



Harris County, Texas

1001 Preston St., 1st Floor
Houston, Texas 77002

Commissioners Court

Request for Court Action

File #: 25-1671

Agenda Date: 3/27/2025

Agenda #: 30.

Primary Department: County Administration

Primary Department Head/Elected Official: Diana Ramirez, County Administrator

Secondary Department: N/A

Secondary Department Head/Elected Official: N/A

Presented to Commissioners Court

March 27, 2025

Regular or Supplemental RCA: Regular RCA

Type of Request: Policy

No Action

Project ID (if applicable): N/A

Vendor/Entity Legal Name (if applicable): N/A

MWBE Contracted Goal (if applicable): N/A

MWBE Current Participation (if applicable): N/A

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

Grant Indirect Costs Rate (if applicable): N/A

Justification for 0% Grant Indirect Costs Rate (if applicable): N/A - Not a grant item

Request Summary (Agenda Caption):

Request for discussion and possible action on the Harris County Minimum Wage policies for employees and contractors.

Background and Discussion:

Expected Impact:

Alternative Options:

County Strategic Plan Goal: 3. Make our economy more inclusive.

County Strategic Plan Objective: L: Foster more living-wage jobs that ensure worker safety, benefits, and stability across all educational levels.

Justice/Safety Initiative (Goal 1): Choose an item.

Infrastructure Initiative (Goal 2): Choose an item.

Economy Initiative (Goal 3): L1: Design a set of policies for Harris County to set dynamic living wage rates and ensure essential worker protections and high-quality benefits for all Harris County contracts, employees, and economic agreements.

Health Initiative (Goal 4): Choose an item.

Climate/Resilience Initiative (Goal 5): Choose an item.

Housing Initiative (Goal 6): Choose an item.

Additional notes related to the Strategic Plan:

Prior Court Action (if any):

Date	Agenda Item #	Action Taken

Location:

Address (if applicable):

Precinct(s): Choose an item.

Fiscal and Personnel Summary				
Service Name				
	Current Fiscal Year Cost			Annual Fiscal Cost
	Labor	Non-Labor	Total	Recurring Expense
Funding Sources				
Existing Budget				
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Total Existing Budget	\$	\$	\$	\$
Additional Budget Request (<i>Requires Fiscal Review Request Form</i>)				
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Total Additional Budget Request	\$	\$	\$	\$
Total Funding Sources	\$	\$	\$	\$
Grants - Proposed Budget (<i>For Grants Items only</i>)				

	Labor	Non-Labor	Total	No. of Grant Years
Local Match Source - Existing Bu	\$	\$	\$	
Local Match Source - Additional	\$	\$	\$	
Grant Funds Applied for/Awa	\$	\$	\$	
Personnel (Fill out section only if requesting new PCNs)				
Current Position Count for Ser	-	-	-	-
Additional Positions Request	-	-	-	-
Total Personnel	-	-	-	-

Anticipated Court Date: 3/27/2025**Anticipated Implementation Date (if different from Court date):** Click or tap to enter a date.**Emergency/Disaster Recovery Note:** Not an emergency, disaster, or COVID-19 related item**Contact(s) name, title, department:****Attachments** (if applicable):



Harris County Employee Minimum Wage Policy

SECTION I: PURPOSE

The purpose of the Harris County Employee Minimum Wage policy ("Employee Minimum Wage Policy") is to establish the Minimum Wage for all County employees. This policy also describes the process for the implementation and annual adjustment of the County employee minimum wage. The Employee Minimum Wage Policy is the result of a Harris County Commissioners Court Order, dated June 4, 2024, requiring policy recommendations for the adoption and implementation of a Minimum Wage for all Harris County employees.

SECTION II: SCOPE

This policy applies to all County departments (including departments led by elected and appointed officers or officials) for whom Commissioners Court has budget authority and does not apply to County departments or entities whose budgets are set by a separate governing body. This policy applies to all County employees, including regular, part-time, temporary, and seasonal employees paid directly by the County. This policy supersedes all prior minimum wage provisions adopted by Commissioners Court.

SECTION III: POLICY

Harris County adopts the minimum wage rate for employees at \$18 per hour to be effective on May 3, 2025. All County departments must implement the adopted minimum wage by the effective dates set forth in this policy, unless otherwise directed by Commissioners Court. This policy does not retroactively adjust wages for any employees.

SECTION IV: DEFINITIONS

County Employee: Any individual who receives wages or salary directly from Harris County, including full-time, part-time, temporary, and seasonal employees. This includes general-, grant-, and special revenue-funded positions. This excludes workers paid through a contract agreement or a staffing agency.

Consumer Price Index for All Urban Consumers (CPI-U): A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services in the Houston-The Woodlands-Sugar Land area.

Current Level of Service (CLS): The baseline general fund budget projection transmitted annually by the Office of Management and Budget to Commissioners Court, reflecting the cost of maintaining existing staffing and service levels.

Department: Any office, agency, division, or unit of Harris County government whose budget is set by Commissioners Court (including departments led by elected and appointed officers or officials).

Fiscal Year: The accounting period used by Harris County for budgeting and financial reporting purposes, beginning annually on October 1 and ending on September 30 of the following calendar year.

General-Funded Position: A position funded through the County's General Fund, which includes unrestricted revenues used to support the County's primary operations and services.

Grant-Funded Position: A position funded through an external grant awarded to Harris County.

Minimum Wage: The lowest hourly rate of pay that any employee of Harris County may be paid, as established by Commissioners Court and outlined in this policy.

Special Revenue-Funded Position: A position funded through restricted revenues (permit fees, mobility, etc.) reserved for specific purposes.

SECTION V: ADJUSTMENT

The County's minimum wage rate must be reviewed during the County's annual budget process for consideration of adjustment and possible approval effective at the start of the fiscal year (October 1st). Adjustments to the Harris County Minimum Wage will be based on the Consumer Price Index for Urban Consumers (CPI-U) in the Houston-The Woodlands-Sugar Land area.

SECTION VI: IMPLEMENTATION

Annually, the Office of Management and Budget (OMB) shall incorporate the recommended adjustment to the employee minimum wage rate into the Current Level of Service (CLS) budget projections for all departments. Concurrently, OMB shall review all Special Revenue- and Grant-funded positions to evaluate whether such funds can absorb any applicable wage increases. Departments with grants or other funding sources unable to meet the updated minimum wage must coordinate with OMB for a general fund budget request through the County's budget process. OMB shall transmit its recommendations, including any necessary general fund augmentation, to Commissioners Court with the annual CLS budget presentation.

When an adjustment to the minimum wage is included in the budget adopted by Commissioners Court, employees whose wages are set at the County's prior minimum wage will have their wage rate automatically updated to the new minimum wage to take effect on the first pay period of the new fiscal year by Human Resources and Talent (HRT) and OMB. County departments whose budgets are determined by a separate governing body should make every attempt to comply with the County's set minimum wage rates by the first pay period of the new fiscal year whenever possible.

Departments are responsible for ensuring that grant budgets reflect the County's minimum wage standards, to the extent permitted by the grant terms, when requesting Court approval to renew or pursue a grant.

The Human Resources and Talent Department shall be responsible for implementing hourly wage rate adjustments and updating County employee pay grades to reflect the updated minimum wage. Furthermore, HRT is responsible for ensuring that the minimum rate for all County positions is at or

above the current employee minimum wage.

SECTION VII: COMPLIANCE

For questions related to this policy, implementation, or compliance requirements, please contact Human Resources and Talent or the Office of Management and Budget.

DRAFT



Harris County Minimum Wage Policy for Contract Workers

SECTION I: FINDINGS

Whereas, Harris County has already established a minimum wage required for employees of contractors on vertical construction projects;

Whereas, raising the minimum wage is shown to attract workers with more and better skills, increasing the quantity and quality of work provided to the County¹;

Whereas, raising the minimum wage leads to increases in productivity and reductions in turnover, resulting in savings for employers and a more capable workforce;²

Whereas, raising the minimum wage will substantially improve the quality of Harris County projects and services by recruiting and retaining qualified workers for jobs performed for Harris County;

Whereas, raising the minimum wage will result in safer working conditions including one study which showed lower wages connected to a 15% increase in occupational injuries meaning fewer safe workplaces and more business expenses in connection with lost employee workdays³; and

Whereas, raising the minimum wage will result in higher quality work for Harris County.

NOW, THEREFORE, BE IT RESOLVED that Harris County hereby adopts the following Harris County Contractor Minimum Wage Policy.

SECTION II: PURPOSE

The Harris County Minimum Wage Policy (the "Minimum Wage Policy") is adopted by Harris County Commissioners Court to set a minimum wage for workers on contracts solicited by the County and applies to all work solicited to be performed on County property or County projects, to ensure optimal recruitment, retention and productivity on County contracts. The Minimum Wage Policy applies to all eligible contractors and subcontractors as described below. The Minimum Wage Policy is the result of a Harris County Commissioners Court Order, dated June 4, 2024, requiring policy recommendations for the adoption and

¹ Helper, Susan and Ryan Noonan. "Taking the High Road: New Data Show Higher Wages May Increase Productivity, Among Other Benefits" US Department of Commerce Economics and Statistics Administration. August 4, 2015. Accessed March 5, 2025. <https://www.commerce.gov/sites/default/files/migrated/reports/taking-the-high-road-new-data-show-higher-wages-may-increase-productivity-among-other-benefits.pdf>

² Northwestern University. (2023, February 9). What Happens to Worker Productivity after a Minimum Wage Increase? Kellogg Insight. Accessed March 25, 2025: <https://insight.kellogg.northwestern.edu/article/worker-productivity-minimum-wage-increase>

³ Peter Philips, Garth Magnum, Norm Waitzman, and Anne Yeagle. 1995. "Losing Ground: Lessons From the Repeal of 'Little' Davis-Bacon Acts," University of Utah Department of Economics Working Paper. Accessed March 25, 2025: <https://faircontracting.org/wp-content/uploads/2022/03/2-losingground-Lessons-from-Repeal-of-9-Little-DB-Acts.pdf>.

implementation of a Minimum Wage for all Harris County employees and workers directly assigned to work on County contracts.

SECTION III: POLICY

Harris County hereby adopts a minimum wage rate for contract workers of \$18 per hour to be effective on July 1, 2025. The County's minimum wage rate must be reviewed annually during the County's budget process for consideration of adjustment and possible approval effective at the start of the fiscal year.

Adjustments to the Harris County Minimum Wage will be based on the Consumer Price Index for Urban Consumers (CPI-U) in the Houston-The Woodlands-Sugar Land area. This Minimum Wage rate is only applicable to the specific contractor staff directly assigned to Harris County and only to the portion of work where contractor staff is directly assigned to Harris County.

SECTION IV: DEFINITIONS

Consumer Price Index for All Urban Consumers (CPI-U): A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services in the Houston-The Woodlands-Sugar Land area.

Contractor: "Contractor" or "Prime Contractor" means any individual, firm, or other entity contracted to provide services to the County under a County contract.

Contractor Staff: A full-time, part-time, temporary or seasonal personnel of the Prime Contractor or any Subcontractor who are Directly Assigned to the Contract.

County: The "County" means Harris County, Texas, a political subdivision organized and existing under the laws of the State of Texas.

Directly Assigned: A Contractor Staff who provides services to the County under a contract between a Contractor and the County.

Emergency Contracts: Contracts utilized by Commissioners Court at their discretion in response to various emergency situations related to natural disasters, declared disaster events, public health and safety, or other critical incidents impacting County business or County workers such that compliance with this policy would cause execution of these contracts to unreasonably be hampered or delayed.

Goods: Physical or digital items sold to the County by the Contractor, such as bricks paper, fuel, office supplies tools, software, clothing, food, etc.

Services: The furnishing of skilled or unskilled labor or professional work but does not include professional service or consulting services subject to Chapter 2254 of the Texas Government Code.

Subcontractor: Any individual, firm, or entity engaged by the Contractor (including Subcontractor to Sub-subcontractor regardless of tier) to perform any element of the contract between the County and the Contractor.

SECTION V: SCOPE AND APPLICABILITY

Following policy adoption, all applicable contracts solicited on or after July 1, 2025 will include the applicable minimum wage rate as of the solicitation date, and that rate will apply to the initial contract term, and any term extensions without adjustments. This policy does not apply to contracts that were executed prior to adoption, or extensions or renewals of contracts or exercises of options on contracts in place prior to that date. This policy does not limit, or impact in any way, the County's ability to consider in the manner it deems appropriate any relevant factor specifically listed in any particular request for bids, proposals, or qualifications. The policy will apply to the contractor staff of the prime contractor and all tiers of subcontracting.

The following types of contracts are exempt from this policy:

- a) Interlocal Government Agreements;
- b) Cooperative Purchasing Agreements;
- c) Sole Source Contracts;
- d) Emergency Contracts;
- e) Contracts for purchases of goods and services considered to be ancillary to the purchases of goods. A business entity that only supplies goods (bricks, paper, fuel, office supplies, tools, clothing, food, etc.) and such transportation services as may be incident to delivering those goods to County Property (including the use of common carriers (e.g., truck drivers)) is considered a "Supplier" and Suppliers are not subject to the Minimum Wage Policy.
- f) Contracts for the sale of County Property or goods;
- g) Contracts valued at less than \$500,000 per year and subcontracts valued at less than \$50,000 per year;
- h) Contracts subject to law that prohibits application of this policy⁴;
- i) Services procured under Texas Government Code § 2254 (Professional and Consulting Services);
- j) Contracts procured under the discretionary exemptions found in Texas Local Government Code § 262.024; or
- k) Contracts expressly waived by Harris County Commissioners Court if determined to be in the best interest of the county.

This policy sets a wage floor. If any law, policy or agreement sets a higher minimum wage rate for work subject to this policy, then the higher minimum wage rate applies.

SECTION VI: ADMINISTRATION & COMPLIANCE

Administration. The Harris County Purchasing Department ("Purchasing") will administer all solicitation instructions, certifications, contract clauses, and compliance requirements before the award is made.

Adjustments to Minimum Wage. The County's minimum wage rate must be reviewed during the County's annual budget process for consideration of adjustment and possible approval effective at the start of the fiscal year. The Purchasing Department will adjust the updated minimum wage for eligible, newly initiated contracts and eligible renewal contracts per their renewal cycle upon the announcement of the County set wage rate. Accordingly, new solicitations for eligible contracts advertised annually will include the newly adjusted minimum wage requirement.

⁴ For example, contracts using federal funds are not an exemption on their own. Only laws that specifically prohibit the implementation of this policy are relevant.

Compliance. To be considered responsive, Contractors submitting an offer must self-certify that they will comply with the required minimum wage. Contractors must also self-certify that they will comply with the required minimum wage at the time of initiation or renewal of their contracts with the County.

Recordkeeping. Prime Contractors (not subcontractors) shall maintain all records, reports, and other documents or items that demonstrate compliance with the requirements of this Policy, including, but not limited to, times and payroll receipts that demonstrate that subcontractors meet the requirements of this policy. Contractors shall ensure Harris County has access to all records, including payroll records, reports and other documents or items of contractor and/or subcontractors that are maintained to demonstrate compliance with the requirements of this policy. Wage documentation should not include personally identifiable information but should clearly identify the roles of their workers, number of workers, and their wage rates.

Harris County may conduct compliance reviews before the award of contracts or whenever it deems it necessary after the award of the contract. Harris County Auditor's Office reserves the right to audit any eligible contracts for compliance with this policy.

Non-compliance and Enforcement. Anyone who believes a Contractor or Subcontractor may be in violation of this policy may report their concerns through the County's Fraud, Waste, and Abuse Hotline by calling 866-556-8181 or online at [HarrisCounty.ethicspoint.com](https://harriscounty.ethicspoint.com). Contractors or Subcontractors found to be in violation of their contracts pertaining to the County's Minimum Wage rates shall be subject to:

- Remedies set forth in their contract with the County, up to and including withholding payment under the contract or contract termination;
- Negative impact on submissions of future County solicitations and possibly denial of award of a contract;
- Probation, suspension, or debarment in accordance with applicable County policies;
- Damages, including compensating Contractor's Employees the amount(s) found to be owed to these individuals under the County Contract; and/or
- The County pursuing all options available under the law.

SECTION VII: MISCELLANEOUS

Nothing in this order shall be construed to impair or otherwise affect: (1) The authority granted by law to a Harris County Department, or the head thereof; or (2) The functions of the County Administrator or the Office of Budget Management relating to budgetary, administrative, or legislative proposals.

This policy shall be implemented consistent with applicable law and subject to the availability of appropriations.

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the County, its departments, agencies, or entities, its officers, employees, agents, or any other person.

The original version of this policy was adopted by Harris County Commissioners Court on March 27, 2025.



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<http://oca.harriscountytexas.gov/>

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<http://budget.harriscountytexas.gov/>

FISCAL REVIEW REQUEST FORM

This Section to be Completed by the Requesting Department

Target Court Date for Action	3/27/25
Date Fiscal Review Requested (w/ fully completed RCA and backup materials submitted to OMB/OCA)	3/20/25

RCA Title (<i>Agenda Caption</i>)	Request for discussion and possible action on the Harris County Minimum Wage policies for employees and contractors.	
Program/Project Type (<i>check box</i>)	☒	Expansion of existing program/project
	☐	New program/project
	☐	Grant match
	☐	Other - Describe:
Justification for Budget Augmentation (<i>Why is the funding needed now?</i>)	On June 4, 2024, the Court requested OCA to work with departments to design policies to set a minimum wage policy encompassing all Harris County workers, including grant-funded and temporary employees and contract workers and to establish an approach for wage increases to ensure Harris County pays living wage rates in future fiscal years. OCA is recommending a minimum wage rate of \$18/hr for County employees, effective May 3rd, 2025. Additional funding is needed to raise employees currently below the minimum wage rate up to the \$18/hr.	
Describe department research on program/project benchmarks (<i>What do other jurisdictions do and how did that inform this program? What data was used to inform program/project design?</i>)	OCA conducted research of nine (9) other jurisdictions in and outside of Texas to review any applicable living/minimum wage policies they had implemented, including any wage rate methodologies used, compliance and enforcement mechanisms, and if the policies applied to contract workers. OCA found that these jurisdictions had living/minimum wage rates that had been established in various ways and adopted various methodologies to review, adopt, and enforce them. • One county updates their living wage rate based on the Federal Poverty Guidelines. • Two counties update their living wage rate based on the Consumer Price Index for All Urban Consumers (CPI-U). • Five counties did not specify how they adjust their wages.	

	- No counties adjusted their living/minimum wage rate based on MIT Living Wage calculations. In response to this research, OCA worked with OMB to conduct fiscal analysis on four methodology options: - Option 1: MIT Living Wage rate from 2024 for 1 individual (\$20.27) - Option 2: MIT Living Wage rate from 2025 for 1 individual (\$21.65) - Option 3: Starting from the \$15/hr minimum wage established in 2019 and add the COLAs adopted by Commissioners Court from 2019-2023 with an adjustment using CPI-U for 2023-2024 (\$16.81) - Option 4: Starting from the \$15/hr minimum wage established in 2019 and adjusting for CPI-U annually (\$17.98)				
Describe program/project design's equity considerations (<i>Which groups are impacted by this policy and how? How would any inequities be addressed by this request if approved?</i>)	The proposed policies directly address County employees and contract workers in the lowest pay brackets, providing them a regularly adjusted rate based on research that aims to mitigate the effects of inflation on their pay. Raising the minimum wage is shown to attract workers with more and better skills, increasing the quantity and quality of work provided to the County.				
Unfunded State/Federal/Other Mandate? (<i>check box</i>)	<table border="1"> <tr> <td></td><td>Yes</td><td>X</td><td>No</td></tr> </table>		Yes	X	No
	Yes	X	No		
If yes, describe the mandate (including whether a State, Federal, judicial, Commissioners Court, or other mandate)	N/A				

KPIs/Performance Measures for the Request

List existing department performance measures that will be improved if this request is funded. If no existing measures tie to this funding request, list new measures that would be tracked to determine the success of the program.

Existing Dept Measure	County Goal and/or Priority Outcome Supported	Current Target FY 2024 Measure (<i>in budget software</i>)	Revised FY 2024 Measure w/Funding	Target FY 2025 Measure w/Funding
N/A	Strategic Objective L: Foster more living-wage jobs	N/A	N/A	N/A

New Dept Measure	County Goal and/or Priority Outcome Supported	Current Target FY 2024 Measure	Revised FY 2024 Measure w/Funding	Target FY 2025 Measure w/Funding
N/A	Strategic Objective L: Foster more living- wage jobs	N/A	N/A	N/A

This Section to be Completed by the Office of Management and Budget

Does department have internal funding available to reallocate for this purpose? Describe.	No, departments would require supplemental budget to raise employees to the proposed Minimum Wage.
Is there an alternative fund source other than that requested? (<i>e.g., internal funding, grant funding, special fund</i>)	No. We reviewed Grants and Special Revenue for their viability, but Grants would require additional General Fund match. Special Revenue would require partial General Fund support on an as needed basis.
Discuss any duplication within the County (including by other departments) related to this request and if consolidation should be considered	N/A
Was this item considered as part of the budget process for the current Fiscal Year? If so, please provide context.	No, the Minimum Wage Analysis was not considered during the FY25 Budget Process.
Describe and quantify impacts to revenue related to this request.	No, we do not anticipate any revenue increases as a result of this request.
If request is related to a grant, what is the:	
Source of matching funds	N/A
Number of years associated with the new grant funding	N/A
History of the County's use of the grant funds	N/A

Summary of Budget Request

	Ongoing Annual Cost (recurring expense)	One-time Cost	Total Annual Cost	Total Prorated Need for Current Fiscal Year
Labor	\$758,564	\$0	\$758,564	\$291,756
Non-Labor	\$0	\$0	\$0	\$0
Total	\$758,564		\$758,564	\$291,756
# New PCNs	0	0	0	0
Capital	\$0	\$0	\$0	\$0
Fund Source(s) Requested (<i>General Fund, Special Fund, etc.</i>)	General Fund			
Job title(s) for each new PCN	N/A			

This Section to be Completed by the Office of County Administration

Does the request align with Countywide Goals and Priority Outcomes? Explain.	Yes. This request aligns with Strategic Initiative L1 “Design a set of policies for Harris County to set dynamic living wage rates and ensure essential worker protections and high-quality benefits for all Harris County contracts, employees, and economic agreements” under Objective L “Foster more living-wage jobs that ensure worker safety, benefits, and stability across all educational levels” in the Harris County Strategic Plan.
Has the department submitted a complete request with sufficient supporting documentation (i.e., all information on pages 1 and 2 of this document, a fully completed RCA, and comprehensive backup materials for the RCA)? Explain.	The department has submitted the fully completed RCA and fiscal review request form. Performance measures are not applicable to this request.
For any similar County programs/projects, is there a duplication in service, population served, etc.? Should consolidation be considered?	N/A
Can a change in policy or process result in the desired impact without adding funding?	No. Additional funding is needed to raise applicable employees to the proposed minimum wage of \$18 per hour.

OCA Recommends Commissioners Court take the Following Action(s):

Recommendation	Notes	Recommended by
Approve the funding request as verified by OMB	OMB recommends the \$18/hour minimum wage to continue progress towards pay equity. It aligns with the objective to “Foster more living-wage jobs that ensure worker safety, benefits, and stability across all educational levels” in the Harris County Strategic Plan. The most recent action was the \$2,500 increase for those making below \$75,000. This current recommendation to ensure a competitive minimum wage at \$18/hr is another step, and the next step will be a recommendation to Court from the relevant stakeholders after the pay equity study is completed in FY25 for potential consideration in the FY26 Budget. This aligns with prior court action	Daniel Ramos

	and request of the Commissioners Court to prioritize pay equity.	
Do not approve the funding request		
Request department submit the request as part of the annual budget process		
Request department work with OMB and OCA/TAP to refine the request		



Harris County Commissioners Court

Request for Court Action

Primary Department: County Administration

Primary Department Head/Elected Official: Diana Ramirez, County Administrator

Secondary Department: Choose an item.

Secondary Department Head/Elected Official:

Regular or Supplemental RCA: Regular RCA

Type of Request: Policy

Project ID (if applicable): N/A

Vendor/Entity Legal Name (if applicable):

MWBE Contracted Goal (if applicable): N/A

MWBE Current Participation (if applicable): N/A

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

Grant Indirect Costs Rate (if applicable): N/A

Justification for 0% Grant Indirect Costs Rate (if applicable): N/A - Not a grant item

Request Summary (Agenda Caption):

..title

Request for discussion and possible action on the Harris County Minimum Wage policies for employees and contractors.

..end

Background and Discussion:

In 2019, Commissioners Court adopted a \$15/hour minimum wage for Harris County employees, with the exception of temporary and grant-funded employees. On June 4, 2024, the Court directed the Office of County Administration (OCA) to work with departments to design policies to set a minimum wage encompassing all Harris County workers, including temporary and grant-funded employees and contract workers and to establish an approach for wage increases to ensure Harris County pays living wage rates in future fiscal years.

In response, OCA has worked with several departments to develop the County's minimum wage policies for all employees and certain contractors and establish a methodology for the rate's annual review and potential adjustment during the County's budget process. Stakeholders involved in this work include the Harris County Purchasing Department, Harris County Auditor's Office, Office of Management and Budget, Human Resources and Talent, Department of Economic Equity and Opportunity, Harris County Attorney's Office, and the Harris County Essential Workers Board. OCA also gathered feedback from departments with a high volume of contracts – Harris County Flood Control, Office of County Engineer, and Harris County Toll Road Authority.

OCA is making the policy recommendations based on the following considerations:

- research on other jurisdictions with similar policies,
- the pay equity study that is currently underway,
- workload impacts to various departments related to policy compliance, and
- the fiscal challenges the County is currently facing.

OCA recommends the County increase the minimum wage for employees to \$18/hour effective May 3, 2025. This rate comes from applying the Consumer Price Index for Urban Consumers (CPI-U) in the Houston-The Woodlands-Sugar Land area to the \$15/hour minimum wage established in 2019 for each year from 2019-2024. The following table outlines four different methodologies and their cost:

	Option 1: MIT LW 2024 (1 Adult) (\$20.27)	Option 2: MIT LW 2025 (1 Adult) (\$21.65)	Option 3: COLAs with CPI-U 2023-2024 (\$16.81)	Option 4: CPI-U 2019-2024 (\$17.98)
General Fund employees	\$3,637,297 (944 employees)	\$7,696,305 (1,509 employees)	\$201,411 (97 employees)	\$550,853 (278 employees)
Grant employees	\$807,521 (148 employees)	\$1,669,558 (297 employees)	\$12,612 (21 employees)	\$178,288 (84 employees)
Special Revenue employees	\$979,060 (267 employees)	\$2,363,981 (519 employees)	\$36,525 (36 employees)	\$147,120 (65 employees)
Estimated Total Annual Cost	\$5,423,878 (1,359 employees)	\$11,729,844 (2,325 employees)	\$250,548 (154 employees)	\$876,261 (427 employees)

Similarly, OCA worked with departments to establish a Harris County Minimum Wage Policy for Contract Workers. Like the policy for employees, this policy establishes the minimum wage at \$18/hour for certain County contracts. The contract worker policy will apply to newly solicited contracts starting July 1, 2025. The policy will not apply to renewals of existing contracts; however, Commissioners Court reserves the right to request that any existing contract be re-bid instead of renewed.

The policy for contract workers provides specific eligibility requirements and exemptions for certain contract categories. The policy also establishes a minimum threshold exempting contracts under \$500,000 yearly and subcontracts under \$50,000 yearly.

Additionally, the policy for contract workers establishes general compliance and enforcement mechanisms, including:

- A contractor policy acknowledgment in the County's bid questionnaire;
- Contract and policy language requiring prime contractors to maintain documentation confirming their compliance with the policy;
- Reporting instructions for anyone who suspects non-compliance with the policy to report through the County's Fraud, Waste, and Abuse hotline;
- Contract and policy language reminders of the County's right to audit; and
- Contract and policy language reminders that contracts found to be out of compliance are subject to all options available under the law, including damages, suspension, and/or cancellation of contracts.

Expected Impact:

Establishing a standard for minimum wages at Harris County ensures County employees and workers receive fair wages regardless of their classification or sources of funding. These policies would support Harris County's objectives of being a leading employer that delivers the highest quality services and advances economic equity and opportunity.

The estimated annual financial impact of setting the employee minimum wage at \$18/hour is \$759k in general funds and \$118k in special revenue funds, a total of \$877k. OMB used the assumption of the General Fund subsidizing 100% of the cost for grant-funded employees and 20% of the cost for special revenue employees. Once the minimum wage is approved by Court, OMB will work with departments to determine to what degree grants and special revenue funds can absorb the increased costs.

There is also an additional cost related to the impact on job families that needs to be analyzed following approval of the employee minimum wage. The cost reflected in the fiscal summary table below is only for increasing the hourly rate of all employees below the threshold to the \$18/hour rate. Additional increases may be processed for certain job families for parity. For example, a Clerk I currently at \$16/hour and a Clerk II at \$17.50/hour would both be raised to \$18/hour. The Clerk II would need an additional increase to maintain the separation in the job family of Clerks. Compression issues will be identified during the Compensation and Pay Equity Project, which is currently being conducted by Gallagher Benefit, Inc. Recommended solutions and costs to resolve compression issues will be included in the final report from Gallagher. A preliminary analysis done by Gallagher estimates that these subsequent changes could cost hundreds of millions of dollars, depending on Court's decision on how to phase them in.

The total financial impact on the General Fund will be determined following these analyses and reflected in the FY26 Current Level of Service estimates.

The financial impact to the County related to the implementation of the minimum wage for contract workers is not quantifiable at this time. The structure of the majority of County contracts does not provide visibility into contract workers' wages. These include fee-for-service contracts and those based on units of measure where contractors are required to present all-inclusive pricing that is not exclusively itemized by an hourly rate (e.g., square footage to be cleaned, square footage of fields to be mowed). Additionally, the County does not currently have a centralized database of contracts that would provide essential data to understand the impact of this policy on the County's budget, including pay structure and rates, length of contract, worker categories, and other data.

The limited contract data available indicates that the potential financial impact on the County could be significant. Reflecting on M/WBE program eligible contract data from fiscal year 2024, the County awarded \$2.24B across 803 contracts. This data provides some insight into the volume of contracts the County awards annually but should not be used in estimations or decision-making as it presents a limited picture and is not fully representative of the complete portfolio of contracts awarded by the County or the total amount of expenditures or labor costs.

Alternative Options:

Commissioners Court may direct OCA to work with departments to modify components of these policies including using one of the alternative methodologies included above (or a separate methodology), adjusting the rate, setting a different effective date, incorporating additional compliance or enforcement mechanisms, etc.

If Commissioners Court approves a minimum wage that is higher than what OCA proposes, we recommend taking a multi-year phased approach to achieve that rate.

County Strategic Plan Goal: 3. Make our economy more inclusive.

County Strategic Plan Objective: L: Foster more living-wage jobs that ensure worker safety, benefits, and stability across all educational levels.

Justice/Safety Initiative (Goal 1): Choose an item.

Infrastructure Initiative (Goal 2): Choose an item.

Economy Initiative (Goal 3): L1: Design a set of policies for Harris County to set dynamic living wage rates and ensure essential worker protections and high-quality benefits for all Harris County contracts, employees, and economic agreements.

Health Initiative (Goal 4): Choose an item.

Climate/Resilience Initiative (Goal 5): Choose an item.

Housing Initiative (Goal 6): Choose an item.

Additional notes related to the Strategic Plan:

Prior Court Action (if any):

Date	Agenda Item #	Action Taken
2.12.19	20.C.2	Court voted to establish a \$15/hour minimum wage for certain County employees.
6.4.24	398	Court directed OCA to work with departments to design a set of policies for Harris County to ensure essential worker protections and set minimum wage rates for all Harris County contracts and employees, including grant-funded and temporary employees.

Location:

Address (if applicable):

Precinct(s): Countywide

Fiscal and Personnel Summary

Service Name				
	Current Fiscal Year Cost			Annual Fiscal Cost
	Labor	Non-Labor	Total	Recurring Expenses
Funding Sources				
Existing Budget				
Other	\$46k	\$	\$46k	\$118k
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Total Existing Budget	\$46k	\$	\$46k	\$118k
Additional Budget Request (<i>Requires Fiscal Review Request Form</i>)				
1000 - General Fund	\$292k	\$	\$292k	\$759k
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Total Additional Budget Request	\$292k	\$	\$292k	\$759k

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Total Funding Sources	\$338k	\$	\$338k	\$877k
<u>Grants – Proposed Budget</u> <i>(For Grants Items only)</i>				
	Labor	Non-Labor	Total	No. of Grant Years
Local Match Source - Existing Budget: Choose an item.	\$	\$	\$	
Local Match Source - Additional Budget Request: Choose an item.	\$	\$	\$	
Grant Funds Applied for/Awarded (Total)	\$	\$	\$	
<u>Personnel</u> <i>(Fill out section only if requesting new PCNs)</i>				
Current Position Count for Service	-	-	-	-
Additional Positions Request	-	-	-	-
Total Personnel	-	-	-	-

Anticipated Court Date: 3/27/2025

Anticipated Implementation Date (if different from Court date): 5/3/2025

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

Contact(s) name, title, department: Diana Ramirez, County Administrator, Office of County Administration

Attachments (if applicable): Proposed drafts of the Harris County Minimum Wage Policy for Employees and the Harris County Minimum Wage Policy for Contract Workers