FY2023 Budget Overview and General Fund Five Year Forecast

Tantri Emo, Director
Will Jones, Deputy Director
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward Looking Statements</td>
<td>3</td>
</tr>
<tr>
<td>Fiscal Year 2023 Budget Overview</td>
<td>9</td>
</tr>
<tr>
<td>General Fund Budget Revenues</td>
<td>10</td>
</tr>
<tr>
<td>General Fund Budget Expenditures</td>
<td>18</td>
</tr>
<tr>
<td>General Fund Five Year Forecast</td>
<td>23</td>
</tr>
<tr>
<td>Budget Gap Range</td>
<td>27</td>
</tr>
<tr>
<td>Outcome Based Budget Update</td>
<td>30</td>
</tr>
</tbody>
</table>
Forward Looking Statements

The statements contained in this presentation and made verbally in conjunction with the presentation that are not purely historical are forward looking statements, including statements regarding the City's expectations, intentions, or strategies regarding the future. Readers and viewers should not place undue reliance on forward looking statements. All forward looking statements in this presentation and made verbally in conjunction with the presentation are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or development in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this presentation and made verbally in conjunction with the presentation would prove to be accurate and may be materially different.
Additionally, pension-related projections or forecasts, including projections of the amount of the UAAL and net pension liability and the amounts of actuarially calculated contributions by the City, constitute “forward-looking” information that reflects the judgment of the City, the boards of the Pension Systems and the actuaries as to the amount of assets that will be required to be accumulated for the payment of future benefits to both active and retired employees. Such judgments are based upon a variety of assumptions concerning future events and circumstances, any one or more of which could prove to be inaccurate and are subject to change in the future. The assumptions underlying the projections are material to the development of the projections, and variations in the assumptions may produce substantially different results.
Citywide Expenditures Including Debt Service & PAYGO
($ in thousands)

FY2022 CURRENT BUDGET
OF $5,223,935

FY2023 PROPOSED BUDGET
OF $5,710,535

Note:
1. Expenditures Budget above represent the total budget including General Fund, Special and Enterprise Funds. Total does not include Service Chargeback and Internal Service Funds.

Net Change
$486,600
9.31%
Citywide Full-Time Equivalents
Civilian and Classified

Notes:
1. Citywide FTEs include General Fund, Enterprise, Special, Internal Service and Service Chargeback Funds.
2. For General Fund:
   - FY2020 and FY2021 includes lower FTEs due to redeployment funded out of CRF.
   - FY2022 Budget and FY2023 Proposed Budget included cadet classes (6 police, 4 fire in FY2022 and 5 police, 5 fire in FY2023).
   - FY2023 Proposed Budget includes temporary employees for Hire Houston Youth Program.
**Notes:**
1. FY2020 and FY2021 includes lower FTEs due to redeployment funded out of CRF.
2. FY2022 Budget and FY2023 Proposed Budget included cadet classes (6 police, 4 fire in FY2022 and 5 police, 5 fire in FY2023).
3. FY2023 Proposed Budget includes temporary employees for Hire Houston Youth Program.
American Rescue Plan Act (ARPA)

- ARPA was signed into law by President Joe Biden on March 11, 2021, providing $65.1 billion in federal funding to support municipalities as they continue to respond to the COVID-19 pandemic.

- The City of Houston is expected to receive $607.8 million in two tranches, first half in 2021 and the second half in 2022. The City would have until December 31, 2024, to use the funds.

- Unlike the CRF, ARPA recognizes the economic impact due to the COVID-19 pandemic and provides flexibility to address the reduction in revenues due to the COVID-19 public health emergency.

- This budget includes $160.1 million in ARPA utilization for the provision of government services relative to revenue reduction due to the COVID-19 public health emergency.
General Fund Budget Overview

• This budget includes:
  – 13.5% Fund Balance of expenditures less debt service and pay-as-you-go transfers, above the desired minimum of 7.5%
  – 3% pay raises for municipal employees
  – 6% pay raise for the fire fighters
  – 4% pay raise for the police classified
  – Fully funds the Budget Stabilization Fund
  – Funds **for cadet classes**:  
    o five (5) police cadet classes and five (5) fire cadet classes
  – Fully fund all three pension systems

• This budget **does not** include:
  – Fund balance drawdown
  – One-time land sales nor payment deferrals
<table>
<thead>
<tr>
<th>FY2023 General Fund Revenues - Net Change to FY22 Estimates ($ in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022 Estimates Incl. Other Resources $2,679,683</td>
</tr>
<tr>
<td>FY2023 Proposed Budget Incl. Other Resources $2,744,966</td>
</tr>
<tr>
<td><strong>Incremental Increase/(Decrease)</strong> $65,284</td>
</tr>
<tr>
<td><strong>Revenue Increases/(Decreases)</strong> 2.44%</td>
</tr>
<tr>
<td>Franchise Fees ¹ $(1,753)</td>
</tr>
<tr>
<td>Municipal Courts Fines and Forfeits ² $(477)</td>
</tr>
<tr>
<td>Other Tax ³ $572</td>
</tr>
<tr>
<td>Interfund Services ⁴ $618</td>
</tr>
<tr>
<td>Others ⁵ $1,313</td>
</tr>
<tr>
<td>Charges for Services ⁶ $1,952</td>
</tr>
<tr>
<td>Transfers from Other Funds ⁷ $3,813</td>
</tr>
<tr>
<td>Intergovernmental ⁸ $10,378</td>
</tr>
<tr>
<td>Property Tax ⁹ $48,868</td>
</tr>
<tr>
<td><strong>Net Change of Revenues</strong> $65,284</td>
</tr>
</tbody>
</table>

**Note:**
1. Decrease primarily due to decline in telephone franchise.
2. Reflects lower than anticipated moving violation and non-traffic fines receipts.
3. Increase due to anticipated higher mixed beverage tax receipts.
4. Increase mainly in Airport Police and Fire Protection.
5. Increase primarily due to increase in interest.
6. Increase primarily due to higher than anticipated Digital Network and Network Nodes.
7. Increase primarily in transfer from ParkHouston Fund.
8. Increase primarily due to ARPA receipts to cover revenue losses due to COVID-19.
9. FY2023 Proposed Budget is based on Proposition 1+H.
FY2023 General Fund Revenue Excluding Other Resources ($ in Thousands)

**FY2022 ESTIMATE OF $2,669,437**

- Franchise Fees: $149,731 (6%)
- Sales Tax: $806,920 (30%)
- Other Revenue: $481,801 (18%)
- Property Tax: $1,230,985 (46%)

**FY2023 PROPOSED BUDGET OF $2,731,077**

- Franchise Fees: $147,978 (5%)
- Sales Tax: $806,920 (30%)
- Other Revenue: $496,327 (18%)
- Property Tax: $1,279,853 (47%)

**Net Change**

- $61,640
- 2.31%

**Note:**
- Does not include Other Resources such as Sale of Capital Assets and Transfers from Other Funds.
- Includes $160 million ARPA Funding
General Fund Revenues Excluding Other Resources FY2015 – FY2023 ($ in Thousands)

Note: FY2023 Proposed Budget includes $160 million from ARPA relative to revenue reduction due to COVID-19 public health emergency.
Property Tax Revenue

• **Assumptions:**
  
  – Estimated taxable value of $289.0 billion, which is an increase of 8.98%.
  
  – The estimated taxable value net of the tax increment agreements is $246.2 billion.
  
  – Population data from U.S. Census Bureau as of July 1, 2021, has yet to be received. Therefore, the Finance Department applied the inflation rate of 4.2826% plus 0% growth for population for purposes of calculating Proposition 1.
  
  – An increase in property tax revenue of 3.97%, which is $48.9 million higher than FY2022 estimates.
  
  – Over 65/Disabled exemption currently at $160,000.
### Trends in Property Tax Revenues
#### FY2019 - FY2023 ($ in Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2019 Actual</th>
<th>FY2020 Actual</th>
<th>FY2021 Actual</th>
<th>FY2022 Estimate</th>
<th>FY2023 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted/Proposed Budget</td>
<td>$1,200,813</td>
<td>$1,215,687</td>
<td>$1,233,391</td>
<td>$1,230,985</td>
<td>$1,279,853</td>
</tr>
<tr>
<td>Actual/Estimate</td>
<td>$1,190,243</td>
<td>$1,222,154</td>
<td>$1,254,016</td>
<td>$1,230,985</td>
<td>$1,279,853</td>
</tr>
<tr>
<td>Variance: Over/(Under)</td>
<td>($10,570)</td>
<td>$6,467</td>
<td>$20,625</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
* Since FY2015, the full impact of the property tax revenue cap is $1.44 billion.
Sales Tax Revenue

• **Assumption:**
  
  – 0% growth from FY2022 estimates.
  
  – This estimate reflects an improvement to economic conditions compared to FY2021, which was severely impacted by the COVID-19 pandemic that affected our national and global economy. The budget assumes no growth from the FY2022 estimate based on the projection that Federal stimulus efforts will dissipate in 2022.
  
  – Employment is the key driver of sales tax revenue, including consumer sales and business to business sales. Historically, sales tax has responded in an immediate manner to changes in our employment growth and/or decline. The growth of employment levels for the region continues to be a contributing factor to the City’s positive outlook.
  
  – Although the energy sector has contributed significantly to Houston’s economy the ongoing volatility of the Russian invasion of Ukraine has caused uncertainty among the oil industry.
Trends in Sales Tax Revenues
FY2019 - FY2023 ($ in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY19 Actual</th>
<th>FY20 Actual</th>
<th>FY21 Actual</th>
<th>FY22 Estimate</th>
<th>FY23 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted/Proposed Budget</td>
<td>$657,700</td>
<td>$694,567</td>
<td>$675,000</td>
<td>$703,000</td>
<td>$806,920</td>
</tr>
<tr>
<td>Actual/Estimate</td>
<td>$692,271</td>
<td>$684,425</td>
<td>$706,829</td>
<td>$806,920</td>
<td>$806,920</td>
</tr>
<tr>
<td>Variance: Over/(Under)</td>
<td>$34,571</td>
<td>($10,142)</td>
<td>$31,829</td>
<td>$103,920</td>
<td>$0</td>
</tr>
</tbody>
</table>
FY2023 General Fund Expenditures
Net Change vs. FY2022 Current Budget

<table>
<thead>
<tr>
<th>FY2023 General Fund Expenditures - Net Change vs. FY2022 Current Budget ($ in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022 Current Budget</td>
</tr>
<tr>
<td>FY2023 Adopted Budget Incl. Other Resources</td>
</tr>
<tr>
<td><strong>Incremental Increase/(Decrease)</strong></td>
</tr>
</tbody>
</table>

3.85%

**Operating Budget Adjustments**  **Notes**

<table>
<thead>
<tr>
<th>Description</th>
<th>Increment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Compensation</td>
<td>$44,571</td>
</tr>
<tr>
<td>Service Chargeback</td>
<td>$18,350</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>$14,776</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$8,887</td>
</tr>
<tr>
<td>Pension</td>
<td>($2,293)</td>
</tr>
<tr>
<td>611 Walker Deferral</td>
<td>($5,162)</td>
</tr>
</tbody>
</table>

**Subtotal Operating Budget**

$79,129

**Operating Budget Adjustments**

<table>
<thead>
<tr>
<th>Description</th>
<th>Increment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service &amp; PAYGO</td>
<td>$22,612</td>
</tr>
</tbody>
</table>

**Subtotal Debt Service**

$22,612

**Net Change of Expenditures**

$101,741

**Note:**
1. Includes the cost for employee pay raises: Fire Classified - 6%, Police Classified - 4%, and Municipal employees - 3%
2. Includes increased cost for items such as fuel and IT services
3. Includes cost for items such as contract escalations and new facility operating costs
4. Decrease is primarily related to HFRRF being funded at the corridor minimum instead of the midpoint due to greater than expected portfolio performance
General Fund Expenditures Including Debt Service & PAYGO
($ in Thousands)

**FY2022 CURRENT BUDGET**
$2,643,225

- **Public Safety:** $1,533,515 (58%)
- **Pay-As-You-Go (PAYGO):** $74,995 (3%)
- **Administrative Services:** $108,247 (4%)
- **Debt Service:** $338,737 (13%)
- **Human & Cultural Services:** $196,730 (7%)
- **Development & Maintenance Services:** $163,285 (6%)
- **General Government:** $227,716 (9%)

**FY2023 PROPOSED BUDGET**
$2,744,966

- **Public Safety:** $1,587,605 (58%)
- **Pay-As-You-Go (PAYGO):** $77,632 (3%)
- **Administrative Services:** $111,986 (4%)
- **Debt Service:** $358,711 (13%)
- **Development & Maintenance Services:** $164,412 (6%)
- **General Government:** $229,000 (8%)
- **Human & Cultural Services:** $215,620 (8%)

**Net Change**
$101,741
3.85%

Public Safety: Police, Fire, Houston Emergency Center (HEC), Municipal Courts
Other: General Services, Planning & Development, Houston Public Works, Solid Waste, Houston Health Department, Housing, Library, Neighborhoods, and Parks, Administration and Regulatory Affairs, Controller, City Council, City Secretary, Finance, Human Resources, Legal, Mayor's Office, Office of Business Opportunity
Includes items such as salary, FICA, pension, health benefits, overtime, workers’ comp, other pays, temp personnel, etc.
General Fund Pension Contributions
FY2013- FY2023 ($ in Thousands)

Notes: 1. FY2018 Actual excludes $910 million Pension Obligation Bonds for General Fund.
2. Since FY2018, the full impact of pension reform on City’s General Fund contribution is $1.4 billion.
# General Fund Unassigned Ending Fund Balance FY2013 - FY2023

![Graph showing General Fund Unassigned Ending Fund Balance from FY2013 to FY2023.](Graph.png)

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</tr>
</thead>
<tbody>
<tr>
<td>Unassigned Fund Balance</td>
<td>$202,842</td>
<td>$222,620</td>
<td>$287,842</td>
<td>$236,947</td>
<td>$269,558</td>
<td>$328,346</td>
<td>$321,436</td>
<td>$282,068</td>
<td>$281,202</td>
<td>$311,867</td>
<td>$310,724</td>
</tr>
<tr>
<td>Amt. of Required 7.5% Fund Balance</td>
<td>$127,909</td>
<td>$136,619</td>
<td>$147,331</td>
<td>$150,143</td>
<td>$151,972</td>
<td>$151,587</td>
<td>$155,450</td>
<td>$154,765</td>
<td>$153,812</td>
<td>$167,212</td>
<td>$173,147</td>
</tr>
<tr>
<td>% of Fund Balance</td>
<td>11.89%</td>
<td>12.22%</td>
<td>14.65%</td>
<td>11.84%</td>
<td>13.30%</td>
<td>16.25%</td>
<td>15.51%</td>
<td>13.67%</td>
<td>13.71%</td>
<td>13.99%</td>
<td>13.46%</td>
</tr>
<tr>
<td>M&amp;O Expenditures</td>
<td>$1,705,450</td>
<td>$1,821,588</td>
<td>$1,964,412</td>
<td>$2,001,911</td>
<td>$2,026,297</td>
<td>$2,021,156</td>
<td>$2,072,672</td>
<td>$2,063,529</td>
<td>$2,050,824</td>
<td>$2,229,494</td>
<td>$2,308,623</td>
</tr>
</tbody>
</table>

**Notes:**
1. FY2018 amount required of 7.5% fund balance is adjusted to exclude $910 million Pension Obligation Bonds.
2. FY2022 and FY2023 include the use of ARPA funding relative to revenue reduction due to COVID-19 public health emergency.
General Fund Five Year Forecast
FY2023 – FY2027
Overview

- Shows the projected budget gap range based on a conservative and optimistic growth in revenue
- Does not include one-time land sales
- In compliance with Prop 1+H limitations and holding the senior/disabled exemption at $160,000
- Pension assumptions based on midpoint of the corridor
- Expenditures include legal mandates, staffing for new facilities, and contractual escalators.
## Key Assumptions – Revenue

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY2023 Proposed</th>
<th>FY2024 - 2027</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Growth %</td>
<td>4.0%</td>
<td>(Low) 1.6% to 2.6% (High)</td>
<td>FY2024 -2027 estimate is based on the maximum allowed revenue by 2004 Proposition 1 and modified by 2006 Proposition H. Range varies using different assumption for CPI and population growth.</td>
</tr>
<tr>
<td>Sales Tax Growth %</td>
<td>0.0%</td>
<td>(Low) 1.5% to 2.0% (High)</td>
<td>FY2024 -2027 estimate derived from econometric models which consider the sectors of the Houston economy and estimates of income, prices, population and Primary Metropolitan Statistical Area (PMSA) retail sales Range varies using different assumptions for employment and oil prices.</td>
</tr>
<tr>
<td>Franchise Fee Growth %</td>
<td>-1.2%</td>
<td>(Low) -1.2% to -1.3% (High)</td>
<td>FY2024 -2027 estimate based on historical growth. High range assumes slower decline in franchise fee revenue.</td>
</tr>
<tr>
<td>Other Revenue Growth %</td>
<td>3.7%</td>
<td>(Low) 1.2% to 1.9% (High)</td>
<td>FY2024 -2027 estimate based on historical growth.</td>
</tr>
<tr>
<td>One-time sale of Capital Assets $mm</td>
<td>$0.00</td>
<td>(Low) 0.0% to 0.0% (High)</td>
<td>No one-time land sales included.</td>
</tr>
</tbody>
</table>

**Notes:**
(1) Other Revenue Category includes items such as Industrial Assessment, Licenses and Permits, Charges for Services, Interfund Services, Fines and Forfeits
## Key Assumptions – Expenditures

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>FY2023 Proposed</th>
<th>FY2024 Forecast</th>
<th>FY2025 Forecast</th>
<th>FY2026 Forecast</th>
<th>FY2027 Forecast</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Police Classified</td>
<td>4.0%</td>
<td>3.0%</td>
<td>3.5%</td>
<td>TBD</td>
<td>TBD</td>
<td>10.5% over 3 years approved by Council on 03/23/2022. Effective July 2022 of Fiscal Year 2023</td>
</tr>
<tr>
<td>• Fire Classified</td>
<td>6.0%</td>
<td>6.0%</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>18% over 3 years approved by Council on 06/30/2021. Effective July 2021 of Fiscal Year 2022</td>
</tr>
<tr>
<td>• Municipal Employees</td>
<td>3.0%</td>
<td>3.0%</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>9% over 3 years approved by Council on 08/04/2021. Effective October 2021 of Fiscal Year 2022</td>
</tr>
<tr>
<td><strong>Pension Contribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• HMEPS</td>
<td>8.44%</td>
<td>8.48%</td>
<td>8.51%</td>
<td>8.54%</td>
<td>8.57%</td>
<td>Based on the midpoint of the corridor</td>
</tr>
<tr>
<td>• HMEPS Legacy ($mm)</td>
<td>$142</td>
<td>$146</td>
<td>$150</td>
<td>$154</td>
<td>$158</td>
<td>Legacy liability contribution</td>
</tr>
<tr>
<td>• HPOPS</td>
<td>31.98%</td>
<td>(Low) 27.03% to 32.12% (High)</td>
<td>Based on min-mid point of corridor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• HFRFF</td>
<td>26.89%</td>
<td>(Low) 26.89% to 31.89% (High)</td>
<td>Based on min-mid point of corridor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Growth %</td>
<td>4.0%</td>
<td>(Low) 5% to 7% (High)</td>
<td>Based on min-mid point of corridor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Debt Service and PAYGO ($mm)</strong></td>
<td>$436.3</td>
<td>$457.8</td>
<td>$468.0</td>
<td>$435.7</td>
<td>$444.3</td>
<td>Based on min-mid point of corridor</td>
</tr>
</tbody>
</table>
Current Budget Gap FY2023- FY2027 ($ in Thousands)

Notes:
(1) Revenue assumptions exclude the utilization of ARPA funding
Addressing the Gap – What have we done?

Major items include:

- Pension Reform
- OPEB Reform
- Shared Services – Joint Processing Center
- Hiring Control – Mayor’s Staffing Efficiency Process
- Implement claw back provision for certain special funds
- EMS Fee adjustment
  - Increased EMS Transport Fee
  - Created new fees
- Health benefit updates
  - Negotiated citywide medical and prescription benefits plan
  - Implemented spousal surcharge
  - Performed dependent eligibility audit
Addressing the Gap – What’s Next?

• Limitations
  – Property tax revenue cap in City Charter and State Cap
  – Police and Fire cost make up 57% of General Fund spend
  – Impact of COVID-19

• Short-term
  – Build and preserve fund balance
  – Continue to leverage ARPA funding to address revenue losses
  – Continue hiring control
  – Continue to look for efficiencies and cost cutting opportunities
  – Develop new revenue sources
  – Continue working day one to build the fund balance

• Long-term
  – Continue to implement PFM recommendations that are supported by Mayor and City Council
  – Outcome-Based Budget
Update on Outcome Based Budget
Phase 1 Activities & Accomplishments

**APPROACH**

*Stakeholders were engaged to:*

- Review current state budget process challenges, tech limitations, and overall pain points
- Identify the City’s OBB technology requirements to facilitate vendor evaluation and risk identification
- Evaluate and update existing programs and performance measures
- Understand OBB attitudes and develop a strategic change management plan

---

**ENGAGEMENT BREAKDOWN**

- Workshops conducted: 45+
- Unique participants: 100+
- Departments represented: 26
- Of Programs defined: 100s
- Vendors demoed: 4
Findings and Recommendations

Phase 1 activities focused on the budget process, technology, and people considerations needed to make the project prime the City for OBB.

All three areas must be addressed when implementing an OBB budgeting framework for it to be successful.

People
- Stakeholder Analysis and Alignment
- OBB Engagement
- OBB Adoption

Technology
- Technical and Functional Capabilities
- Decentralized Systems
- Vendor Selection
- Software Implementation

Process
- OBB Strategic Guidance
- Program Budgeting
- Performance Measures
- Budget Proposal Evaluation
- Budget Calendar & Process Changes
A combination of technical and functional opportunities are required to holistically build the base of a successful OBB implementation.

01 Redesign or Introduce Budget Processes
Redesign business processes that are inefficient in tandem with the solution’s capabilities and introduce new business processes for best practice budgeting.

02 Implement a Comprehensive Budgeting Solution
Implement and configure a comprehensive solution with key functionalities around budgeting, reporting, planning, and forecasting.

03 Integrate Solution with Existing Systems
Integrate the solution with existing budget systems to allow for seamless data updates and ease in consolidating information.

04 Clarify Roles and Responsibilities
Provide clarity to staff around decision drivers, role expectations, and resource distribution to reduce tension around decisions and handoffs and increase staff confidence.

05 Redefine the Talent Experience
Provide staff with the support and resources they need in order to be successful, emphasizing collaboration and transparency.
Prototype – HITS FY2023 Budget ($ in Thousands)

Below is some of the work we’ve done in Phase 1, showing the HITS budget reimagined in OBB structure. HITS Total Budget is $98.1 million.

Plan Houston

Priorities

Programs

Communicate clearly and with transparency $15,563
Sustain quality infrastructure $78,285
Spend money wisely $4,203

Public Safety $17,718

Public Safety Radio Communications Program $7,002
Citywide Customer Service Request - 311 Program $968
Cybersecurity Program $6,042
Municipal Courts Technology Support Program $1,587
Administration Program $4,716
Community Development and Regulation Applications $1,223
End User Compute Services Program $13,035
Enterprise Applications Program $24,205
Project Management Program $2,631
Telecommunications Support Services Program $3,430

Services & Infrastructure $80,333

Data Center Services Program $11,458
Network Services Program $19,634

Sustain quality infrastructure $78,285
Communicate clearly and with transparency $15,563
Spend money wisely $4,203

Citywide Customer Service Request - 311 Program $968
Cybersecurity Program $6,042
Municipal Courts Technology Support Program $1,587
Administration Program $4,716
Community Development and Regulation Applications $1,223
End User Compute Services Program $13,035
Enterprise Applications Program $24,205
Project Management Program $2,631
Telecommunications Support Services Program $3,430

Project Management Program $2,631
Telecommunications Support Services Program $3,430
Prototype – HITS FY2023 Budget

Below is an example of reporting on program detail using HITS FY2023 Proposed Budget

### Outcome Based Budget Program Report

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Central Service Revolving Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Area</td>
<td>Houston Information Technology Services</td>
</tr>
<tr>
<td>Fund No/Bus. Area No.</td>
<td>1002 / 6800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program</th>
<th>Cost Center</th>
<th>CC Name</th>
<th>Percent (%)</th>
<th>Budget</th>
<th>FTEs</th>
<th>Program Budget</th>
<th>Program FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citywide Customer Service Request-311 Program</td>
<td>6800020003</td>
<td>HITS - Enterprise Application-311 Support</td>
<td>100.00</td>
<td>668,316</td>
<td>1.8</td>
<td>668,316</td>
<td>1.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program</th>
<th>Cost Center</th>
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<th>FTEs</th>
<th>Program Budget</th>
<th>Program FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersecurity Program</td>
<td>6800010003</td>
<td>HITS - Information Security</td>
<td>100.00</td>
<td>6,042,019</td>
<td>10.1</td>
<td>6,042,019</td>
<td>10.1</td>
</tr>
</tbody>
</table>
Questions?