



Legislation Details (With Text)

File #: 23-0350 **Version:** 1 **Name:**
Type: Discussion Item **Status:** Passed
File created: 1/6/2023 **In control:** Commissioners Court
On agenda: 1/10/2023 **Final action:** 1/10/2023
Title: Request by the Department of Economic Equity and Opportunity for discussion and possible action on DEEO's FY 2023 budget and expected additional workload.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 23-0350 DEEO-Budget Status.pdf

Date	Ver.	Action By	Action	Result
1/10/2023	1	Commissioners Court		

Department: Economic Equity and Opportunity

Department Head/Elected Official: Diana A Ramirez, Executive Director

Regular or Supplemental RCA: Supplemental RCA

Type of Request: Discussion Item

Project ID (if applicable):

Vendor/Entity Legal Name (if applicable):

MWDBE Contracted Goal (if applicable): N/A

MWDBE Current Participation (if applicable):

Justification for 0% MWDBE Participation Goal: N/A - Goal not applicable to request

Request Summary (Agenda Caption):

Request by the Department of Economic Equity and Opportunity for discussion and possible action on DEEO's FY 2023 budget and expected additional workload.

Background and Discussion:

During the final Commissioners Court meeting of 2022, DEEO was directed to bring back an item on January 10, 2023, to discuss DEEO's workload and budget.

DEEO History

DEEO was originally proposed as a department with five divisions and 50 FTE by TIP Strategies, the consulting firm hired by Commissioners Court to help move the department from conception to operation. However, the department was funded at 44 FTE and reorganized to four divisions to focus existing resources on critical areas of work; the 6 FTE that remained unfunded were to expand work in community engagement, economic

development, and planning. In addition, when wage rate monitors were transferred to DEEO, vehicles for use in site inspections were not transferred to DEEO.

While creating DEEO was first proposed in January 2019, the first Executive Director wasn't onboard until January 2021, and the final five positions of the 44 total department FTE were not authorized until December 2021. Since then, DEEO has lost two Assistant Directors (Vendor Diversity and Worker and Community Protection) and has had difficulty filling positions - often because our pay is not competitive.

Date	Description	FTE
1/29/19	Commissioners Court authorizes BMD to study the creation of a new Department of Economic Opportunity and Equity and report back in 30 days	
10/8/19	Court establishes a search and hiring committee for a director for DEOE	
12/17/19	Department name changed from DEOE to DEEO	
11/10/20	Court adopts an MWBE Program Framework prepared by Colette Holt & Associates and appoints first Executive Director of DEEO	
12/15/20	Court approves creation of DEEO, an initial budget of \$50,000, and location of office space	
1/16/21	Executive Director starts work	1
2/26/21	Economic Development position transferred from BMD	2
3/1/21	New fiscal year begins; DEEO first year GF budget adopted at \$2,645,935	
3/27/21	Three new positions created: Chief of Staff, Office Manager, Office Assistant	5
4/19/21	Two new positions created	7
8/10/21	Eight new positions created, primarily MWBE and Worker and Community Protection teams	15
9/14/21	14 positions transferred from CSD, Engineering (WCP)	29
	10 new positions created, primarily MWBE, WCP	39
11/30/21	Essential Worker Board created; no new staffing approved; small amount of new operating funding included in SFY 22 budget	
12/14/21	Five new positions created, primarily in Program Planning & Innovation Team	44
1/25/22	Executive Director resigns	
2/1/22	New Executive Director begins work	
	DEEO takes over MWBE goal-setting from Purchasing	
3/1/22	Short Fiscal Year 2022 begins; short fiscal year GF budget adopted at \$2,912,635	
4/1/22	DEEO reorganizes, reclassifying administrative roles to support new ARPA program workload (workforce training and small business assistance) and ongoing Program Planning & Innovation division workload (Disparity Study Fund and Essential Workers Board)	
5/13/22	Move from Jail Annex to 1001 Preston St.	
6/1/22	One new ARPA-funded grant position created to assist with new ARPA workforce training programs (Hire Up Harris and Apprenticeship Advantage)	44+1

7/16/22	DEEO internally funds pay equity solution for positions transferred from different departments with same title but different pay	
9/1/22	FY 2023 begins; budget cuts require DEEO to leave two positions vacant, effectively cutting department staffing; GF budget adopted at \$4,769,091	[42]+1
10/1/22	Two new ARPA-funded grant positions added to team to oversee \$36 million ARPA-and Flex-funded projects	[42]+3

FY 2023 Adopted Budget

DEEO's FY 2023 Adopted General Fund budget was decreased by \$1,036,635, from OMB's FY 2023 Proposed General Fund budget. The budget reduction resulted in no funding for:

- 11 agreements with Economic Development Organizations under Local Government Code Chapter 381 (which may change as those agreements will be discussed under a separate agenda item during this same Court meeting) nor
- Two new FTEs for the Vendor Diversity Division (M/WBE Program).

In addition, the increased costs of employee benefits for existing department employees totals approximately \$150,000 which results in DEEO having to hold two positions vacant for the duration of the fiscal year. This leaves DEEO with 42 positions it can fill out of its 44 FTE funded by the General Fund.

In addition to its General Fund budget, DEEO has an additional \$33,616,685 in ARPA grant funding and \$2,366,000 in Flex funding for its Workforce Training programs (Hire Up Harris and Apprenticeship Advantage), Small Business Assistance program (Harris Hub), the evaluation contractors for those two programs, and the Disparity Study Fund program. The funding also includes budget for three staff who will be directly engaged in managing this workload. A fourth program is being researched and developed with the ARPA Jobs and Education portfolio focus team and SteerCo and will be brought to Court in the spring.

Please see DEEO's current organization chart and a budget comparison, attached. The SFY 2022 budget shows DEEO expended 98.5% of its adopted budget, leaving only \$44,280 unused in the short fiscal year.

Reduced Funding with More Workload on the Horizon

In addition to running its own programs (ARPA, economic development), DEEO also serves in a support and compliance capacity to departments countywide with the MWBE and WCP (Worker and Community Protection) programs. DEEO must manage the significant financial, legal, and headline risks associated with these programs.

County projects that will result in additional workload for DEEO include:

- MWBE goal-setting and utilization plan review during the procurement phase and compliance monitoring during the contractual period for:
 - New infrastructure projects funded by existing or new county bonds.
 - New federal infrastructure funding via direct allocation or grant awards.
- DBRA (Davis Bacon and Related Acts), HUD Section 3, and County Prevailing Wage compliance monitoring and reporting during the contractual period for:
 - New federal infrastructure funding via direct allocation or grant awards
 - Disaster recovery funding, CDBG funding for affordable housing

- New policies/programs recently approved or soon to be presented to Court such as:
 - Essential Worker Board - set to start meeting in late January 2023
 - New Safety Record Policy - on the January 10, 2023 Court agenda
 - Findings of the Putting Assets to Work grant expected in April/May 2023
 - Renewed interest in economic development incentives if the economy slips into recession

Finally, it is difficult to meet Court's expectations regarding speed, responsiveness, nimbleness, and level of engagement with stakeholders and the community in general without being appropriately resourced.

What DEEO Needs

Over the past several months, DEEO has responded to OCA, OMB, and various Court offices when asked what we need to ensure success. The numbers varied given the tenor of discussions taking place at the time. Below please find DEEO's latest update, three levels of funding that can get Harris County to varying levels of success, Status Quo Plus, Stability, and Best in Class. The Best in Class model provides DEEO with the capacity to address growing workload, avoid bottlenecks and slowdowns, provide training programs, and conduct outreach via consistent participation in stakeholder and community groups.

DEEO has recently brought it to the attention of OCA, OMB, and some of the departments implementing new bond projects that including in project budgets funding for DEEO's MWBE and Worker and Community Protection work associated with each project will help DEEO meet workload needs and fully account for all associated project costs.

Status Quo Plus

Current Service Level.

Restore ~\$150,000 in health insurance funding to get DEEO back to 44 FTE (General Fund).

Fund two new MWBE compliance officers at approximately \$195,000.

Fund ongoing operating budget totaling \$100,000 to support new staff, implement a pilot mentoring program, and expand our outreach efforts across programs.

TOTAL NEW FUNDING: \$445,000

Stability

Status Quo Plus at \$445,000.

Create new job titles and salary ranges for current MWBE and WCP staff and management to create a career path and growth at approximately \$150,000.

Fund three new positions to support workload related to DEEO's software systems, financial/executive management, and economic development at approximately \$420,000.

Fund ongoing operating budget totaling \$50,000 to develop training programs (e.g., MWBEs, small businesses, County contractors).

TOTAL NEW FUNDING: \$1,065,000

Best in Class

Stability at \$1,065,000.

Fund eight new positions to add MWBE and WCP staff, two bilingual community engagement specialists, and one urban planner at approximately \$1,000,000.

Fund ongoing operating budget totaling \$50,000 to support new staff and expand training and outreach.

TOTAL NEW FUNDING: \$2,115,000

Expected Impact:

Providing DEEO with additional funding in FY 23 will help us meet Commissioners Court expectations to varying levels, as described above. Lack of funding will result in DEEO having to reset expectations.

DEEO understands that all County departments experienced budget cuts this fiscal year and comprehensive discussions may be scheduled for subsequent Court meetings. DEEO submitted this item for the January 10, 2023 meeting at the direction of Commissioners Court. DEEO has shared this memo with OMB for their review and determination of funds availability. If ongoing funding is not available, DEEO is amenable to discussing using one-time funding and submitting budget requests for ongoing funding during the FY 2024 budget process.

Alternative Options:

The primary alternative is not increasing DEEO's funding and increasing risk and possible project slowdowns.

Alignment with Goal(s):

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

Prior Court Action (if any):

Date	Agenda Item #	Action Taken

Location:

Address (if applicable):

Precinct(s): Countywide

Fiscal and Personnel Summary			
Service Name			
	FY 23	FY 24	Next 3 FYs
Incremental Expenditures (do NOT write values in thousands or millions)			
Labor Expenditures	\$	\$	\$
Non-Labor Expenditures	\$	\$	\$
Total Incremental Expenditures	\$	\$	\$

Funding Sources (do NOT write values in thousands or millions)			
Existing Budget			
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Total Current Budget	\$	\$	\$
Additional Budget Requested			
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Total Additional Budget Requested	\$	\$	\$
Total Funding Sources	\$	\$	\$
Personnel (Fill out section only if requesting new PCNs)			
Current Position Count for Service	-	-	-
Additional Positions Requested	-	-	-
Total Personnel	-	-	-

Anticipated Court Date: January 10, 2023

Anticipated Implementation Date (if different from Court date):

Emergency/Disaster Recovery Note: Not an emergency, disaster, or COVID-19 related item

Contact(s) name, title, department: Diana A Ramirez, Executive Director, DEEO

Attachments (if applicable): DEEO Organizational Chart, DEEO Budget Comparison