



CITY OF HOUSTON

Sylvester Turner

Mayor

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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 2023, which begins July 1, 2022, and ends June 30, 2023. The FY2023 Proposed Budget for all funds excluding transfers totals \$5.71 billion, an increase of \$487 million, or 9.3 percent compared to the FY2022 Current Budget of \$5.22 billion. The proposed General Fund budget of \$2.74 billion reflects an increase in spending of \$102 million or 3.8 percent from the FY2022 Current Budget of \$2.64 billion. This increase is primarily attributable to pay increases for all employee groups including 6 percent for fire, 4 percent for police, and 3 percent for municipal employees. Additionally, this budget includes operational funding for facilities such as the new Alief Neighborhood Center, the renovated Kendall Library, and the Dr. Shannon Walker Library.

Fiscal Year 2022 experienced increases across many revenue streams as our local economy outperformed all expectations. However, make no mistake, COVID-19 is still here and continues to impact our communities. The FY2023 Proposed General Fund budget utilizes \$160 million federal American Rescue Plan Act (ARPA) funding to recognize the economic impact of COVID-19 and address the reduction in revenues due to the public health emergency.

Significant uncertainty remains in the economy with inflation rates surging, interest rates on the rise, gas prices soaring, and global unrest with the Russia-Ukraine war. All these things create an extremely volatile situation and it's imperative that we build and preserve a strong fund balance heading into Fiscal Year 2023. This proposed budget includes an ending fund balance of \$311 million, which is 13.5 percent of expenditures less debt service and pay-as-you go (PAYGO), well above the minimum of 7.5 percent established in the City's financial policies. Additionally, this budget fully funds the Budget Stabilization Fund and does not include any deferrals or one-time land sales.

This proposal leaves the City of Houston in a better position as we face economic uncertainties and at the same time upholds my priorities with public safety at the forefront, funding five (5) cadet classes each for police and fire. Like all major cities in our nation, Houston has experienced an increase in violent crime because of the COVID-19 pandemic which is why I enacted the One Safe Houston Crime Reduction Initiative. One Safe Houston is a comprehensive violence reduction initiative that links research-based strategies to improve public safety and reduce the harms caused by violent crime focusing on four (4) key areas:

1. Violence Reduction and Crime Prevention
2. Crisis Intervention, Response and Recovery
3. Youth Outreach Opportunities
4. Key Community Partnerships

In closing, the Fiscal Year 2023 Proposed Budget is my seventh consecutive budget that is balanced with a strong and healthy fund balance reserve placing the City in a better position to address the looming economic uncertainties. Despite those challenges, I have outlined my plans to:

- Address the rise in violent crime with the One Safe Houston Initiative;
- Bring on-line, new and renovated libraries and multi-service centers to our communities;
- Improve and upgrade neighborhood parks through my Love Our Parks Complete Communities Initiative. Phase one of this program targeted five (5) parks in under-resourced communities which enhanced neighborhood pride. Phase two adds five (5) additional parks to continue this program.

With that being said, I submit this budget for your consideration and approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Sylvester Turner". The signature is fluid and cursive, with a large initial "S" and "T".

Sylvester Turner
Mayor