

RESOLUTION NO.

WHEREAS, social services are programs designed to help people stabilize their condition, improve human well-being, and meet basic life needs, forming a safety net for society's most vulnerable; and

WHEREAS, the social safety net is a shared project between the community and various levels of government, from local entities including the City of Austin, to state agencies, to the federal government; and

WHEREAS, the needs of the community regularly exceed the combined resources of these entities, requiring prioritization and coordination to avoid duplication; and

WHEREAS, in May 2025, Council adopted Resolution No. 20250522-051 directing the City Manager to work on interlocal collaboration to identify opportunities to coordinate services, find efficiencies, or otherwise collaborate to improve economic growth, public health, safety, and wellbeing and lower taxes for the City of Austin's taxpayers, including residents and businesses; and

WHEREAS, in February 2026, Council adopted Resolution No. 20260226-056 directing staff to develop a rubric to evaluate social service contracts based on ten different criteria in anticipation of the Fiscal Year 2026-2027 budget; and

WHEREAS, like many cities, the City of Austin has moved away from direct provision of services and instead chooses to fund a network of non-profit organizations to achieve more effective results, at lower cost, and often with greater cultural competency; and

WHEREAS, Council adopted Resolution No. 20260521-052, the Procurement and Grants Modernization Initiative to update the City's processes

and oversight of contracts and grants that will result in efficiencies as well as improvements in service delivery for the community; and

WHEREAS, social service funding can be structured as contracts or grants, with payment based on one or a combination of:

- Input (reimbursement of eligible expenses)
- Activity (delivery of services)
- Output (completion of program)
- Outcome (changes in condition of client); and

WHEREAS, it is also possible to structure contracts with a performance incentive, where additional funding is provided based on outcomes above target, and pre-arranged funding is reduced when performance falls below a threshold; and

WHEREAS, in July 2026, Council received an audit entitled “Nonprofit Contract Performance Management” which reviewed how well the City manages its contracts, but it was not an audit of the contracts themselves; and

WHEREAS, in a management response to the audit, the City Manager proposed implementing the auditor’s recommendations to improve contract management between January and October 2027; and

WHEREAS, Council seeks to urgently and transparently address the community questions raised in the wake of the audit and ensure that public investments in the social safety net are helping the most vulnerable in the most effective way; and

WHEREAS, a comprehensive review of social services should inform the Fiscal Year 2027-2028 budget by focusing on areas where the Austin community has the greatest need, collaborating with regional partners, and prioritizing

individual programs or vendors that demonstrate high effectiveness; **NOW,**
THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to prepare a schedule to comprehensively review social services with a presentation and discussion with respective committees of Council prior to the development of the Fiscal Year 2027-2028 budget and any comprehensive re-solicitation. This comprehensive review should build on the existing rubric work conducted by staff and include:

- **Needs Assessment**

Community indicators regarding current conditions of community need relative to historical Austin data, Council adopted plans, or peer cities (for example: Austin has the highest childhood food insecurity compared to its peer cities, and ranks last out of the 50 largest U.S. cities for access to public-benefits programs).

- **Regional Collaboration**

Invitation to regional partners to relevant reviews to discuss potential duplication or prioritization (for example: Central Health for indigent healthcare, Travis County for childcare, Integral Care for mental health, and Austin Community College for workforce development).

- **Insourcing versus Outsourcing**

Information regarding any direct services provided by the City relative to contract or grant funded operations (for example: the division of labor for homeless outreach services done by City employees versus non-profit partners).

76 • **Funding Context**

77 Information regarding Austin's funding history and any relevant changes in
78 conditions such as state or federal funding (for example: changes in HUD
79 funding for homelessness or the expansion of Pell Grants to include non-
80 degree workforce training).

81 • **Intentional Performance Management**

82 Information regarding the most meaningful performance measures for the
83 services in a category, setting challenging but realistic targets, and ensuring
84 consistency across contracts and internal operations (for example: is council
85 and City staff measuring information relevant to this specific type of
86 service?).

87 • **Accountability**

88 Information regarding the performance of individual vendors regarding the
89 performance measures established, any vendor improvement plans, or staff
90 proposed re-solicitation or re-allocation of funding.

91 **BE IT FURTHER RESOLVED:**

92 The City Manager is further directed to work with the committee chairs of
93 the following committees to schedule presentations for a comprehensive review:

94 • **Public Health Committee**

- 95 • Basic Needs
- 96 • Behavioral Health
- 97 • Family Services
- 98 • Health Equity
- 99 • HIV services
- 100 • Homeless Services
- 101

102 • **Public Safety Committee**

- 103 • Crisis Response & Rehab
104 • Legal Services
105 • Violence Prevention

106 • **Economic Opportunity Committee**

- 107 • Child & Youth
108 • Workforce Development
109 • Transportation & Economic Opportunity
110 • Community Planning

111 • **Housing Committee**

- 112 • Equity & Inclusion
113 • Housing Services

114 **BE IT FURTHER RESOLVED:**

115 The City Manager is directed to align the comprehensive social services
116 review with the Procurement and Grants Modernization Initiative and include
117 updates on the alignment and progress of the comprehensive review to the Audit
118 and Finance Committee.

119 **BE IT FURTHER RESOLVED:**

120 The City Manager is further directed to develop options for incorporating
121 performance into the payment structure of future social service grants and contracts
122 to better incentivize positive outcomes from these programs and present these
123 options to the Audit and Finance Committee at a meeting coordinated with the
124 committee chair, but prior to the development of the Fiscal Year 2027-2028
125 budget.
126

BE IT FURTHER RESOLVED:

Following committee presentations and prior to contract solicitation, the City Manager is directed to brief the full City Council at a work session to review recommendations related to the social service contract reset and focus areas (basic needs, behavioral health, child and youth, community planning, crisis response, equity and inclusion, family services, homelessness services, housing, health equity, HIV services, legal services, transportation, violence prevention, and workforce development) funding allocations.

BE IT FURTHER RESOLVED:

In recognition of Austin's continued population growth, increasing community needs, and the role these services play in supporting the City's broader public safety system, the City Council establishes as a policy priority to preserve funding of social services. The Manager is directed to consider as part of the overall analysis of Fiscal Year 2027-2028 social service funding the Fiscal Year 2026-2027 adopted funding levels as one factor. Any recommendation to reduce funding below that level should be presented to the City Council as an explicit policy decision for Council consideration rather than incorporated as an administrative assumption of the social service contract reset.

ADOPTED: _____, 2026

ATTEST: _____

Erika Brady
City Clerk