



June 28, 2024

Judge Kelly and the Honorable Members of the Kerr County Commissioners Court:

As Kerr County residents face inflation at the grocery store, gas pump, insurance, and utilities, it's time to have Kerr County government tighten its belt the way residents must do in our homes and businesses.

FACT: We have more government than we can afford.

FACT: When government grows, liberty shrinks.

As Texans laboring under inflation, we desperately need local elected officials to “right-size” government. Liberty in Action is asking the Kerr County Commissioners Court to take a new approach to your budget process. Citizens cannot afford local officials who blithely ignore bureaucratic bloat and spending gluttony. Citizens cannot afford elected officials whose personal preferences, personal conveniences, and sheer laziness overrides sensible practices, prudent spending, strategic planning, and the oath of office!

Liberty in Action believes that it is a moral imperative that every tax dollar be stretched, every possible penny saved, and every service standard be raised. Ample opportunity exists to reduce the operational costs of Kerr County.

Local government officials should examine fiscal management, efficiency, and utilization of resources in every area where tax dollars are spent. They should also determine the relationship between the amount of tax dollars spent and the outcomes achieved.

According to the US Bureau of Labor Statistics, ¹the Consumer Price Index has increased 18.4% since January 2021, putting extreme stress on family budgets. At the same time, Kerr County has given pay raises to themselves and all county employees, twice in as many years. FY2024 tax burden in Kerr County has now reached over \$31,631,052. The FY2025 budget process in which you are now engaging must be viewed in context of these realities.

Kerr County Departments and elected officials have now submitted their FY2025 budget requests, providing you a first look at budget implications. It is imperative that the Kerr County Commissioners Court take all possible common-sense measures to assure taxpayers that the proposed budgets from each department head and elected official reflect the financial realities of its citizens. The resulting aggregate county budget and tax rate should first prioritize Kerr County families and business-owners hit from every side by inflation.

Liberty in Action therefore strongly recommends the incorporation of the following actions to define the county budget process. Our objective is to help you provide maximum transparency to taxpayers:

1. Base Line Budget. Typically, the budget process starts with prior year ending values as the baseline for subsequent year projections. However, the County has benefited from a number

¹ https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths

of one-time revenue bonanzas that inflate historical results. Among these non-recurring revenues are Covid-19 subsidies, ARPA funds, and other Federal and State Grants. The baseline revenue – and the expense line items funded by those one-time revenues – should be factored out, leaving an accurate operational baseline. These baselines should be published with all FY2025 projections compared to them.

2. Reserve Funds. Unencumbered reserve funds should be featured prominently and compared to generally accepted standards. Cash reserves greater than those required by the Court's adopted written policy reflect over-taxation by Kerr County government and should be returned to the taxpayers by a reduction in the tax levy.

3. Taxpayer Funded Lobbying. Budgets should be scrutinized for any lobbying activity funded by taxpayers and zeroed out. Membership dues in associations, like Texas Association of Counties, that employ or contract with lobbyists should be reduced proportionally. Expenses for elected officials to represent the county at state or other approved functions should be reviewed and maintained only if consistent with the county's mission.

4. No New Revenue Tax Rate. The NNR tax rate should be the maximum allowable tax rate, period. Taxpayers should not be taxed on "paper increases" in their existing home values. Moreover, according to the 2024 KCAD (Kerr County Appraisal District) Preliminary Report, new construction will increase taxable valuation by more than \$143 million, generating an increase of \$586,548 in property tax revenues over 2023.

5. Zero Based Budget. One of the most effective ways of managing the growth of government spending is through zero-based budgeting. This approach to public finance is based on the idea that no costs or activities should be automatically carried over from one budget to the next. Instead, every departmental and office budget should be built from the ground up, requiring every single expense to be justified. When used, zero-based budgeting will build taxpayer confidence in Kerr County's financial integrity and help produce the highest quality services delivered at the very best price.

For FY2025, your strategic plan should begin this practice with a finite number of departments engaging in this disciplined budget review, starting with all departments under the direct administrative authority of the Kerr County Commissioners Court. Zero-based budgets should match "money with mission," aligning each department's functions to its core mission and statutory requirements. From there, costs and volumes are mapped to line up with those core functions. Results of this process should be benchmarked against peer groups.

6. Plan Operational Peak Performance and Cost Containment. Begin developing a 2025 long-range plan and timeline to improve operational performance while removing operational waste and process variations. To begin, deploy Lean Six Sigma Management training; research the historical record of Texas Association of Counties (TAC) "Best Practices Awards" and National Association of Counties (NACo) "Cost Saving Solutions."

Respectfully,

Terri Hall
Authorized Spokesperson, Board Member, Chair of Government Overreach, Legislative Liaison
We the People - Liberty in Action