

A. Background

The Commissioners Court supports its overall policy, mission and goals through the annual budget process. This usually begins in January with the Court framing the next fiscal year's budget. This schedule allows County officials and department heads to frame their plans within the county's overall annual budgeting effort. What follows is an overview of critical budget issues that the Commissioners Court wishes to address and an outline of the likely fiscal environment within which the budget will be developed.

The Commissioners Court will retain its historical commitment to a wide variety of County services and programs, including maintaining its infrastructure (roads, facilities, parks, and technology), providing appropriate law enforcement and justice support to County residents, addressing various social ills (such as child abuse, truancy, domestic violence, or achieving self-sufficiency), continuing to support efficiencies in general government services, and helping to ensure that emergency functions are funded (medical, fire and public safety). However, these guidelines represent the Court's intention to encourage and focus increased attention on producing better results and having greater impact on certain troubling societal challenges that cut across so much of the County's enterprise.

B. Three Priority Program Areas

While Travis County is making strides in meeting and sustaining a variety of goals, there are areas that are proving to be difficult to address comprehensively on an annual, project-oriented basis. These issue areas are often considered intractable because they are driven by specific societal ills such as substance abuse, mental health, and poverty. The Commissioners Court believes that these issue areas need to be highlighted and addressed using long-term solutions. These issues decrease the quality of life of our citizens and cost the economy and taxpayers of Travis County not only the direct expense of dealing with them (such as the costs of incarceration) but also the indirect cost of losing a portion of our human capital from the workforce.

Many of these social ills are at the root cause of crime and other community problems. They result in adults and juveniles becoming involved with the County's justice and public safety system, and are major cost drivers. For example, out of \$311,273,000 in all County departmental FY 06 General Fund budgets, \$195,785,000 (63%) is dedicated to the County's courts, clerks and support services, law enforcement, prosecutors, jails, and juvenile justice. This means that programs that are able to impact the workload and services provided in these areas should have a substantial financial impact, along with substantial social and community benefits.

These issue areas were first established for the FY 06 budget process. A number of initial steps were taken in FY 06 to fund certain new initiatives, including a mental health pilot program in Pretrial Services, a mental health diversion program in the County Attorney's Office, contract services for a mental health court in the Criminal Courts, Community Justice Center programming for confinees, increases to the Drug Court, and workforce development initiatives. These were in addition to a variety of initiatives to reduce the jail population by the District Attorney, County Attorney, and Pretrial Services. Many of these initiatives will need time to allow results to be made and measured.

For Fiscal Year 2007, the Commissioners Court is again interested in receiving proposals from officials and department heads that direct resources toward one or more of the following three Priority Program areas:

- Reducing Adult Jail and Juvenile Detention Populations, with special attention toward inmates with mental illness.
- Substance Abuse
- Workforce Development (adult training and new jobs)

The Commissioners Court continues to identify these three Priority Program areas as the County's main priorities during at least FY 07 and FY 08. The solutions to these problems are not simplistic and will require multiple years to make a significant and measurable impact. As a result, the Commissioners Court directs the Planning and Budget Office (PBO) to provide such proposals priority in the FY 07 Preliminary Budget if they meet the following standards. Should proposals not fully meet these standards, they may be broken down into two phases. The first phase would be a pilot in order to test the proposal more fully, and the second phase would be dependent on the results of the pilot.

1. Successful Proposals will contain:

- a. **External Evaluations** – An external evaluation to independently report results to the Commissioners Court. An agreement from appropriate officials that the program will be discontinued if the results do not meet predetermined targets. A roadmap and calendar indicating when outcomes are expected and what degree of improvement is expected.
- b. **Performance & Outcome Measurement** – An identification of how the performance and outcome measurement will be reported. For example, a proposal to reduce recidivism in the jail will need to have recidivism defined and reported regularly. Otherwise, there will not be a way to know how well a proposal works and how its results compare to others. Measurements should focus on outcomes and results, rather than workload. Knowing what works is usually much more important than just knowing how much work is occurring.
- c. **Redirect Existing Resources** – An identification of existing resources elsewhere that can be realistically redirected within the justice and public safety area. These resources may be realized through ceasing or reducing an existing program that is not meeting expectations, or through increased efficiencies.
- d. **High Likelihood of Success** – A delineation of the likelihood or probability of success in reaching the goals and results established within the proposal.
- e. **Comparative Analyses** - A summary of the existing inventory of programs that attempt to accomplish similar ends. It should provide a description and documentation of how this particular proposal will address the issue area more effectively than other existing programs.
- f. **Criticality of need** – A clear indication of the criticality of the need, and the magnitude of impact on the community.

- g. **Collaboration** – A summary of the collaboration and coordination that has occurred among agencies that provide similar services or that have programs that are programmatically linked to the proposal. Non-County agencies need to coordinate their proposals with an appropriate County official and be submitted as part of the official’s FY 06 budget.
- h. **Client Commitment** – an outline of the degree to which client commitment and personal responsibility are evidenced.
- i. **Matching Funds**. PBO is directed to give priority to proposals that meet the standards above and that use matching funds to leverage county resources with federal, state, and private sector resources.

C. Compensation & Benefits

For planning purposes, these guidelines suggest that an amount for Performance Based Pay award be included in the assumptions about necessary resources for FY 07. For rank and file employees, this amount will total approximately \$1,276,000 for every one percent increase in the General Fund. The Peace Officer Pay Scale has an approved step increase, which is also called an “Anniversary Raise”. The cost to the General Fund for this approved POPS step increase (“Anniversary Raise”) is an approximate \$665,000 augmentation to those FY 07 budgets that have POPS employees. Further consideration will also be provided toward a Cost of Living Adjustment for retirees.

Health Benefits have seen very significant increases since FY 02, going from an Employee Health Fund of \$18.3 million in FY 02 to \$48.8 million in FY 06. These increases have had to be absorbed by the General Fund along with increased employee contributions. While it is still early to know the amount of health care cost increases, for planning purposes, these budget guidelines again suggest that any incremental increases in health care costs be shared by Travis County and the active and retired employees. The Commissioners Court strongly encourages employees to continue to pursue healthy lifestyle choices and cost reduction opportunities (i.e., using generic medicines, maximum use of the new employee health clinic, self-education about chronic illness prevention and remediation, regular exercise, healthy diet, and the use of “Nurseline” to avoid unnecessary emergency room visits).

D. The Tax Rate and the Preliminary Budget

The Court’s adopted goal is for the tax rate in the Preliminary Budget to be “at or near the Effective Tax Rate”.

E. New FTE or Program Expansions and the Preliminary Budget

PBO may recommend new FTE’s or program expansions within the three Priority Program areas along with other FTE when they are: (a) covered by new revenue, (b) internally funded, (c) part of a prior Court-approved program, or (d) a statutory mandate. PBO may also recommend other FTE that meet extraordinary and compelling needs. It is unlikely that most FTE requests will be able to be included within the Preliminary Budget and departments are encouraged to reprioritize existing resources to meet new needs. New FTE requests that are not in the Preliminary Budget may be heard during Budget Hearings in August and Mark-up in September.

F. Budget Criteria for FY 07 Information Technology Requests

Priority will be provided in the FY 07 budget to those information technology budget requests that clearly identify what county programmatic issue the proposed technology is to address and how it meets the following criteria:

1. Requests for Information Technology Maintenance of Current Effort

- a. To maintain the existing technological infrastructure and/or to accommodate growth in existing system requirements (such as additional servers or memory).
- b. For technological obligations that are outside of the County's control, such as hardware or software that is no longer supported, software changes, contractually required upgrades, changes in statutory requirements, changes in accounting standards or some other external factor.

2. Requests for New Information Technology

- a. For new technology requests, there should be a measurable demonstration that such technology will result in at least one of the following outcomes:
 1. reduced staff;
 2. measurably increases the productivity of existing staff;
 3. the ability to accommodate increased workload without new staff positions;
 4. compliance with a new statutory requirement or other mandated technological obligation outside the County's control;
 5. provide analysis and management information which measurably improves the decision making process and fiscal management in program areas;
 6. measurably improves the delivery of services or use of existing assets for constituents and the public;
 7. improves public safety and/or the protection of county natural resources.
- b. A technical and business assessment should be made as to what the new technology will accomplish and whether the proposed solution is the best value for the taxpayer's dollar. This evaluation should be conducted jointly by the requestor, PBO and ITS with coordination of the Business Assessment being the responsibility of PBO, or by an independent consultant if the proposal is highly complex or expensive. In addition any Technology Requests that involve financial transactions must be reviewed and approved by the Auditor. This Business Assessment should include the following criteria:
 1. A clear and detailed understanding about whether additional staff or new internal procedures or protocols are required within the department(s) to operate or maintain the system, along with a description of the impact on the operating conditions and protocols/procedures within the office(s). These impacts should be defined, or demonstrated and compared to the benefits derived from the technology.
 2. An outline of future impacts due to the proposed technology in future years – that is, will there be an increase in FTE in the short run and then a decrease, or vice versa? Will there be overtime required or temporary assistance required over the period of time of implementation and beyond? Will additional staff or resources be required in ITS in order to implement the system? What are the ongoing costs for licenses and how often will the technology need upgrading?

This information is critical to accurately gauge the benefits and costs of a new technology.

3. If a technology request can not comply with (1) and (2) above then the Technology Request may be broken into two phases. The first phase will be defined as a Project Definition phase where the analysis required in (1) and (2) above is determined. Funding for the second phase would depend on the approval of the results defined in phase one.

The ability to describe how an Information Technology Budget Request meets the aforementioned criteria will greatly increase the likelihood of a request's inclusion in the Preliminary Budget. Success will also be dependent upon early identification of potential requests and submitting them to ITS and PBO well ahead of the regular Budget Process cycle.

G. Other Budget Guidelines

Budget submissions will be due on May 1, 2006. Departments need to submit their budgets at the base Target Budget Level, representing the department's FY 06 Adopted Budget plus annualizing any County-wide FY 06 increases, less any one-time costs, plus any adjustments for errors. All FY 07 compensation and benefits increases will be addressed centrally.

The Commissioners Court encourages departmental officials and managers to evaluate current programs that are not producing satisfactory results and to identify funds that may be redirected into other programs in their department that may produce better results.

PBO is instructed to review the last three years of unspent operating budgets that are reasonable to reduce without substantially affecting service levels. PBO is also instructed to ensure that the budget for salary savings Countywide is as realistic and accurate as possible, and aligned with departments' vacancy trends. The purpose of this exercise is to result in budgets that are "right-sized", while still meeting service level demands and obligations. Departments will have an opportunity to request the replacement of some or all of any reduced budgets through a specific budget request.

Certain critical line items should be built from the ground-up ("zero-based"), such as leases, maintenance contracts, consulting, and contributions to grants. Other line items to be zero-based may be identified as the budget process matures.

Departments are strongly encouraged to: (a) submit realistic opportunities to increase non-property tax revenue; (b) work with all applicable departments in the development of any budget or revenue generating proposals; and (c) focus on efficiencies, increased productivity, and simplification rather than on budget requests for increased resources. If new programmatic needs emerge, departments should concentrate on identifying internal reductions for activities that are not statutorily required or service levels that are above minimum levels required by law.

The requirement to fund any new contractual or statutory obligations and other expenses related to maintaining a department's current efforts must take priority over any program enhancements or expansions.

Approved by the Travis County Commissioners Court on Tuesday, February 14, 2006