# Travis County Commissioners Court Agenda Request

**Meeting Date:** March 11, 2014

**Elected/Appointed Official/Dept. Head:**
Leslie Browder, County Executive, Planning & Budget, (512) 854-9106
Jessica Rio, Budget Director, (512) 854-9106

**Commissioners Court Sponsor:**
County Judge Samuel T. Biscoe

**AGENDA LANGUAGE:**
CONSIDER AND TAKE APPROPRIATE ACTION ON FISCAL YEAR 2015 BUDGET ISSUES, INCLUDING THE FISCAL YEAR 2015 BUDGET GUIDELINES.

**BACKGROUND/SUMMARY OF REQUEST:**
The annual budget process traditionally begins with the consideration and approval of the budget guidelines by the Commissioners Court. Adopting the budget and the ad valorem tax rate are two of the most important processes that Travis County undertakes each year.

As in the past, the budget guidelines provide policy direction to the Planning and Budget Office, as well as County departments and offices:

- Regarding funding levels for the upcoming fiscal year, which are largely dependent on the ad valorem tax rate during any given budget development process
- Criteria to help prioritize the addition of new resources to add or enhance services, or whether to repurpose existing funding in new directions
- More specific guidance and instructions for County departments and offices in the formulation of their budget submissions

Property tax revenue represents the most significant source of funding for the County's General Fund, where most of the County's core services are budgeted. Property taxes are considered a stable source of funding for local governments, largely due to the nature of the effective tax rate calculation. The effective tax rate is a calculated rate that provides a taxing unit with about the same amount of revenue it received in the year before on properties taxed in both years and less the revenue lost due to increased exemptions claimed by taxpayers. If property values rise, the effective tax rate will go down, and vice versa. It is important to note that even when new construction activity is

underway and brings added value to the tax base, the effective tax rate is not always sufficient to generate the funding needed to keep pace with a growing population or rising costs.

Based on current estimates, preparing a preliminary budget at the effective tax rate would result in a $13 increase in the annual tax bill for a Travis County resident who owns an averaged-valued homestead, but the overall revenue impact on the County's General Fund would be significant. For Travis County as a whole, a budget balanced at the effective tax rate would result in new property tax revenue of only $2 million in the General Fund, when the estimated cost of County services is currently estimated to increase next year somewhere in the range of $11.5 million to $17 million.

Preparing the preliminary budget with no increase in the tax rate (leaving the existing tax rate of 49.46 cents per $100 of valuation in place) would provide additional property tax revenue of $15 million based on current assumptions provided by TCAD. This option would provide funding for the majority of current services and anticipated cost drivers, but would likely result in some level of curtailed spending to ensure that all required expenditures can be accommodated in the budget. Initially, this option would not provide funding for pay adjustments for the workforce. As more refined information is obtained from TCAD and the County Auditor, it may be possible that additional revenue is identified at a later date to address investments in the workforce beyond planned County contributions for medical benefits. Preparing the preliminary budget with no increase in the tax rate would result in an estimated $41 increase in the annual tax bill for a Travis County resident who owns an average-valued homestead.

Preparing the preliminary budget at 3% above the effective tax rate would provide increased property tax revenue of $18 million and would give the County more flexibility to respond to increased demand for services and workload and/or potential investments in the workforce. Preparing the preliminary budget at a tax rate that is 3% above the effective rate would result in an estimated $46 increase in the annual tax bill for a Travis County resident who owns an average-valued homestead.

There are a variety of additional issues that could have an impact on the development of the Fiscal Year 2015 preliminary budget. The Planning and Budget Office will work with departments and offices to continue monitoring these issues, and keep the Commissioners Court apprised of any substantive changes. Such issues include:

- Jail population and/or inmate medical costs
- External placement for juveniles
- Changes in assumptions that affect calculation of tax rate and resulting revenue, such as new first-time exemptions, new construction values, or taxable value lost to successful appeals
- Unexpected decreases in state or federal grant funds for established programs
- Cost increases and/or revenue decreases related to ongoing discussions with City of Austin on central booking
- Additional workload and infrastructure needed to support the growing population of Travis County

## FISCAL IMPACT AND SOURCE OF FUNDING:

See attached analysis included in the draft budget guidelines for Fiscal Year 2015, as well as the accompanying slides that describe cost drivers and potential tax rate options.

## STAFF RECOMMENDATIONS:

The budget guidelines provide a framework for the FY 2015 budget process. After the Planning and Budget Office receives direction from the Commissioners Court regarding the tax rate assumption to use for the FY 2015 Preliminary Budget, direction to offices and departments will be available to begin work on FY 2015 budget submissions. This key assumption is needed at this time in order to determine estimated available funding in FY 2015 to help offset expected increases in the costs of delivering County services.

The Commissioners Court may reconsider this matter in June before staff begins finalizing the preliminary budget. At that time, revenue and expenditures estimates will be more refined. After receiving updated information in June, the Commissioners Court will be in a better position to assess whether any adjustments to the tax rate or other assumptions are feasible.

## REQUIRED AUTHORIZATIONS:

Leslie Browder, County Executive, Planning & Budget, (512) 854-9106
Jessica Rio, Budget Director, (512) 854-9106

# Fiscal Year 2015 Budget Guidelines

## Introduction

The County's annual budget process provides offices and departments an opportunity to evaluate and prioritize their programs and reexamine how to efficiently and effectively execute their mission and goals. Likewise, the budget process provides the Commissioners Court a key tool for providing overarching direction regarding funding policies, mission and goals for Travis County. The County's budget development process is best served by close collaboration between the Planning & Budget Office and County offices and departments.

The Commissioners Court's primary goals in approving Budget Guidelines each year are to provide the Planning and Budget Office, as well as County offices and departments:

- broad policy direction early in the budget cycle regarding funding levels for the upcoming fiscal year, which are largely dependent on the ad valorem tax rate during any given budget development process, and
- criteria to help direct the use of existing and new resources among a number of competing needs.

### Travis County's Mission Statement

*For the people of Travis County, our mission is to preserve health, provide a safety net for the needy, ensure the public safety, facilitate the resolution of disputes, foster an efficient transportation system, promote recreational opportunities, and manage county resources in order to meet the changing needs of the community in an effective manner.*

The Commissioners Court demonstrates its commitment to this mission by ensuring appropriate funding for emergency functions (medical, fire and public safety), addressing various social ills (such as child abuse, truancy, domestic violence, and poverty), providing appropriate law enforcement and justice support to Travis County residents (including fair and efficient judicial services for both civil and criminal cases), maintaining the County's infrastructure (roads, facilities, parks, and technology), and continuing to

support efficiencies in general government services through the highest and best use of public funds.

## Travis County's Budget and Funding Structure

Adopting the budget and the ad valorem tax rate are two of the most important processes that Travis County undertakes each year. Property tax revenue represents the most significant source of funding for the County's General Fund, where most of the County's core services are budgeted. Property taxes are considered a stable source of funding for local governments, largely due to the nature of the effective tax rate calculation. The effective tax rate is a calculated rate that provides a taxing unit with about the same amount of revenue it received in the year before on properties taxed in both years. If property values rise, the effective tax rate will go down, and vice versa.

If the effective tax rate is adopted, the only source of new property tax revenue results from new construction value added to the tax base. Preliminary forecasts from the Travis Central Appraisal District (TCAD) for new construction in 2015 are $1.5 billion compared to $2.3 billion in 2014. At this point in the budget development process last year, TCAD anticipated $2.5 billion in new construction. The Planning and Budget Office is currently estimating that the effective tax rate will yield approximately $2 million in additional ongoing current tax revenue for General Fund maintenance and operations. This is due, in part, to increased debt service requirements in Fiscal Year 2015 (estimated to be over $6 million more in Fiscal Year 2015 than 2014). This additional revenue is net of estimated tax rebates that are expected to be due to companies under the terms of performance-based economic development agreements, such as the agreement with Samsung.

The Texas Bond Review Board's latest local government annual report provides total debt per capita information for Travis County, including outstanding Certificates of Obligation per capita as of August 31, 2012. This information indicates that 37% of the County's debt per capita is related directly to Certificates of Obligation. The remaining outstanding debt has been approved by voters, refunded (or refinanced) to obtain lower interest rates, or represents state highway bonds. An informal analysis done by the County Auditor's Office estimates that about 60% of all outstanding debt is related to debt authorized by voters.

## Economic Outlook

### The National Economy and Future Uncertainty

Nationally, economic recovery has continued at a tepid pace with major economic indicators moving in a positive direction. The latest advance estimate on Gross Domestic Product (GDP) for the fourth quarter of 2013 released by the U.S. Bureau of Economic Analysis (BEA) on January 30, 2014, shows that the economy grew at a rate of 3.2% in the fourth quarter of 2013.[1] The BEA reports that real GDP increased 1.9% in 2013, compared to a 2.8% increase in 2012.

> **"Each of the past few years has ended with optimism that *next* year the U.S. economy will finally pull itself out of the mud.**
> **Each year, that optimism has been proven wrong. This year might just be the one that doesn't disappoint."**
> **David Wessel**
> **Wall Street Journal**
> **January 1, 2014**

Economic growth in 2013 did not meet estimates that were projected at this time last year (a 2.4% increase). According to the *Wall Street Journal*, Charles Evans, president of the Federal Reserve Bank of Chicago, "predicted that the U.S. would grow about 3% in 2014"[2] while federal officials forecast growth of between 2.8% and 3.2%.

While Moody's Analytics projected in December 2013 that state and local government spending would contribute to national GDP growth in 2013[3], the BEA fourth quarter advance estimate reports that state and local government spending deceleration contributed to the national GDP growth deceleration in the fourth quarter of 2013. *CNN Money* reports that continued federal spending cuts impacted GDP growth, stating that "GDP

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[1] Mataloni, Lisa, "National Income and Product Accounts: Gross Domestic Product, Fourth Quarter and Annual 2013 (advance estimate)". Bureau of Economic Analysis News Release, January 30, 2014. www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

[2] Ibid.

[3] White, Dan, Dismal Scientist, "U.S. State and Local Outlook: Beyond Detroit". Moody's Analytics, December 10, 2013. http://www.moodysanalytics.com/~/media/Insight/Economic-Analysis/Housing/2013/2013-10-12-US-State-and-Local-Outlook-Beyond-Detroit.ashx

would have grown at a 4.2% pace in the [fourth] quarter if it weren't for federal spending cuts."[4]

On the jobs front, the jobs report from the Bureau of Labor Statistics[5] shows that the economy added 74,000 jobs in December 2013, instead of 193,000 jobs projected by most economists.[6] Meanwhile, the unemployment rate fell to 6.7%, although most of that decrease came from workers leaving the labor force.

David M. Blitzer, Chairman of the Index Committee at Standard & Poor's Dow Jones Indices, reports, "Home prices continue to rise despite last May's jump in mortgage interest rates. Mortgage applications for purchase were up in recent weeks confirming home builders' optimism shown by the [National Association of Home Builders] survey. Combined with low inflation – 1.5% in 2013 – home owners are enjoying real appreciation and rising equity values. While housing will make further contributions to the economy in 2014, the pace of price gains is likely to slow during the year."[7]

> **"The recent recovery in house prices and homeowners' equity therefore is good news, but much more will be needed for the typical homeowner to recover fully from the deep wealth losses experienced in recent years.**
>
> **William R. Emmons & Bryan J. Noeth**
> **Federal Reserve Bank of St. Louis**

In a column in Issue 5-2013 of the Federal Reserve Bank of St. Louis publication, *In the Balance*, William R. Emmons and Bryan J. Noeth write, "The faster recovery of financial assets mainly has benefited wealthier families, who own most of the economy's stocks and other financial assets." One of their conclusions is that lower-value homes

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[4] Kurtz, Annalyn, "Economy grew solidly in fourth quarter". *CNN Money*, January 30, 2014. http://money.cnn.com/2014/01/30/news/economy/gdp-report/index.html

[5] Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey, 2003 to 2013. www.data.bls.gov/timeseries/LNS14000000

[6] Kurtz, Annalyn, "2013 ends with weakest job growth in years", CNN Money, January 10, 2014. http://money.cnn.com/2014/01/10/news/economy/december-jobs-reports/

[7] S&P Dow Jones Indices, "Winter Shows No Signs of Cooling in Home Prices According to the S&P/Case-Shiller Home Price Indices". Press Release, New York, January 28, 2014.

realized a steeper decrease in value than higher-value homes and "subsequently have recovered more slowly than their higher-value counterparts."[8]

Consumer confidence continues to improve with a rebound in December 2013 followed by another increase in January 2014.[9] The survey of consumer confidence conducted by the Conference Board indicates that consumers are rating both business conditions and the job market more favorably. "Looking ahead six months, consumers expect the economy and their earnings to improve, but were somewhat mixed regarding the outlook for jobs."[10] This optimism closely tracks the economic indicators discussed earlier in this section.

Although consumers are more confident, the number of Americans who identify as middle class has diminished. According to the Pew Research Center, "since 2000, the middle class shrunk in size, fell backward in income and wealth, and shed some – but not all – of its characteristic faith in the future."[11]

Emmons and Noeth conclude in their paper, "Economic Vulnerability and Financial Fragility," published in the September/October 2013 Federal Reserve Bank of St. Louis *Review*, that "the families hardest hit by the recession tended to be young, those without college degrees, and/or members of historically disadvantaged minorities."[12]

So, while the consensus estimate calls for a national economy "that performs better in 2014 than it has for the past several years,"[13] it appears that the rising tide is not lifting all boats at the same rate.

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[8] Emmons, William R. and Bryan J. Noeth, "Housing Rebound Broadens the Wealth Recovery But Much More Is Needed", *In the Balance*, Issue 5-2013, Federal Reserve Bank of St. Louis.

[9] Conference Board, "The Conference Board Consumer Confidence Index Increases Again, January 28, 2014. http://www.conference-board.org/data/consumerconfidence.cfm

[10] Ibid.

[11] Pew Research Center, "The Middle Class: Key Data Points from Pew Research," January 27, 2014. http://www.pewresearch.org/key-data-points/the-middle-class-pew-research-key-data-points/

[12] Emmons, William R. and Bryan J. Noeth, "Economic Vulnerability and Financial Fragility", Review, Federal Reserve Bank of St. Louis, September/October 2013.

[13] Wessel, David, Hopeful Signs for U.S. Economy in 2014", Wall Street Journal, December 1, 2014. http://online.wsj.com/news/articles/SB10001424052702304773104579266701008158062

## The Texas Economy and Demographic Change

At the State level, the Texas State Comptroller reports, "Job growth, sales tax collections and building permits all signal that the Texas economy continues to outpace the national economy."[14] The Federal Reserve Bank of Dallas notes that the Texas economy continues to expand with employment growth at a 2.3% annual rate in December 2013.[15] In addition to Texas adding 21,700 jobs in November and another 21,400 in December, the unemployment rate declined to 6% in December while existing home sales are up 4.2% from November 2012 to November 2013.[16]

> **"Although there are factors which could dampen performance, Texas is well positioned to remain among the strongest economies in the nation....Business cycles are inevitable, but the underlying patterns in the Texas economy call for expansion through the next five years and beyond."**
>
> ***Ray Perryman***
> ***February 9, 2014***
> ***Odessa American online***

In September 2013, Standard & Poor's upgraded Texas' credit rating to the highest AAA level. In his annual update on the Texas economy, Richard Fisher, president and CEO of the Federal Reserve Bank of Dallas, emphasized that Texas has outpaced the nation in job creation by a factor of more than two to one over the past 23 years.[17]

While Texas ranks at or near the top of many economic indicators, nearly half of Texas families live in "liquid asset poverty".[18] Liquid asset poverty is defined as the lack of savings that makes a family unable to subsist at the

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[14] Texas Comptroller of Public Accounts, *Comptroller's Economic Outlook*, Updated January 31, 2014. http://www.texasahead.org/economy/outlook.php

[15] Federal Reserve Bank of Dallas, *Texas Economic Indicators*, February 2014.

[16] Federal Reserve Bank of Dallas, *Texas Economic Indicators*, January 2014.

[17] Fisher, Richard W., "State of the Texas Economy: An Annual Update", Remarks before the Dallas Breakfast Group, Dallas, Texas, December 19, 2013.

[18] Editorial Board, "Texans at the brink of poverty," *Dallas Morning News*, February 3, 2014.

poverty level for three months in the absence of income. The national liquid asset poverty rate was 43.9% in 2012 while the Texas liquid asset poverty rate is 49.5%, or 32nd among the states.[19]

> **"Research has clearly demonstrated that across all ethnic groups, education pays, both for individuals and the state as a whole. Education helps decrease poverty among individuals and leads to a stronger, more vibrant workforce, which will make Texas more competitive as a destination for business and industry."**
>
> **Steve H. Murdock, et. al**
> ***Changing Texas: Implications of Addressing or Ignoring the Texas Challenge*, 2014**

When this is coupled with the findings published in former State demographer Steve H. Murdock's latest book, Changing Texas: Implications of Addressing or Ignoring the Texas Challenge, a great concern is identified regarding Texas' ability to maintain this level of economic growth over the next 40 years.

Murdock makes the following points based on his in depth review of the demographic shifts that can reasonably be expected to continue over the next 40 years.

1. Future population growth in Texas will make it increasingly diverse and Hispanic.

2. The growing non-Hispanic Black and Hispanic components of the future population are projected to continue to show reduced income, higher rates of poverty, and lower levels of education compared to other components of the Texas population.

3. The two factors above indicate that without improving the socioeconomic conditions of non-Hispanic Black and Hispanic Texans, Texas will be poorer and less competitive than it is now.

4. If current socioeconomic disparities are not addressed through policy changes, such disparities will not diminish over the next 40 years.[20]

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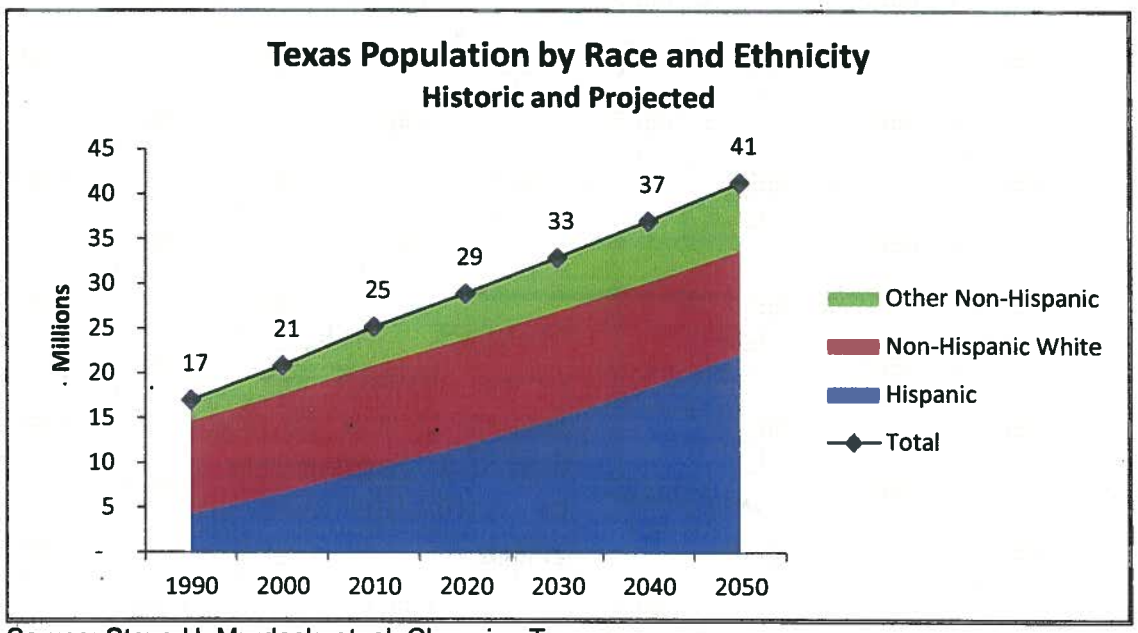
[19] Corporation for Enterprise Development, Assets & Opportunity Scorecard. http://scorecard.assetsandopportunity.org/2013/measure/liquid-asset-poverty-rate

Murdock writes:

> We must be willing to consider and promote programs that help to bring the levels of socioeconomic resources of disadvantaged populations up to the levels of non-Hispanic White populations without diminishing the socioeconomic resources of either the disadvantaged or advantaged.




Source: Steve H. Murdock, et. al, Changing Texas

In their study at the national level, Emmons and Noeth list examples of "interventions that may help break the link between economic vulnerability and risky balance sheets – specifically, financial literacy training, in-kind or cash benefits, Individual Development Accounts, and early childhood intervention," and state that the earlier the intervention, the more effective it can be.[21]

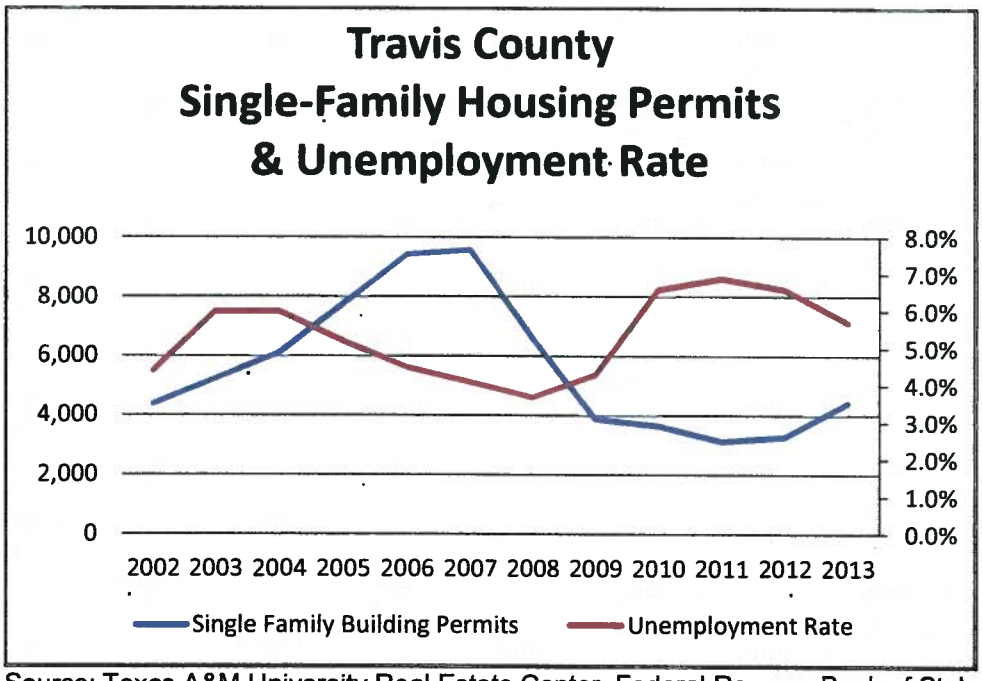
[20] Murdock, Steve H., Michael E. Cline, Mary Zey, P. Wilner Jeanty, and Deborah Perez. 2014. *Changing Texas: Implications of Addressing or Ignoring the Texas Challenge*, College Station. Texas A&M University Press.

[21] Emmons, William R. and Bryan J. Noeth, *Economic Vulnerability and Financial Fragility*, Federal Reserve Bank of St. Louis REVIEW, September/October 2013, (pp.361-388).

## The Travis County Economy and Affordability

The Austin Metropolitan Statistical Area (MSA), which includes all of Travis County, is ranked by *Forbes* magazine as America's fastest-growing area for the fourth year in a row.[22] Forbes projects the economic growth rate for the MSA from 2011-2016 at 6.1%. This economic growth also leads to population growth. According to the City of Austin demographer, Ryan Robinson, the net number of new arrivals to the city per day is 110.[23]

Angelos Angelou, of Angelou Economics, forecast that the Austin market will add 28,900 new jobs in 2014 and 30,400 in 2015,[24] continuing an approximate 3.5% rate of new job growth for the area. In addition, Angelou projects that the Austin area will see the unemployment rate dip below 5% by 2015.




Source: Texas A&M University Real Estate Center, Federal Reserve Bank of St. Louis

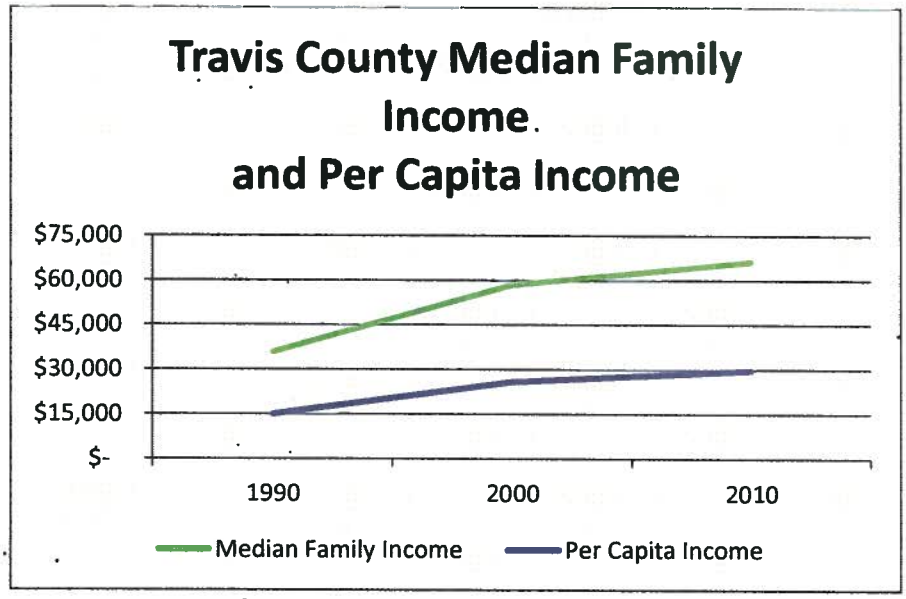
[22] Carlyle, Erin, "America's 20 Fastest-Growing Cities", Forbes, February 14, 2014, http://www.forbes.com/sites/erincarlyle/2014/02/14/americas-20-fastest-growing-cities/.

[23] Pope, Colin, "How many people move to Austin a day? Here's the official number", Austin Business Journal, February 14, 2014. http://www.bizjournals.com/austin/blog/at-the-watercooler/2014/02/how-many-people-move-to-austin-a-day-heres-the.html

[24] Angelou, Angelos G., 2014-2015 Annual Economic Forecast, December 14, 2013.

The economic data points to continued strong economic growth for Travis County. State and federal data in the chart above continue to show inverse trends in the unemployment rate[25] and in the number of single-family home building permits.[26] More new homes are being built in Travis County and the average value per dwelling unit permitted increased 17% from $170,300 in 2012 to $199,208 in 2013.[27]

The economic growth and large net in-migration has resulted in home sales in the greater Austin area for December 2013 reaching a historic high and the housing inventory dropping to an all-time low, according to the Austin Board of Realtors. Bill Evans, President of the Austin Board of Realtors reported that "[p]opulation and economic growth in the Austin area show no signs of slowing down this year; neither does Austin's increasingly competitive housing market. In 2014, Austin homebuyers and sellers can expect home prices to continue to rise across all segments of the market.[28]




Source: US Census Bureau Data Tables and Community Profiles

[25] *"Unemployment Rate in Travis County, TX (TXTRAV3URN)", Economic Research.* Federal Reserve Bank of St. Louis.
http://www.research.stlouisfed.org/fred2/series/TXTRAV3URN/downloaddata?cid=30125

[26] *"Building Permits, Travis County",* Texas A&M University Real Estate Center.
http://www.recenter.tamu.edu/data/bp/bpc/cnty453.asp

[27] Ibid.

[28] Austin Housing Market Update, January 17, 2014, Austin Board of Realtors.
http://www.austinhomesearch.com/pages/austin-market-update.

The median family income in Travis County has grown from $35,931 in 1990 to $66,406 in 2010, an 85% increase over the 20-year period, according to US Census records.

The poverty numbers over the same time period show a disturbing trend. The number of persons below the poverty level decreased from 16% in 1990 to 13% in 2000, yet from 2000 to 2010, the poverty level increased to 17.4%. These statistics appear to indicate that while the economic recovery in Travis County is increasing median family income, it is leaving a larger number of residents in a financially fragile state.

While the Travis County economy continues to perform better than other metropolitan areas across the country, concerns have been raised in the community that this improving prosperity is not being enjoyed universally across the County. The economic engine that is driving job growth, increased property values, and a population influx is also making the area less affordable for those on the lower end of the economic spectrum.

Texas counties are responsible for providing certain basic services to all Texans: a judicial system that adjudicates misdemeanors and felonies, correctional facilities for those who are sentenced to jail, the construction and maintenance of a county road and bridge system, and an economic safety net for the most financially fragile Texans. Because Travis County is constitutionally required to help serve as an economic safety net for its citizens, a significant level of resources are focused on programs to help lift residents out of poverty. These programs and services include the provision of basic food and utility assistance, workforce development, early childhood interventions, and after school programs.

# Fiscal Year 2015 Preliminary Budget

The FY 2015 Travis County budget process will continue to focus on meeting the ongoing financial commitments approved by the Commissioners Court, as well as providing a public forum for the Commissioners Court to help weigh affordability issues facing the area.

## Cost Drivers

There are several outstanding program priorities that the Commissioners Court emphasized during the Fiscal Year 2014 budget process. These priorities will require consideration during the 2015 budget process. Associated funding totals nearly $3 million and includes:

- $1.7 million of additional ongoing funding for the Public Integrity Unit is needed. There is currently $800,000 budgeted in ongoing funding for the program, and one-time fixes of $900,000 were identified in the General Fund for the 2014 budget. In addition, close to $750,000 was allocated from the District Attorney's forfeited funds, but this level of forfeited funds is not sustainable on an annual basis.

- $1 million in additional social services funding associated with a new competitive procurement process approved last summer that is expected to be underway in 2014.

- $265,000 to provide full-year funding in 2015 for Travis County Sheriff's Office deputies approved to begin employment on April 1, 2014.

In addition, there is additional funding needed in Fiscal Year 2015 for programs or cost drivers that have been targeted as budget priorities in past years. These budgetary items will require careful consideration during the upcoming budget process and range between $8.5 million and $14 million.

- $5 million to $6 million for increased health insurance and retirement costs based on analysis of industry trends and historical experience.

- $1 million to $2.5 million for increased commitments under interlocal agreements, as well as other contractually obligated expenses like

the Waller Creek tax increment paid to the City and budgetary increases related to the Travis Central Appraisal District.

- $1 million to $2.5 million to continue ongoing support of the Road & Bridge Fund. This fund provides for the maintenance of Travis County roads and bridges.

    - Legislative changes have decreased the amount of the 5% motor vehicle sales tax that previously was deposited in the Road & Bridge Fund, and provided for a phased approach to deposit the entire amount of the 5% tax into the General Fund by the end of Fiscal Year 2015.

- $800,000 to $1.2 million for increased funding for the Balcones Canyonland Preservation (BCP) Fund. The BCP Fund was established to enable the County to meet its obligations and requirements under a Federal Endangered Species Act permit. The current transfer is nearly $12 million from the General Fund.

- $500,000 to $1.2 million related to additional funding needed in the Risk Management Fund resulting from increased workers' compensation claims, as well as the October 2013 flood damage assessment to County property.

- $200,000 to $600,000 for civil indigent attorney fees. These mandated fees have continued to increase in recent years. Civil Courts, Criminal Justice Planning, and the Planning and Budget Office have formed a study committee to further examine cost drivers and trends. The group will also study if there are additional ways to use the established Office of Parental Representation and Office of Child Representation to increase their effectiveness and efficiency in handling these cases.

There are a variety of additional issues that could have an impact on the development of the Fiscal Year 2015 Preliminary Budget. The Planning and Budget Office will work with departments and offices to continue monitoring these issues, and keep the Commissioners Court apprised of any substantive changes. Such issues include:

- Jail population and/or inmate medical costs

- External placement for juveniles
- Changes in assumptions that affect calculation of tax rate and resulting revenue, such as new first-time exemptions, new construction values, or taxable value lost to successful appeals
- Unexpected decreases in state or federal grant funds for established programs
- Cost increases and/or revenue decreases related to ongoing discussions with City of Austin on central booking
- Additional workload and infrastructure needed to support the growing population of Travis County

Finally, the 83rd Texas Legislature approved two new criminal courts to begin operations in Travis County in September of 2015. These courts will be the 450th District Court and County Court-at-Law #9. While the necessary physical space for these courts will not be available until early 2016, it is important for planning purposes to keep associated expenses of up to $4.5 million in mind during upcoming budget discussions since funding these two courts will be a top priority during the 2016 budget process.

**Non-Property Tax Revenue Opportunities**

Constable Fees: During the Fiscal Year 2014 budget process, the Commissioners Court approved a modest fee increase to various civil fees charged by the constables. The fee increases ranged from $5 to $15 for most civil process fees and placed the fees at a level comparable to those in Harris and Dallas counties. At the time, the Planning and Budget Office recommended that another review of the civil fee schedule occur during the 2015 budget process in light of the upward pressures on employer-funded health benefits costs.

Park Fees: On January 14, 2014, the Commissioners Court voted to approve a variety of fee changes for County parks. The purpose of these fee changes were primarily to offset the costs associated with increased demand and were targeted towards users of the parks. These fee increases included the day fee surcharge at Hippie Hollow, Hamilton Pool Preserve, and Mary Quinlan Park. Fee changes were also approved for the use of group amenities at County parks, such as athletic fields, shelters, pavilions, concession and the new Northeast Metro bicycle moto-cross (BMX) track. These fee increases were estimated by the Transportation and Natural Resources department to generate $300,000 in additional revenue next year. It is the department's intent that these fees be used to help fund costs associated with modifications at Hamilton Pool Preserve necessary to accommodate the high numbers of annual visitors.

Collections: Currently, the County uses third party collections for Justice of the Peace criminal cases, after County efforts have been exhausted. The contract for these collections is currently in the process of being bid and awarded. After the Justice of the Peace contract is in place, the County intends to request proposals to extend third party collections efforts to the criminal cases at the District and County Court levels.

The Commissioners Court strongly encourages offices and departments to identify opportunities to enhance non-property tax revenue in Fiscal Year 2015 budget submissions. Attention should be paid to fines and fees that have not been reviewed or adjusted in several years and do not reflect the appropriate level of cost recovery. The Planning and Budget Office will work with the County Auditor to review certified fee revenue in Fiscal Year 2014 to ascertain any recommended changes prior to the start of the Fiscal Year 2015 budget process.

The Commissioners Court may request that the County Auditor work with County offices and departments to undertake a more comprehensive assessment of the County's current fees and charges and whether new fees can or should be implemented. If such an assessment is undertaken, it would likely be phased over time to help ensure that the County Auditor is able to manage this special project using existing staff.

**Tax Rate**

The Commissioners Court is interested in balancing affordability for Travis County taxpayers with providing the services constituents expect. The Commissioners Court has, in recent years, provided policy guidance to the Planning and Budget Office that the tax rate used to develop the Preliminary Budget be "at or near" the effective tax rate. During discussions and deliberations, the Court has clarified this policy guidance such that a tax rate is considered near to the effective tax rate if within 3% of the effective tax rate. The underlying rationale that has driven this policy is based on the premise that modest growth in the tax rate over time is the best approach to respond to the increasing cost of delivering services. Even when new construction activity is underway and brings added value to the tax base, the effective tax rate is not always sufficient to generate the funding needed to keep pace with a growing population or rising costs. This past year, discussions in the community about affordability have been emphasized as many taxpayers have experienced increased taxable homestead values and local governments have levied taxes above the effective tax rate, while household income has not necessarily kept pace with upward cost pressures in general, including property taxes.

Using the latest valuation estimates available from the Travis Central Appraisal District, the table on the following page outlines the options considered by the Commissioners Court during their deliberations on Fiscal Year 2015 budget guidelines. Providing preliminary direction on the tax rate for next budget year is an important policy decision that is needed to provide offices and departments direction to prepare their initial budget submittals.

**Fiscal Year 2015 Tax Rate Options and Estimated Taxpayer Impact**

| | Current FY 2014 | Option 1 Effective Tax Rate | Option 2 No Increase in Tax Rate | Option 3 3% above Effective |
|---|---|---|---|---|
| Average Homestead Value | $282,909 | $293,500 | $293,500 | $293,500 |
| Average Taxable Value After 20% Homestead Exemption and other required adjustments | $222,431 | $230,775 | $230,775 | $230,775 |
| Ad Valorem Tax Rate | 49.46 ¢ | 48.24 ¢ | 49.46 ¢ | 49.68 ¢ |
| | | | | |
| Annual Tax Impact | $1,100 | $1,113 | $1,141 | $1,146 |
| Difference from FY 2014 | -0- | $13 | $41 | $46 |
| | | | | |
| Median Homestead Value | $209,509 | $217,500 | $217,500 | $217,500 |
| Median Taxable Value | $165,642 | $172,000 | $172,000 | $172,000 |
| | | | | |
| Annual Tax Impact | $819 | $830 | $851 | $854 |
| Difference from FY 2014 | -0- | $11 | $32 | $35 |

Option 1 Preparing the Preliminary Budget at the effective tax rate would result in an estimated $13 increase in the annual tax bill for a Travis County resident who owns an average-valued homestead. Additional ongoing property tax revenue of about $2 million would be generated in the County's General Fund due to new construction value added to the tax base, but would not be sufficient to cover additional projected costs, which are currently estimated in the range of $11.5 to $17 million. Implementing the effective tax rate would require significant spending reductions in order to balance the budget.

Option 2 Preparing the Preliminary Budget with no increase in the tax rate (leaving the existing tax rate of 49.46 cents per $100 of valuation in place) would provide additional property tax revenue of $15 million based on current assumptions provided by TCAD. This option would provide funding for the majority of current services and anticipated cost drivers, but would likely result in some level of curtailed spending to ensure that all required expenditures can be accommodated in the budget. Initially, this option would not provide funding for pay increases for the classified workforce. As more refined information is obtained from TCAD and the County Auditor, it may be possible that additional revenue is identified at a later date to address investments in the workforce beyond planned County contributions

for medical benefits. Preparing the Preliminary Budget with no increase in the tax rate would result in an estimated $41 increase in the annual tax bill for a Travis County resident who owns an average-valued homestead.

Option 3 Preparing the Preliminary Budget at 3% above the effective tax rate would provide increased property tax revenue of $18 million and would give the County more flexibility to respond to increased demand for services and workload and/or potential investments in the workforce. Preparing the Preliminary Budget at a tax rate that is 3% above the effective rate would result in an estimated $46 increase in the annual tax bill for a Travis County resident who owns an average-valued homestead.

Preliminary Tax Rate Policy Direction For the Fiscal Year 2015 budget process, the Commissioners Court directed the Planning and Budget Office to work toward balancing the Preliminary Budget using Option [1, 2, or 3].

[Note: The budget guidelines distributed to offices and departments will describe the policy considerations discussed by the Commissioners Court in selecting the approved option for the preliminary tax rate to be used as the basis for budget development.]

# Fiscal Year 2015 Budget Preparation Guidance – County Offices and Departments

The key elements of the budget guidelines as outlined below are intended to help offices and departments in the preparation of Fiscal Year 2015 budget submittals, and to assist the Planning and Budget Office in preliminary preparations for the upcoming budget cycle.

## A. Budget Submittals

Departments and offices are required to submit their budgets at the Fiscal Year 2015 Target Budget Level. This Target Budget Level represents the 2014 Adopted Budget plus the annualized impact of any increases approved for 2014, less any one-time expenses and other reductions related to pilot programs and/or programs moved from ongoing to one-time funding status.

[Note: The following section highlighted in yellow will not be included in the final budget guidelines unless the Commissioners Court votes to direct staff to prepare a Preliminary Budget at the effective tax rate.]

[The Commissioners Court has directed that the Planning and Budget Office submit a Preliminary Budget at the Effective Tax Rate. Departments are asked to supplement their budget submittal with a list of possible programmatic spending reductions of up to 5% of their Target Budget, along with the implications of such cuts. The Commissioners Court wishes to avoid across-the-board cuts and believes that the use of departmental reduction proposals provides a more strategic approach to balancing the Preliminary Budget. Departments are urged to collaborate with the Planning and Budget Office over the next several weeks to identify such opportunities for savings.

All reduction submittals should be made with the understanding that, if accepted, they will be continued indefinitely. Please include a clear description of the proposal's impact on the program's performance measures. Departments are asked to concentrate on identifying potential proposals for programs that have service levels above any minimum required by law and should avoid any proposal that would not allow the County to meet a statute or mandated requirement. Reduction proposals should differentiate between those services that are statutorily mandated and those that are not. This approach should also highlight those services that may be mandated but do not require specific service levels in the event that some reductions could be implemented while still meeting the legal requirements for the program. In addition, departments are encouraged

to identify those activities that are the most essential, to help focus on functions or services that are more likely candidates for reduction. Reduction proposals should be submitted in priority order in the event that an amount different than 5% is needed to balance the budget.]

Departments and offices are urged to collaborate with the Planning and Budget Office to identify and implement opportunities for savings and efficiencies.

**Budget submittals are due on Monday, May 5, 2014.**

**B. Compensation & Benefits**

Compensation The Commissioners Court has invested significant resources in recent years to ensure that its workforce is competitive with market conditions. A Compensation Committee appointed by the Court has presented recommendations on the implementation of performance based pay in the future. The proposed policy is under review by the County Attorney's Office and will be available for employee review and comment. The Commissioners Court will hold an employee public hearing on the proposed policy and other salary and benefits issues on June 19th at 4:30 PM in the Commissioners Courtroom at 700 Lavaca Street. This hearing is held every year and provides an opportunity for all County employees, employee groups and retirees to give the Commissioners Court feedback on compensation and benefits for the following fiscal year.

At this time, the Fiscal Year 2015 Preliminary Budget is not expected to include funding for pay increases for classified employees or those on the peace officer pay scale. The Commissioners Court may reconsider this matter later in the budget process as revenue and expenditure estimates are refined. The Planning and Budget Office will update the Commissioners Court in June, and they will be in a better position at that time to assess whether the inclusion of funding for compensation in the Preliminary Budget is feasible. Pay increases for employees on the peace officer pay scale, including the implementation of step increases, could be considered for Fiscal Year 2016, if deemed affordable at that time. Employees on the peace officers pay scale received a substantial pay increase that became effective in September of 2012.

Salary adjustments for elected officials not on the judicial pay scale typically mirror adjustments for classified employees. Therefore, at this

time, the Fiscal Year 2015 Preliminary Budget is not expected to include funding for pay increases for elected officials. If the Commissioners Court is able to reconsider the inclusion of funding pay adjustments for the classified employees in June, funding for similar increases for elected officials not on the judicial pay scale will be set aside in the Preliminary Budget.

Benefits In the spring of each year, the Employee Health Benefits Committee, a committee comprised of employees from various offices and departments and retirees, meets with the County's third party actuary to make recommendations on the County's health plan. After considering the information presented by the actuary, the Committee will finalize its recommendation on health plan design changes that may be deemed necessary to keep the health plan affordable for the County and the health plan members. The County expects to incur increased costs in 2015 based on historical trends and actuarial projections. As in previous years, any increased costs would be shared among the County, employees, and retirees. The need for additional resources will not be determined until discussions between the actuary and members of the Employee Health Benefits Committee are completed. The Planning and Budget Office will include estimated funding in the Preliminary Budget based on recent cost trends.

The County has issued a request for proposals for services related to the County's self-insured medical insurance plan. Staff recommendations on these services may impact the level of funding needed for these services. The services include third party administration of the medical insurance plan, pharmacy benefits management, the provision of vision insurance, and the provision of stop loss insurance. Recommendations will be discussed with the Commissioners Court in late spring.

The Planning and Budget Office will include the anticipated increase needed in the County's retirement contributions to maintain funding levels needed for the current benefit plan with the Texas County and District Retirement System (TCDRS) in the Preliminary Budget. TCDRS will provide the County the estimated contribution requirements for the plan in the spring.

**C. Maintaining Current Service Levels**

Offices and departments have the flexibility within their target budgets to repurpose funds in order to accomplish their priority goals. Directors and managers need to reprioritize within existing resources to maintain current service levels where required. Funding for new contractual or statutory obligations and other expenses related to maintaining current service levels take priority over proposed program enhancements or expansions. Directors and managers are urged to focus on efficiencies, increased productivity, and simplification in Fiscal Year 2015 rather than on budget requests for additional resources. The Preliminary Budget will likely include major funding commitments outlined in these guidelines.

The Planning and Budget Office will review and make recommendations about whether to continue funding positions that were approved in the previous budget based on the certification of additional revenue. If it is found that the additional revenue actually realized does not support the actual cost of the services, the Planning and Budget Office may recommend that the programs be eliminated or phased out over a period of time. The Planning and Budget Office will work closely with the Auditor's Office to validate associated revenue and expenditures before such recommendations are made.

**D. Non-County Requests**

During Fiscal Year 2014, Health and Human Services began working on a competitive solicitation process for third party agencies to provide County residents with various social services. Because this work will continue into Fiscal Year 2015, third party social service providers are expected to work through the solicitation process with Health and Human Services and the Purchasing Office.

Non-County entities (other than social service providers) that plan to request new or additional funding in the County budget must coordinate such a request through the County department in charge of delivering the service. The request must be submitted to the relevant County department no later than **April 4** so that it can be included in the department's overall budget submittal. At a minimum, these proposals must:

1. Leverage a County investment to receive a proportionally larger amount of new outside resources to address a compelling community need, or

2. Seek to restore a loss of community resources that, if left unfunded, would result in a compelling and documented impact to those most in need.

County offices and departments are asked to advise their key stakeholders of the County's budget process, schedule, and budget guidelines that provide the context for Fiscal Year 2015 spending appropriations, including community groups, employee groups, or other governmental or local agencies. Non-County organizations submitting a request are urged to carefully consider their most critical need and describe specifically how the request for funding would provide benefit for the community.

The Boards of Directors of the Travis County Corporations previously declared a moratorium on funding non-County capital requests that remains in effect.

Requests not submitted within the approved time frame will not be considered by the Planning and Budget Office for inclusion in the Fiscal Year 2015 Preliminary Budget.

**E. Unspent Balances, Zero-Based Line Items, and Salary Savings**

The Planning and Budget Office annually reviews the last three years of unspent operating funds, and considers whether it would be reasonable to reduce the budget without substantially affecting service levels. The primary purpose of this review is to identify opportunities for repurposing these unspent funds to help pay for critical needs across Travis County that may need additional funding, before simply increasing the budget.

Offices and departments will be asked to build selected line-item budgets from the ground up ("zero-based" budgeting), such as leases, maintenance contracts, other purchased services, consulting, and contributions to grants. Other line items that may become subject to zero-based budgeting could be identified during budget development. Each year, the Planning and Budget Office also tries to ensure that the budget for salary savings reflects vacancy trends in each of the offices and departments.

**F. Promote Efficiencies**

The Commissioners Court is very supportive of employees and management identifying ways in which operations can be improved and efficiencies may be gained that could result in reduced or avoided costs. Offices and departments, as well as individual employees, are encouraged

to carefully reflect on business practices and stimulate meaningfully creative proposals within existing budget constraints.

**Approved by Commissioners Court on March XX, 2014, Agenda Item #XX**

# FY 2015 Budget Guidelines

March 11, 2014

## Outline

- Goals of Budget Guidelines
- Economy
  - National
  - State
  - Local
- Anticipated FY 2015 Budgetary Cost Drivers
  - Commitments previously approved by Commissioners Court
    - Public Integrity Unit
    - Expanded funding for Social Services Contracts
  - Health insurance
  - Support for Road & Bridge and Balcones Preserve funds
  - Interlocal agreements and other anticipated cost increases
- Other Factors that could affect Balancing the Budget
- Looking Beyond FY 2015
- Cost Recovery Opportunities (non property tax revenue)
- Discussion and Guidance on Property Tax Rate Assumptions

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# Goals of Budget Guidelines

- The budget guidelines provide direction to County offices and departments on budget preparation in the context of available resources.
- The primary goals of the budget guidelines include:
  - Providing broad policy direction early in the budget cycle regarding funding levels for the upcoming fiscal year
    - Largely dependent on property tax rate during any given budget development process
  - Establishing criteria to help prioritize new resources to add or enhance services, or whether to repurpose existing funding in new directions
    - Can include criteria to assist in prioritization of budget reduction proposals when needed
  - Providing more specific guidance and instructions for County departments and offices in the formulation of their budget submittals

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# National and State Economy

- National economy is recovering, although at a slow pace.
  - Gross Domestic Product increased 1.9% in 2013 compared to 2.8% in 2012.
  - Home prices continue to rise in spite of increased mortgage rates.
- Texas economic indicators continue to outpace the national economy.
  - Job growth, sales tax collections, building permits
  - Economists indicate factors could dampen performance, but Texas is still well positioned to remain among the strongest economies in the nation.
- Future demographic indicators indicate Texas will be increasingly diverse.
  - Education across ethnic groups is critical to strengthen the workforce and help decrease poverty.

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# Local Economy

- Austin Metropolitan Statistical Area (MSA), which includes all of Travis County, is ranked by *Forbes* magazine as America's fastest-growing area for the 4th year in a row.
  - Projects economic growth rate of 6.1% for MSA from 2011 to 2016
  - Growth rate = composite of jobs, population, gross metro product
- City of Austin demographer estimates net new arrivals of 110 per day.
- Angelou Economics forecasts continued job growth in Austin area.
  - New jobs forecast to grow about 3.5% in near future
  - Unemployment predicted to dip below 5% by 2015
- While the median family income in Travis County has increased 85% between 1990 and 2010, the number of persons below the poverty level has recently grown to 17%.

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# FY 2015 Cost Drivers

- New program priorities supported during 2014 will require additional ongoing funding in 2015.
- Priority areas total approximately $3 million and include:
  - $1.7 million needed for District Attorney's Public Integrity Unit
    - $2.5 million needed to fully fund current "as is" operations of the unit
    - One-time solutions in General Fund and tapping the District Attorney's forfeited funds in 2014 helped to partially cover loss of state funding.
      - These same temporary measures likely not to be available in 2015
  - $1 million needed for additional 3rd party social services funding
    - New Request for Proposals process approved last summer
  - $265,000 needed to annualize cost of new Sheriff's deputies
    - 2014 funding approved for partial year (effective April 1)
    - Annualized costs to be included in the Sheriff's 2015 budget target

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# FY 2015 Cost Drivers

| Estimates in millions of dollars | Low | High |
|---|---|---|
| **Annualized Funding for New 2014 Program Priorities (detailed in previous slide)** | **$ 3.0** | **$ 3.0** |
| | | |
| **Other Cost Drivers** | | |
| Health Insurance and retirement (County funded portion) | 5.0 | 6.0 |
| Interlocal Agreements with Other Governments | 1.0 | 2.5 |
| General Fund Road and Bridge Support | 1.0 | 2.5 |
| Balcones Canyonland Preserve | 0.8 | 1.2 |
| Risk Management Funding | 0.5 | 1.2 |
| Civil Indigent Attorney Fees | 0.2 | 0.6 |
| **Subtotal – Other Cost Drivers** | **$ 8.5** | **$ 14.0** |
| | | |
| **Total Estimated FY 2015 Cost Drivers** | **$ 11.5** | **$ 17.0** |

# Other Budgetary Factors

- Every year, unanticipated factors can materialize that affect development of a balanced budget.
- Challenges can sometimes arise as the Commissioners Court and staff work together to balance the budget, such as:
  - Jail population and/or inmate medical costs
  - External placement for juveniles
  - Changes in assumptions that affect calculation of tax rate and resulting revenue, such as new first-time exemptions, new construction values, or taxable value lost to successful appeals
  - Unexpected decreases in state or federal grant funds for established programs
  - Cost increases and/or revenue decreases related to ongoing discussions with City of Austin on central booking
  - Additional workload and infrastructure needed to support the growing population of Travis County

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## Looking Beyond FY 2015

- Cost drivers will continue to increase beyond the upcoming budget process.
  - Rising health benefits and retirement costs
  - Interlocal agreements and other increases resulting from commitments like Balcones Preserve and Waller Creek
  - Maintaining competitive pay for employees
- 83rd Texas Legislature approved two new criminal courts to begin operations in Travis County in September 2015.
  - 450th District Court and County Court-at-Law #9
  - Space not likely available until early 2016
  - Courts estimated to cost upwards of $4.5 million
    - Major budget priority for FY 2016

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## Cost Recovery Opportunities

- Constable Fees
  - Increased slightly during FY 2014 budget process
  - Comparable to other large urban counties
  - To undergo review and possible recommendation for second minor increase in FY 2015
- Park Fees
  - Increased in January 2014 for certain venues with high park usage and specific group amenities
  - New revenue estimated by parks division at $300,000
    - Will undergo further review by County Auditor's Office
  - Capital improvements at popular parks need to be considered now that fees have been raised.

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## Cost Recovery Opportunities

- Collections of Fines and Fees related to Criminal Cases
  - Current review underway of expanded collection efforts
- Future Cost Recovery Opportunities
  - Commissioners Court may want to consider tapping the County Auditor's revenue expertise for a county-wide fee review.
    - Assess direct cost of services and compare existing fees to peers
    - Determine if legal authority exists for new fees to help offset costs
    - If a fee review is undertaken, the County Auditor would likely need to use a phased approach considering existing workload and available staffing.

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## Tax Rate Guidance

- Adopting the budget and tax rate are two of the most important processes Travis County undertakes each year.
  - Tax rate guidance provides the preliminary framework necessary to begin budget development.
- Each year, the Commissioners Court deliberates on the tax rate, and carefully weighs the importance of balancing affordability for taxpayers with providing the services constituents expect.
- Current tax rate is 49.46 cents per $100 of taxable value
  - Travis County offers a 20% homestead exemption
  - $70,000 exemption for those over 65 or disabled
  - Historic exemption available if eligibility requirements met

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# Potential Tax Rate Options

- The Planning and Budget Office has developed three possible options for Commissioners Court to consider.
  - Effective Tax Rate
  - No Increase in Tax Rate
  - 3% above the Effective Tax Rate
- Each option has key budget considerations that need to be carefully weighed.
- Staff can return to Commissioners Court in June after revenue and expenditure estimates have been refined, to allow any adjustments to the policy direction provided today.

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# Tax Rate Option 1

## Effective Tax Rate

- Increased property tax revenue of about $2 million
- Limits growth in County portion of annual tax bill
  - $13 increase for average valued homestead
  - $11 increase for median valued homestead
- Insufficient to cover estimated cost drivers
  - Expected to range between $11.5 million – $17 million next year
  - Does not include pay adjustments for employees
  - County offices and departments would need to formulate significant spending reductions to balance the budget.

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# Tax Rate Option 2

## No Increase in Tax Rate

- Increased property tax revenue of about $15 million
- County portion of annual tax bill increases
  - $41 increase for average valued homestead
  - $32 increase for median valued homestead
- Sufficient to cover estimated cost drivers
  - Expected to range between $11.5 million – $17 million next year
  - Does not include pay adjustments for employees
  - County offices and departments would need to repurpose existing funds to cover increased demand or workload.

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# Tax Rate Option 3

## 3% Above Effective Tax Rate

- Increased property tax revenue of about $18 million
- County portion of annual tax bill increases
  - $46 increase for average valued homestead
  - $35 increase for median valued homestead
- Sufficient to cover estimated cost drivers
  - Expected to range between $11.5 million – $17 million next year
  - Could include pay adjustments for employees
  - County offices and departments would need to repurpose existing funds to cover increased demand or workload.

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# Tax Rate Comparisons

| | FY 2014 | Option 1<br>Effective Tax Rate | Option 2<br>No Increase in Tax Rate | Option 3<br>3% above Effective Tax Rate |
|---|---|---|---|---|
| Ad Valorem Tax Rate | 49.46 ¢ | 48.24 ¢ | 49.46 ¢ | 49.68 ¢ |
| Average Taxable Value after 20% Homestead Exemption and other required adjustments | $222,431 | $230,775 | $230,775 | $230,775 |
| Annual Tax Impact | $1,100 | $1,113 | $1,141 | $1,146 |
| Difference from FY 2014 | -0- | $13 | $41 | $46 |
| Median Taxable Value after 20% Homestead Exemption and other required adjustments | $165,642 | $172,000 | $172,000 | $172,000 |
| Annual Tax Impact | $819 | $830 | $851 | $854 |
| Difference from FY 2014 | -0- | $11 | $32 | $35 |

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# Key Dates

- May 5 — Budgets due from offices and departments
- Mid June — Budget update, discuss tax rate assumptions
- June 19 — Tentative date for employee public hearing
- July 28 — Preliminary budget published
- August — Budget hearings if needed
- September 3 — Budget mark-up and tax rate approval
- September 23 — Adopt Fiscal Year 2015 budget

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# FY 2015 Budget Guidelines

Questions/Comments