



## TARRANT COUNTY BUDGET AND RISK MANAGEMENT

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Greetings –

The fiscal year (FY) 2024 budget process has resulted in the development of a historic budget. The FY 2024 budget provides meaningful and significant property tax relief to Tarrant County residents while ensuring continuity in service provision levels and providing a substantial compensation package for our employees – including a large investment in law enforcement salaries.

### **Highlights**

- Homestead exemption of 10.0 percent for the first time in Tarrant County history
- Property tax rate reduction of 13.2 percent to a rate below the No-New-Revenue tax rate
- Significant investment in law enforcement salaries, including up to 10.0 percent in salary increases

### **Principal Issues**

#### ***Property Taxes***

One of the most pressing issues faced during the FY 2024 budget process was the burden of property taxes on our residents. Tarrant County, similar to other major Texas counties, has experienced a massive increase in property value appraisals issued by Central Appraisal Districts (CADs) in recent years. To combat rising property values and tax bills, the Tarrant County Commissioners Court passed two major policy decisions. First, the Commissioners Court approved a 10.0 percent homestead exemption for all Tarrant County homesteaded properties. Second, the Commissioners Court approved a property tax rate below the No-New-Revenue tax rate, which means Tarrant County will collect a lower amount of taxes on the same properties from the preceding year – notwithstanding revenue generated by new construction.

The FY 2024 budget provides significant tax relief without compromising the quality of services that Tarrant County residents have come to expect from this organization. It is important to note that the extent of buy-in and support from all Tarrant County departments in submitting the most cost-efficient budget requests was a major milestone that made these tax relief measures possible.

#### ***Declining Workforce***

##### ***Law Enforcement***

Another major issue that the Commissioners Court faced was the recruitment and retention of law enforcement officers, particularly detention officers. In collaboration with all involved stakeholders, the Commissioners Court approved a substantial compensation plan to improve recruitment and retention efforts. In addition to the 3.0 percent step pay increase that law enforcement employees receive on an annual

basis, confinement employees received a 5.0 percent pay grade structure increase and operations employees received a 7.0 percent pay grade structure increase.

This significant investment in law enforcement salaries will provide Tarrant County with a competitive edge in the labor market and will aid ongoing efforts, including the recruitment and retention incentive program funded through the American Rescue Plan Act (ARPA).

#### *Non-Law Enforcement Compensation*

Several actions were taken to address the compensation levels of non-law enforcement positions. First, all non-law enforcement positions, dependent upon incumbent eligibility, were provided with a 3.0 percent merit pay increase. Second, non-law enforcement pay grades were provided with a pay grade structure increase ranging from 0.0 to 5.0 percent. Third, all craft pay grades received a 4.0 percent market pay adjustment to improve recruitment and retention.

#### *Benefits for Current and Retired Employees*

The County contribution to the Group Health Insurance Fund is set at \$950 per month per employee, or \$11,400 annually, for FY 2024 which is an increase of \$37 per employee from the FY 2023 budget. The annual County contribution for retirees that are under 65 will be \$16,008 annually; for retirees that are 65 and over the County's contribution will be \$3,408 annually.

The FY 2024 budget maintains the County's TCDRS contribution rate at 19.5 percent, which is 7.43 percent above the required contribution rate of 12.07 percent. The current contribution rate will produce \$29.2 million in additional funds and reflects a proactive commitment of the Commissioners Court to maintaining healthy control over the County's unfunded liability and funding cost-of-living adjustments (COLAs) for retired employees. The FY 2024 budget, similar to previous budgets, will facilitate a 1.0 percent COLA for retirees.

#### **Financial Overview**

With the action taken related to property taxes in the FY 2024 budget, there are significant changes in the County's revenue structure and budgeted expenditures. In the section below, you will find several tables providing a high-level overview of financial data from the FY 2024 budget.

#### *Tax Rate*

The FY 2024 budget, which is supported by revenue generated by the tax rate adopted in Tax Year (TY) 2023, reflects a 13 percent reduction in the combined tax rate from TY 2022 and a 26 percent reduction over the past decade.