



CITY OF HOUSTON

Sylvester Turner

Mayor

P.O. Box 1562
Houston, Texas 77251-1562

Telephone – Dial 311
www.houstontx.gov

To the people of Houston, Honorable Members of City Council and the Honorable City Controller:

I am pleased to present the proposed budget for Fiscal Year 2020, which begins July 1, 2019 and ends June 30, 2020. The proposed General Fund budget of \$2.56 billion increases spending by \$54.4 million or 2.2 percent from the FY2019 Current Budget of \$2.50 billion. The change is primarily driven by the cost of Proposition B, contractually mandated increases including police and municipal pay raises for the current meet and confer agreements as well as health benefits and pension costs. The FY2020 proposed budget for all funds excluding transfers totals \$5.10 billion, an increase of \$151.4 million or 3.1 percent compared to the FY2019 Current Budget of \$4.94 billion.

For the fourth consecutive year, my annual proposal closes a budget gap -- in this case a gap of \$179 million – the largest deficit in recent history. We had to make hard decisions to balance the budget with limited funding sources to meet the needs of the City. Pension Reform in 2017 reduced the City's Net Pension Liability by \$4.2 billion. If not for the massive pension reform, which won voter approval in 2017, the City would be in an even steeper "financial hole." Additionally, we continue to cover the City's 10 --15 percent share of recovery costs from Hurricane Harvey.

As this document was printed, another huge financial obstacle faced the City: Proposition B, the referendum under which voters granted firefighters a 29 percent salary increase (on average) without any funding source but a cost of \$79 million in FY2020. In order to balance the City's budget, this proposal includes issuing layoff notices to 67 fire cadets, 47 municipal employees, up to 220 firefighters, and the elimination of 67.5 vacant positions across various departments.

Regardless, this forward-looking budget upholds the City's priorities – first and foremost public safety, financial integrity, commitment to drainage and streets, and enhancing our quality of life. Simply put, it sets the foundation to meet the essential needs of a thriving City without excess or waste.

Sincerely,


Sylvester Turner
Mayor