MEMORANDUM

To: Mayor and City Council

From: Ed Van Eenoo, Chief Financial Officer

Date: November 7, 2025

Subject: **Proposition Q and Funding Obligations in the Austin Police Association Labor Agreement**

The purpose of this memorandum is to provide information pertaining to the failure of Proposition Q and the ability of the City to meet the funding obligations set forth in the labor agreement between the City and the Austin Police Association (APA).

Section 4 of Article 20 of the agreement reads as follows:

a) The CITY presently intends to continue this AGREEMENT each fiscal year through its term, to pay all payments due, and to fully and promptly perform all of the obligations of the CITY under this AGREEMENT through its general fund, not including its General Fund reserves or fund balances. All obligations of the CITY shall be paid only out of current revenues or any other funds lawfully available therefore and appropriated for such purpose by the City Council, in compliance with the Texas Constitution, Article XI, Sections 5 and 7.

b) In the event of any change in state law that modifies the City's budgetary and/or revenue authority, or if the City Council adopts a budget requiring a voter-approval tax rate election (previously called rollback) and the voters do not approve the proposed tax rate, the Chief Financial Officer for the City shall determine any proportionate reduction necessary to meet the funding obligations set forth in this AGREEMENT under the actual implemented budget for that fiscal year. That certification shall be provided to the City Council. The City Council shall then have the authority to make proportionate adjustment to the funding obligations set forth in this AGREEMENT for the relevant fiscal year, after the City meets and confers in good faith with the Association for a period of at least thirty (30) calendar days concerning the manner in which such proportionate adjustments are to be effected.

On August 13, 2025, the City Council adopted a budget requiring a voter-approval tax rate election. On November 5, 2025, the tax rate election, listed as Proposition Q on the ballot, failed to receive approval by a majority of voters, thereby triggering the requirement for the Chief Financial Officer (CFO) to provide the certification required by Article 20, Section 4.b of the agreement to the City Council.

A key consideration of the required certification process is for the CFO to determine any proportionate reduction *necessary* to meet the funding obligations set forth in the agreement under the actual implemented budget for that fiscal year [emphasis added]. An important factor to consider in making this determination is that funding for the APA labor agreement in FY 2026 was included in the City Manager's initial proposed budget, delivered to City Council on July 11, 2025, and never explicitly predicated on the passage of Proposition Q. Furthermore, while the City Council has yet to adopt an amended budget plan for FY 2026 post-failure of Proposition Q, on November 7, 2025 the City Manager provided City Council with a set of recommended amendments to the FY 2026 budget that rebalances the General Fund at the lower revenue amount and maintains full funding for all obligations outlined in the agreement between the City and the APA. As a result, I am certifying that no proportionate reduction to the agreement between the City and the Austin Police Association is necessary for the City to meet the funding obligations set forth in the agreement.

Should you have any questions, please don't hesitate to contact me at ed.vaneenoo@austintexas.gov.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
Corrie Stokes, City Auditor
Mary Jane Grubb, Municipal Court Clerk
Judge Sherry Statman, Municipal Court
CMO Executive Team
Department Directors