR

5%

Note: The M&O HCTRA funds pulled from funds 5302, 5310

Selected, ongoing initiatives to improve Priority Outcomes

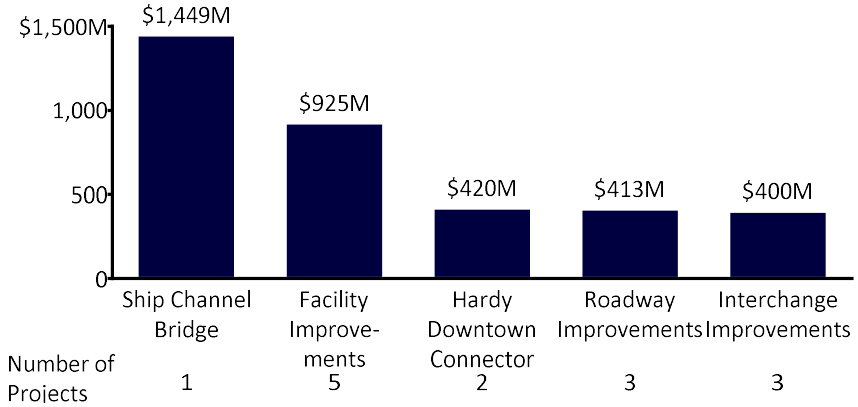
/ TRANSPORTATION

Priority Outcome	Major Initiative
Improve road safety; reduce and strive to eliminate fatalities and serious accidents	• The **Safe Routes to Schools** program focuses on the design, construction, or reconstruction of sidewalks and traffic safety devices along routes to schools within ½ mile radius of the school's campus. • The **Vision Zero Program** makes investments with the goal to reach zero traffic deaths or severe injuries. Vision Zero is a strategy to eliminate traffic fatalities and severe injuries among all road users, and **to ensure safe, healthy, equitable mobility for all**. • The construction of the **Ship Channel Bridge** will improve safety for both vehicles crossing and ships navigating the Houston Ship Channel.
Improve efficiency of moving people and use of multimodal transit	• In 2020, Commissioners Court approved the acceleration of the transformation of the County's existing 120+ lane-mile toll road system to an **all-electronic roadway**, and this re-development project continues today.

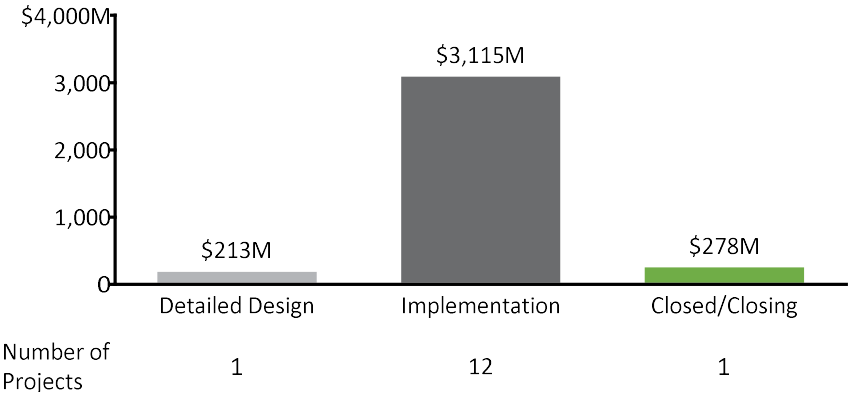
Capital Projects

- HCTRA is making significant investments over the next five years to advance large projects, like the Ship Channel Bridge and converting all toll lanes to 'cashless.'
- The Hardy Downtown Connector project is under review as HCTRA engages with the impacted communities to redesign the project for minimal impacts.
- After these projects are completed, HCTRA's capital investments are anticipated to scale back to focus on maintaining existing assets.

Project Value by Investment Area ($M)



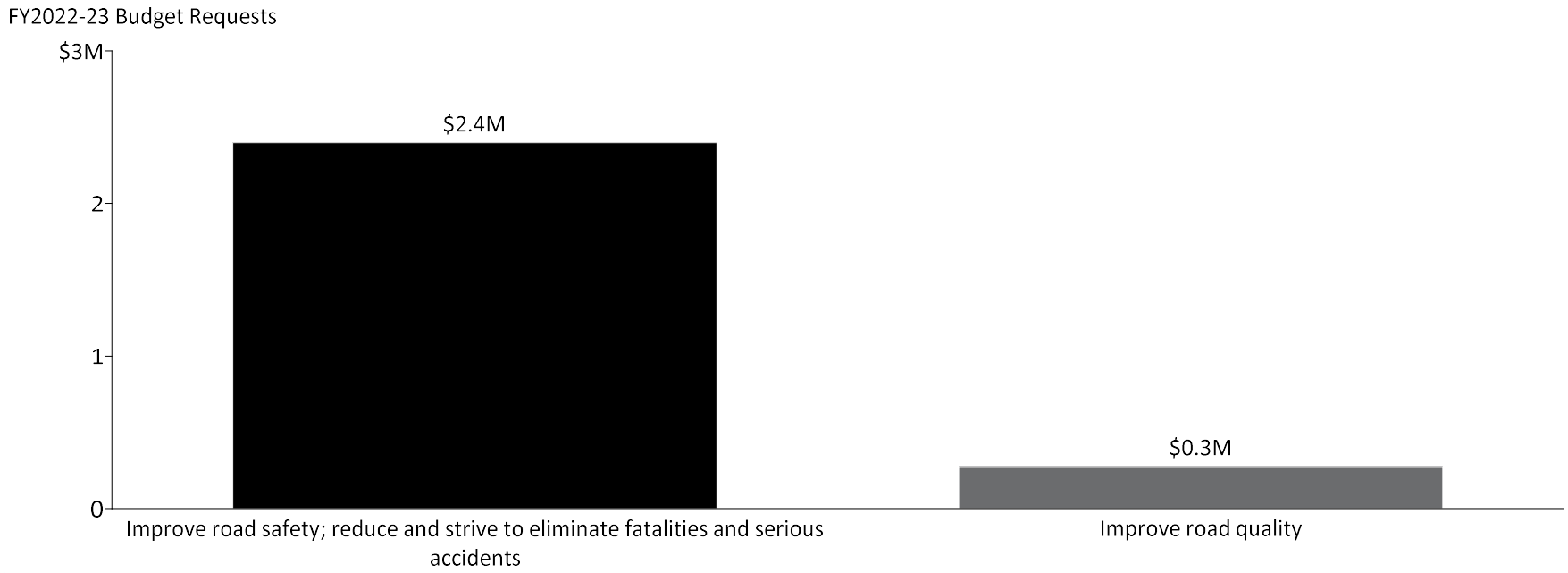
Project Value by Current Project Stage ($M)



New Budget Requests

/ TRANSPORTATION

- Total requests of **$3M** represent **~1%** of all new budget requests. The biggest priority outcome focus is on increasing access to quality jobs representing ~36% of Economic Opportunity and Housing priority outcome focused requests
- There are **~$875K in one-time requests in SFY2022**, and **~$625K of requests in FY2023 not requested in SFY 2022**
- The largest request is from Engineering, representing **~65%** of the requests
- *Detail on each of the requests is available in **Volume 2***



Appendix

SFY22 – Short Year (7 month) Budget

- The preliminary 7-month baseline expense budget is $1.236M vs. the annual baseline of $2.026M.
- The 12-month labor expense is pro-rated to reflect 16 pay periods instead of the normal 26 and non-labor budgets will be pro-rated to reflect 7 months of spending instead of 12. Additional adjustments are made to reflect situations where a department's expenses do not fall evenly throughout the year. OMB is reviewing the timing of department non-labor spending and further adjustments may be included in the final budget recommendations.

SFY22 Cash Flow

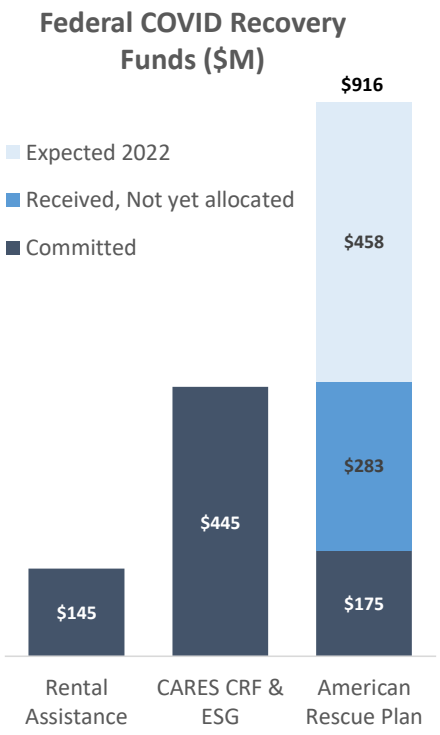
- With a fiscal year starting March 1, the vast majority of tax revenue is received in the last three months of the year, but spending is evenly distributed through the year. For this reason, the county has started prior fiscal years with a working capital balance above $1B to cover operating expenses until the revenue is received toward fiscal year-end. Very little tax revenue will be received during SFY22. Total projected revenue is $301M vs. the preliminary expense budget of $1,236M, or a potential cash reduction of $935M during SFY22. The result will be a much lower starting cash balance in FY23 (likely $500M or less), which is expected since the October 1 fiscal year only requires the county to cover about 3 months of spending before the bulk of tax revenue starts coming in.

	Labor (Approx.)	Non-Labor (Approx.)	Total	Notes
12-Month Baseline Budget (Total)	$1,527M	$498M	$2,026M	
Calculated 7-Month Labor Baseline Budget	$940M	$290M	$1,231M	16/26 for labor, 7/12 for non-labor
With Adjustments for timing of non-labor spending	$940M	$295M	$1,236M	
FY22 Revenue	$300M			Auditor's Estimate
less: FY22 Baseline Budget	$1,236M			
SFY22 Working Capital Draw-Down	$(935)M			Assumes baseline budget is spent but there are no other allocations / spending

Budget Principles

1. **Manage growth in spending so recurring costs do not exceed recurring revenue.** Estimated annual, recurring revenue for FY23 is $2,131M, which is $105M more than the annual baseline budget, or $78M more after considering employee benefits cost increases. For SFY22, the prorated revenue is $1,279M which is $43M more than the baseline budget ($1,236M), or $27M more after covering benefits increases.
2. **Maintain a General Fund balance sufficient to avoid use of TANS**, or approximately ~$1.1B as of March 1 . This compares to a projected SFY2022 starting balance of $1,460M, or $1,330M net of Commissioners Court carryover.
3. **Maintain a Public Improvement Contingency targeted fund balance of $250M - $300M**. This compares to the projected SFY2022 starting balance of $100M (combined PIC and COVID R&R funds) with FEMA reimbursement of more than $200M expected over the next several years.
4. **Do not use one-time funding sources for recurring costs**
5. **Requests for additional funding must fully or partially meet the following conditions:** request is a statutory obligation, funding was previously approved by Commissioners Court and/or positions committed, or the requests falls under a priority outcome and/or is deemed necessary by Commissioners Court

American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds



Following successful deployment of CARES and Rental Assistance Funding, the County is now focused on strategic investment of ARPA funds

In May 2021, Harris County received its first distribution of American Rescue Plan Act (ARPA) Local Fiscal Recovery Funds. Commissioners Court established **Health**, **Housing**, **Jobs & Education**, and **County Operations** as priorities for the use of these funds and adopted an **equity framework** to ensure relief is distributed fairly.

Projects already approved include, among others:

- $60 million in **Direct Assistance**, providing $1,500 grants to 40,000 families
- $30 million in **Small Business Grants**, supporting over 2,500 small and micro businesses
- $30 million in **Emergency COVID Nursing**, supplying 600 medical staff to 18 local hospitals
- $12 million in **Vaccine Incentives**, encouraging 30,000 incremental residents to get their first shot
- $9 million in **Community-Based Behavioral Health Services**, addressing pandemic impacts on mental health
- $8 million in **Justice & Safety** investments, tackling our court system backlog
- $6 million in **Homelessness Services**, helping the most vulnerable become safely housed
- $5 million to create the **HAY Center Campus**, a resource for youth aging out of foster care

Strategic investments continue to be made with a focus on the areas below:

Health	Jobs & Education	Housing	County Operations
Behavioral Health	Family Financial Stability	Housing Stability	Justice: Court Backlog
Coordinated Care	Small Business Support	Homelessness	
Healthcare Access	Workforce Development	Water & Sewer Infrastructure	
Violence Prevention	Child Care	Crime Prevention through Environmental Design	
Environmental Health: Lead			
Food & Nutrition			

These focus areas were chosen based on research into pandemic impacts together with input from over 1,000 County residents, non-profit and business leaders, policy experts, and community groups.

Categories And Departments – Justice and safety

Category	Department
Courts	District Courts
	1st Court of Appeals
	14th Court of Appeals
	County Courts
	Probate Court No. 1
	Probate Court No. 2
	Probate Court No. 3
	Probate Court No. 4
Indigent Defense	Public Defender
	District Court Appointed Attorney Fees
	County Court Appointed Attorney Fees
	Bail Bond Board
District Attorney	District Attorney
Constables	Constable, Precinct 1
	Constable, Precinct 2
	Constable, Precinct 3
	Constable, Precinct 4
	Constable, Precinct 5
	Constable, Precinct 6
	Constable, Precinct 7
	Constable, Precinct 8

Category	Department
Detention (incl. Medical)	Detention
	Medical
Sheriff Patrol	Patrol & Administration
Justices of the Peace	Justice of the Peace, 1-1
	Justice of the Peace, 1-2
	Justice of the Peace, 2-1
	Justice of the Peace, 2-2
	Justice of the Peace, 3-1
	Justice of the Peace, 3-2
	Justice of the Peace, 4-1
	Justice of the Peace, 4-2
	Justice of the Peace, 5-1
	Justice of the Peace, 5-2
	Justice of the Peace, 6-1
	Justice of the Peace, 6-2
	Justice of the Peace, 7-1
	Justice of the Peace, 7-2
	Justice of the Peace, 8-1
	Justice of the Peace, 8-2
Administration	Justice Administration
	Sheriff's Civil Service

Category	Department
Other Justice and Safety	Juvenile Probation
	Institute of Forensic Sciences
	Harris County Resources for Children and Adults
	Domestic Relations
	Pretrial Services
	Fire Marshal
	Community Supervision

Categories And Departments – Governance And Customer Service

Category	Department
Buildings and IT	Universal Services
	Universal Services-R&R
	FPM - Repairs & Replacement
	Utilities & Leases
Tax and Finance	Appraisal District
	Budget Management
	Debt Services
	County Treasurer
	Tax Assessor-Collector
	County Auditor
	Purchasing Agent

Category	Department
Other Governance and Customer Service	County Attorney
	County Clerk
	Elections Costs
	Elections Administration
	District Clerk
	Human Resources and Risk Management
	Office of County Administration
	Comm. Court Analyst Office
	General Administrative
	Intergovernmental and Global Affairs

Categories And Departments – Other Goal Areas

Goal Area	Department
Environment	Pollution Control
Public Health	Harris Health System
	Public Health Services
	Mental Health - THCMH
	Texas A&M Agrilife
	Children's Assessment Center
Economic Opportunity	Economic Equity & Opportunity
	Veterans Services
	Library
	Community Services
Commissioners Court	County Judge
	Commissioner, Pct. 1
	Commissioner, Pct. 2
	Commissioner, Pct. 3
	Commissioner, Pct. 4
Flooding	Flood Control

Category	Department
Transportation	Tunnel & Ferry
	Engineering
	CE Shared Services
	Real Property
	Construction Programs
	Engineering
	Toll Road

Document Control

Date	Page	Comment
1/7/2022	32, 60	Updated County Clerk – Election Costs to Election Costs
	51	Updated bar charts for HCTRA and OCE
		Fixed typo in the footnote relating to HCTRA funds
	59	Updated categorization for Domestic Relations in the Appendix section
	59	Renamed Protective Services to Harris County Resources for Children and Adults; Removed TRIAD from the list