



HARRIS COUNTY

OFFICE OF MANAGEMENT AND BUDGET

(713) 274-1100
1001 Preston St. #500 Houston TX 77002
<http://budget.harriscountytexas.gov/>

Date: September 22, 2022
To: Commissioners Court and County Judge
CC: Office of County Administration
From: Daniel Ramos, Executive Director, Office of Management and Budget
Subject: SFY22 Annualized Budget Impact Report

Dear Honorable Judge and Commissioners,

In response to Commissioner Garcia's request at the September 13th Commissioners' Court, please find below a summary of operational impacts related to the No New Revenue tax rate for the Harris County Sheriff's Office (HCSO), Harris County Flood Control District (HCFCD), and Harris Health Systems (HHS).

Harris County Sheriff's Office:

Patrol:

- The SFY22 annualized budget adopted at the 9/13/22 Commissioners' Court includes a Sheriff Patrol budget that is \$16,682,640 below the OMB FY23 proposed budget.
- The loss in funding is the equivalent of 175 entry-level deputies.
- In addition, HCSO's Patrol labor budget will have to absorb \$1.9M in unbudgeted healthcare costs for the 2,281 budgeted positions.
- On 9/19/22 the Sheriff announced that he will need to reconsider the planned 60-cadet class that is slated to start the Academy on 10/26/22.
- The loss of this class has financial and operational implications in both the short and the long term. In the short-term, existing deputies will have to work overtime to cover minimum staffing in patrol. In the long-term, the overtime may become permanent if HCSO cannot recruit enough cadets in future classes to cover the 8-peace officers that HCSO loses through attrition monthly. HCSO has an aging workforce, with many deputies currently eligible to retire. The failure to bring in new deputies will affect the ability to staff all their positions.
- With no new funding, HCSO will not be able to afford the 2% Cost of Living Adjustment (COLA) OMB recommended in the proposed budget, or the 4.25% COLA recommended at the 9/13/22 Commissioners' Court. This will put HCSO peace officers even further behind neighboring law enforcement agencies and other large counties in Texas in terms of pay.
- In addition, the HCSO Patrol was approved for \$6.2M in Current Level of Service (CLS) Adjustments in the FY23 proposed budget, which will either be paused or must be absorbed into the current appropriation. These items include \$4.8M for the licenses for new body-worn cameras, increases for fuel and utilities, as well as 35 additional investigators.



HARRIS COUNTY

OFFICE OF MANAGEMENT AND BUDGET

(713) 274-1100
1001 Preston St. #500 Houston TX 77002
<http://budget.harriscountytexas.gov/>

Detention:

- The budget for Sheriff Detention is \$23,681,417 below the OMB FY23 proposed budget.
- The loss in funding is the equivalent of 277 entry-level Detention Officers.
- In addition, HCSO's Detention labor budget will have to absorb \$2.2M in unbudgeted healthcare costs for the 2,537 budgeted positions.
- With no new funding, HCSO will not be able to afford the 2% Cost of Living Adjustment (COLA) OMB recommended in the proposed budget, or the 4.25% COLA recommended at the 9/13/22 Commissioners' Court. This will put HCSO Detention Officers even further behind neighboring law enforcement agencies and other large counties in Texas in terms of pay.
- HCSO Jail was approved for \$3.2M in Current Level of Service (CLS) Adjustments in the FY23 proposed budget, which will either be paused or absorbed into their current appropriation. These items include \$1.2M for inflation costs for meals, and additional funds for hygiene products, masks, and maintenance of the facility.

Harris County Flood Control District:

- The Flood Control District budget is \$23,100,00 below the OMB FY23 proposed budget.
- Major maintenance projects planned for construction in FY23 will be deferred to future years due to the imposition of the NNR. The type of projects that will be deferred include erosion repair, outfall repairs, sediment removal, and conveyance improvements. Further deferral of maintenance projects will increase the risk of infrastructure failures during flood events.
- Before Hurricane Harvey, the Flood Control District's vegetation management team managed approximately 18,000 acres of drainage facilities comprised of stormwater detention basins, channels, and sensitive habitat areas. Since Hurricane Harvey, the Flood Control District has accepted an additional 1,425 acres of drainage facilities, an 8% increase in managed acreage, including seventeen new stormwater detention basins and three new channel segments. Many of these new facilities include specialty features to capture trash and debris, which require increased maintenance costs.
- The cost to the Flood Control District to maintain just these new facilities, including inflation, is estimated at \$1M annually. This cost is anticipated to increase as more Bond Program projects are completed.
- In light of increasing costs, increasing responsibilities, and decreasing revenue, the Flood Control District will be forced to cancel a mowing cycle in the upcoming fiscal year, which will impact the use of recreational spaces, responsiveness to service requests, and reduce the ability to proactively maintain vegetation.
- In addition, under the OMB proposed FY23 proposed tax rate, a \$9M transfer into Flood Control District's reserve funds were planned. This fund is used to maintain cash liquidity during the fiscal



HARRIS COUNTY

OFFICE OF MANAGEMENT AND BUDGET

(713) 274-1100
1001 Preston St. #500 Houston TX 77002
<http://budget.harriscountytexas.gov/>

year, as well as a reserve in preparation for major unbudgeted expenses that may occur due to a hurricane or other major infrastructure failure.

- Historically, the General Fund has had to 'loan' the Flood Control District cash, in order to maintain its cash liquidity. Of the \$196M in the Auditor's final cash balance for the District, \$24M is a loan that must be paid back to the General Fund for unbudgeted expenses from SFY22. If the District's General Fund continues to lose ground due to NNR tax rates; the District may be forced to revert to Tax Anticipation Notes (TANs) to maintain their operations during the year.
- In addition, a lower fund balance could impact the HCFCD's ability to use a \$290M grant from FEMA for sediment removal. This grant requires advancing the costs prior to federal reimbursement.

Harris County Health System:

- HHS revenue had a \$123,900,000 cut from the FY23 proposed tax rate to their NNR Maintenance and Operations (M&O) revenue.
- Because of the loss in revenue, HHS will continue to operate in a deficit of roughly \$45M this year, and growing every year.
- The planned opening of the Quentin Mease facility was anticipated to expand capacity for endoscopy services but will now be paused because of the lack of funding to staff the recently renovated facility.
- Other strategic Initiatives that had been planned for FY23 are being evaluated for elimination, reduction, or delay. These include:
 - Expansion of Same Day Clinic/Urgent Care hours and EC Telemedicine.
 - Expansion of specialty care services in the community.
 - Expansion of GI capacity.
 - Expansion of Population Health initiatives focused on Chronic Disease Management.
 - Enhanced community partnerships.
- HHS will reduce their contractual labor and equipment purchases by a combined \$20.1M, leading to reductions in service and continued or increasing wait times for critical services for HHS patients.

Next Steps:

OMB will be recommending a \$20M transfer to the Jail, to ensure that HCSO can maintain the current staffing plan and compliance with staffing minimums as required by the Texas Commission on Jail Standards. OMB will also be recommending an additional \$3.6M to be transferred to the Jail Medical department, which is now managed through a contract with Harris Health System. We are recommending that these funds are drawn from Program 202: General Government by reducing the following line items:



HARRIS COUNTY

OFFICE OF MANAGEMENT AND BUDGET

(713) 274-1100
1001 Preston St. #500 Houston TX 77002
<http://budget.harriscountytexas.gov/>

- \$5M-Pay Equity/Salary Study Implementation.
- \$5M- Unbudgeted Reserves.
- \$5M- Cybersecurity upgrades.
- \$3.3M- Final Benefit Payouts.
- \$3.1M- Inflation-related fuel costs.
- \$1.5- Inflation-related fleet costs.
- \$700k- DEEO 381 Agreements.

These cuts will put additional pressure on departments with large fleets, such as the Sheriff and Constable Offices. The cuts to planned cybersecurity investments will also increase operational and financial risk to the County. Finally, the cuts to 381 agreements will decrease support for local organizations such as the Bay Area Houston Economic Partnership, Economic Alliance-Houston Port Region, and Lone Star College.

Daniel Ramos

Executive Director

Harris County Office of Management and Budget