Connecting Budget to Strategy

Overview

Outcome Based Budgeting (OBB) is a budgeting approach used by governments where budget decisions are made based on expected outcomes or results. This method shifts the focus from the amount of money spent on a particular program or project to the actual impact it has on society. The goal of outcome-based budgeting is to ensure that public resources are used effectively and efficiently to achieve desired results and meet the needs of citizens.

OBB helps the Finance Department better communicate how much the city is spending on services and programs to the public, and in turn, assist the Houston City Council to make budget decisions based on performance and results.

The Mayor's Administration reviewed its Performance Management approach during the City-wide Efficiency Study in FY2025. An important finding, among many others, from that analysis was that only 6% of the City's performance measures focused on outcomes to Houston. Every department will be revising its performance measures to focus on outcomes so that the City can have an effective OBB program that pays for results for Houston and Houstonians. These new outcome measures will be the foundation for departmental reorganization plans and will be developed throughout FY2026.

As reorganization plans and new performance measures are approved, the Finance Department will present the updated measures to City Council as part of the Quarterly Financial & Operations Report to City Council. OBB aims to transform the way City leadership makes decisions on the allocation of financial resources by focusing on the expected results and outcomes of City programs and services. OBB will equip the city to navigate fiscal challenges and improve the quality of services provided.

OBB Opportunities and Elements

The benefits of OBB are enabled by the key elements of strategic guidance, program budgeting, performance measures, and Houstonian input. Each of the elements as described in the following section.

1. Houstonian Input

An increased emphasis on opportunities for public input into the budgeting process better informs the City's funding priorities and ensures that dollars are allocated towards programs and projects desired by the public.

2. Strategic Guidance

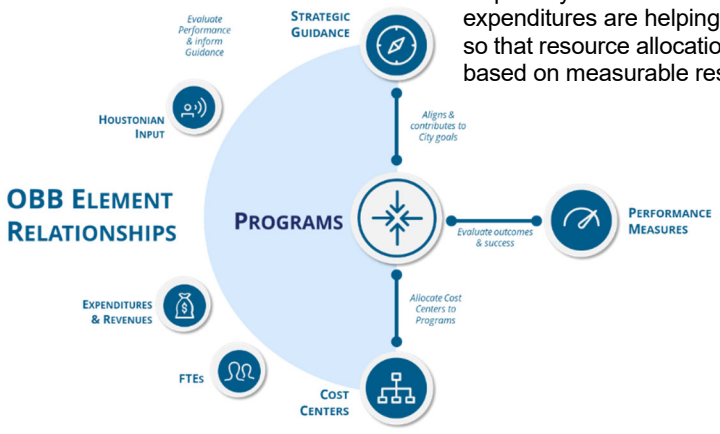
Expanded Mayoral Strategic Guidance provides direction before budget formulation on City Priorities and Initiatives to which City programs and enhancements align.

3. Program Budgeting

Programs are groupings of related services aimed at accomplishing a shared outcome. Programs provide discrete budgetary units for which responsibility for results is assigned so resources can be allocated based on performance and desired outcomes. The FY2025 budget publication reorients department sections around the program budgeting construct and significantly expands the Connecting Budget to Strategy section.

4. Performance Measures

Performance measures are linked to each program and are used to evaluate how successful programs are at helping achieve their stated goals and furthering the Mayor's priorities and initiatives. Performance measures help City stakeholders evaluate how successful expenditures are helping achieve the desired outcomes so that resource allocation decisions will be increasingly based on measurable results.



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Strategic Guidance Summary

Strategic Guidance provides direction during budget formulation on the Mayor's Priorities and Initiatives which department programs and enhancements should support and advance. The Mayor's Priorities for the City of Houston are ***Public Safety***, ***Infrastructure, Government that Works, and Quality of Life***. These priorities will guide the strategic direction of operations the City through Mayor Whitmire's administration.

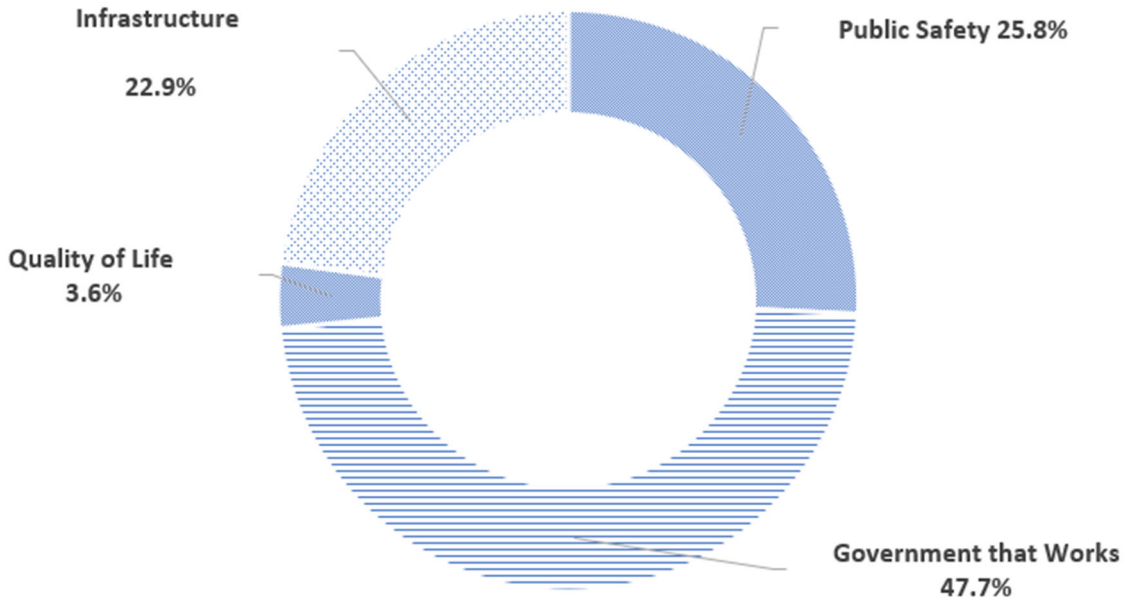
Budget Summary by Mayor's Priority

The chart and table below show the operating budget (all funds) broken out by Mayor's Priority.

All Funds ($ in thousands)

Priority	FY24 Actual	FY25 Budget	FY26 Proposed	Variance FY26 Proposed/ FY25 Budget	% Change
Public Safety	1,640,712	1,826,341	1,800,602	(25,739)	-1.4%
Government that Works	2,775,515	3,225,873	3,335,613	109,740	3.4%
Quality of Life	225,535	278,374	252,826	(25,547)	-9.2%
Infrastructure	1,197,785	1,501,745	1,603,285	101,540	6.8%
Total Mayor Priorities	**5,839,547**	**6,832,333**	**6,992,326**	**159,993**	**2.3%**

**Totals include interfund elimination.*



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Mayor's Priority: Public Safety

Mayor Whitmire is committed to ensuring that safety and security of everyone that lives, works, and visits the City of Houston. With the overarching goals of preventing crime and superior response to emergencies, this year's budget will support efforts geared towards 1) improving collaboration with key stakeholders, 2) addressing systemic issues within department operations, and 3) recruiting and retaining talent. The City seeks to employ multifaceted approaches to address concerns around mental health, substance abuse, and rehabilitation, which each have an impact on public safety.

The strategic objectives for the Public Safety priority are to:

1. Increase the number of police officers and firefighters
2. Strengthen Houston's Community Policing Programs
3. Improve police officer and firefighter retention and attrition rates
4. Equip first responders with the skill to better address mental health situations
5. Provide second change programs that integrate former offenders back into the community
6. Increase the use of technology to enhance crime fighting capabilities
7. Collaborate with schools, nonprofits and businesses to increase youth engagement outside of the classroom

Allocation by Department *($ in Thousands)*	**FY2026 Budget**
Administration and Regulatory Affairs	$20,592
Fire Department	$591,871
General Services	$13,287
Houston Airport System	$3,351
Houston Emergency Center	$32,098
Houston Health Department	$47,657
Legal	$7,257
Municipal Courts Department	$13,289
Parks and Recreation	$3,685
Police Department	$1,067,515
Totals	**$1,800,602**

Allocation by Fund *($ in Thousands)*	**FY2026 Budget**
Asset Forfeiture Fund - Justice	$5,376
Asset Forfeiture Fund - State	$3,339
Asset Forfeiture Fund - Treasury	$1,025
Auto Dealers Special Revenue Fund	$10,395
BARC Special Revenue Fund	$15,549
Essential Public Health Services Fund	$7,645
Forensic Transition Special Fund	$300
General Fund	$1,669,010
HAS-Revenue Fund	$3,351

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Allocation by Fund *($ in Thousands)*	**FY2026 Budget**
Health Special Revenue Fund	$5,379
Houston Emergency Center Fund	$32,098
Houston Opioid Abatement Fund	$2,362
Laboratory Operations and Maintenance Fund	$600
Local Youth Diversion Fund	$785
Maintenance Renewal and Replacement Fund	$2,607
Police Special Services Fund	$32,066
Special Waste Transportation and Inspection Fund	$7,159
Swimming Pool Safety Fund	$1,554
Totals	**$1,800,602**

Mayor's Priority: Infrastructure

As the fourth largest city in our nation and one of the fastest growing cities, it is important that the City of Houston's infrastructure is able to sustain its growing population. To mitigate the impact of natural disasters and chronic stressors such as the City's aging infrastructure, air quality, and flooding, the City plans to enhance existing efforts and seek opportunities for internal and external partnerships to address these efforts. As a city of opportunity, the programming that supports this priority helps the city become more attractive to industries and people looking to call Houston home.

The strategic objectives for Infrastructure are to:

1. Repairing the City's aging water mains
2. Reduce traffic congestion and fix City streets
3. Ensure that City's infrastructure accommodates growth and meets community needs
4. Ensure the City is equitable, resilient, inclusive, and affordable
5. Remains a leader in climate adaptation and mitigation
6. Continue to grow our economy

Allocation by Department *($ in Thousands)*	**FY2025 Budget**
Administration and Regulatory Affairs	$-
Finance Department	$611
General Services	$52,652
Houston Airport System	$325,925
Houston Public Works	$1,204,410
Human Resources	$1,425
Mayor's Office	$1,148
Office of Business Opportunity	$469
Parks and Recreation	$3,959
Planning & Development	$11,469
Solid Waste Management	$1,216
Totals	**$1,603,285**

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Allocation by Fund *($ in Thousands)*	**FY2025 Budget**
Building Inspection Special Fund	$111,528
Combined Utility System Gen Pur Fund	$127,495
DDSRF - Ad Valorem Tax	$17,291
DDSRF - Drainage Charge	$8,504
DDSRF - Metro ET AL	$100,178
General Fund	$24,954
HAS-Revenue Fund	$325,925
Houston TranStar Center Fund	$3,596
Maintenance Renewal and Replacement Fund	$36,391
Planning and Development Special Revenue Fund	$11,120
Storm Water Fund	$116,518
Water and Sewer Operating Fund	$719,300
Park Special Revenue Fund	$484
Totals	**$1,603,285**

Mayor's Priority: Government that Works

Mayor Whitmire believes that all Houstonians should receive top-tier services, performed at the highest ethical standards. He considers the best government is to be the one that a taxpayer does not have to think about because it works as it should. This warrants that the operations of the local government be performed with fiscal transparency, accountability, and resiliency. As the City matures in its implementation of OBB, the City will be able to maximize its resources to achieve desired outcomes.

The strategic objectives for the Government that Works are to:

1. Move towards a structurally balanced budget by identifying expenditure reductions and new recurring revenue sources
2. Continue to reduce long-term liabilities
3. Effectively manage and leverage state and federal grant dollars and partnerships
4. Maintain a strong credit rating
5. Promote the growth of minority and women owned businesses
6. Embrace innovation in the delivery of City services

Allocation by Department *($ in Thousands)*	**FY2026 Budget**
Administration and Regulatory Affairs	$43,070
City Controller	$10,978
City Council	$16,199
City Secretary	$812
Convention & Entertainment	$133,597

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Allocation by Department *($ in Thousands)*	**FY2026 Budget**
Department of Neighborhoods	$3,320
Finance Department	$22,438
Fire Department	$67,169
General Debt Service	$508,000
General Government	$259,609
General Services	$19,296
Housing & Community Development	$1,610
Houston Airport System	$409,426
Houston Emergency Center	$8,822
Houston Health Department	$23,602
Houston Public Works	$1,596,841
Legal	$9,015
Library	$9,192
Mayor's Office	$33,621
Municipal Courts Department	$14,709
Office of Business Opportunity	$5,312
Parks and Recreation	$33,772
Planning & Development	$1,370
Police Department	$88,352
Solid Waste Management	$15,481
Totals	**$3,335,613**

Allocation by Fund *($ in Thousands)*	**FY2026 Budget**
Asset Forfeiture Fund - Justice	$170
Asset Forfeiture Fund - State	$50
Auto Dealers Special Revenue Fund	$2,750
Building Inspection Special Fund	$11,303
C&E - Facility Operating Fund	$133,597
Child Safety Fund	$3,124
Combined Utility System Gen Pur Fund	$510,010
Combined Utility System Operating Fund	$553,261
Contractor Responsibility Fund	$940
DDSRF - Ad Valorem Tax	$153,099
DDSRF - Drainage Charge	$122,923
DDSRF - Metro ET AL	$58,247
Essential Public Health Services Fund	$4,235
General Fund	$1,135,360
HAS-Revenue Fund	$409,426
Health Special Revenue Fund	$412
Municipal Court Building Security Fund	$514
Municipal Court Technology Fee Fund	$1,563

Connecting Budget to Strategy

Allocation by Fund *($ in Thousands)*	**FY2026 Budget**
Park Houston Special Revenue Fund	$19,808
Parking Benefit District Fund	$52
Parks Golf Special Revenue Fund	$704
Police Special Services Fund	$100
Recycling Revenue Fund	$489
Storm Water Fund	$29,854
Tourism Promotion Special Revenue Fund	$26,637
Water and Sewer Operating Fund	$156,985
Totals	**$3,335,613**

Mayor's Priority: Quality of Life

Throughout Mayor Whitmire's career, he has been a champion for equity. He understands that equity is the glue needed to bring Houston together. It is important to the City to create an environment where: 1) individuals, families, and businesses thrive and 2) visitors feel welcomed. The programming that supports this priority will place emphasis on endeavors that speak to the vibrancy of the City's cultural scenes, promote access to care, and foster strong community relationships.

The strategic objectives for the Quality of Life are to:

1. Protecting the laws and ordinances that encourage diversity and equity
2. Ensure quality affordable housing options
3. Provide vibrant and enjoyable activity, parks, and recreation centers
4. Promote healthy, safe, livable, and connected neighborhoods

Allocation by Department *($ in Thousands)*	**FY2025 Budget**
Department of Neighborhoods	$10,895
Houston Health Department	$27,571
Houston Public Works	$931
Legal	$2,349
Library	$42,567
Mayor's Office	$5,167
Municipal Courts Department	$841
Parks and Recreation	$67,302
Planning & Development	$2,515
Police Department	$13,460
Solid Waste Management	$64,522
Totals	**$238,120**

Connecting Budget to Strategy

Allocation by Fund *($ in Thousands)*	**FY2025 Budget**
Asset Forfeiture Fund - State	$40
Bayou Greenway 2020 Fund	$1,270
Building Inspection Special Fund	$931
Cable Television Special Fund	$17
Container Lease Fund	$4,949
Essential Public Health Services Fund	$10,986
General Fund	$186,171
Health Special Revenue Fund	$5,256
Historic Preservation Fund	$439
Houston Opioid Abatement Fund	$2,345
Maintenance Renewal and Replacement Fund	$4,489
Parks Golf Special Revenue Fund	$8,660
Planning and Development Special Revenue Fund	$927
Police Special Services Fund	$8
Recycling Revenue Fund	$2,777
State Cable TV Franchise Fee	$5,151
Park Special Revenue Fund	$3,705
Totals	**$238,120**