

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 FY25 budget implements elements of this new approach which will continue to mature and improve over the next several fiscal years. 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

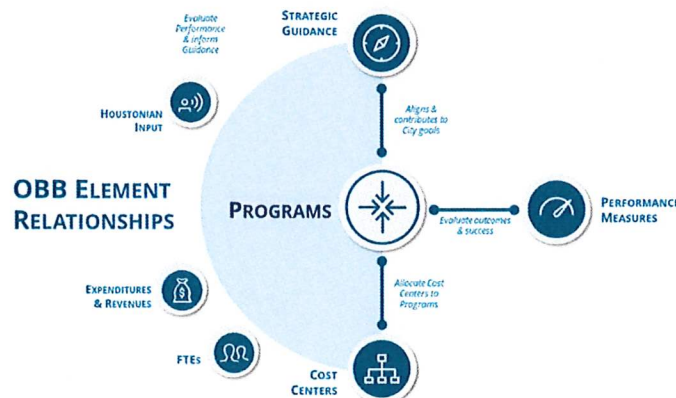
Expanded Mayoral Strategic Guidance provides direction before budget formulation on City Priorities and Initiatives to which City programs and enhancements align.

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 FY25 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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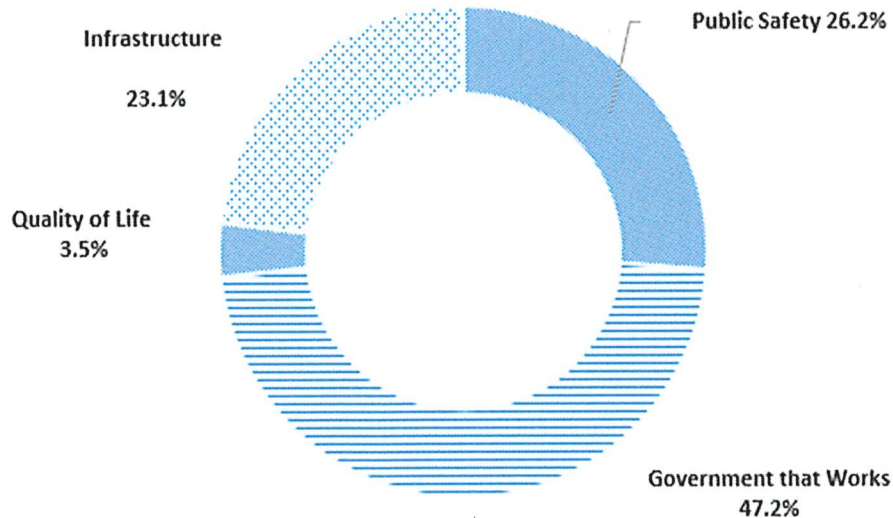
Strategic Guidance Summary

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.

Priority	FY23 Actual	FY24 Budget	FY25 Proposed	Variance FY25 Proposed/ FY24 Budget	% Change
Public Safety	1,600,561	1,703,291	1,765,053	61,762	3.6%
Government that Works	2,666,594	2,906,039	3,174,420	268,381	9.2%
Quality of Life	202,499	244,948	238,148	(6,801)	-2.8%
Infrastructure	1,169,237	1,435,139	1,553,698	118,559	8.3%
Total Mayor Priorities	5,638,890	6,289,417	6,731,318	441,901	7.0%



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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)	FY2025 Budget
Administration and Regulatory Affairs	\$19,837
Fire Department	\$636,205
General Services	\$15,362
Houston Emergency Center	\$33,175
Houston Health Department	\$45,526
Legal	\$7,422
Municipal Courts Department	\$16,455
Parks and Recreation	\$3,795
Police Department	\$987,276
Totals	\$1,765,053

Allocation by Fund (\$ in Thousands)	FY2025 Budget
Asset Forfeiture Fund - Justice	\$2,934
Asset Forfeiture Fund - State	\$3,297
Asset Forfeiture Fund - Treasury	\$409
Auto Dealers Special Revenue Fund	\$10,530
BARC Special Revenue Fund	\$14,739
Essential Public Health Services Fund	\$7,683
Forensic Transition Special Fund	\$369
General Fund	\$1,664,404
Health Special Revenue Fund	\$5,844
Houston Emergency Center Fund	\$33,175
Laboratory Operations and Maintenance Fund	\$591
Local Youth Diversion Fund	\$836

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Allocation by Fund (\$ in Thousands)	FY2025 Budget
Maintenance Renewal and Replacement Fund	\$2,333
Police Special Services Fund	\$10,100
Special Waste Transportation and Inspection Fund	\$5,700
Swimming Pool Safety Fund	\$2,108
Totals	\$1,765,053

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 adaption and mitigation
6. Continue to grow our economy

Allocation by Department (\$ in Thousands)	FY2025 Budget
Administration and Regulatory Affairs	\$7,299
Finance Department	\$841
General Services	\$51,698
Houston Airport System	\$289,647
Houston Public Works	\$1,119,527
Human Resources	\$1,425
Mayor's Office	\$1,093
Office of Business Opportunity	\$624
Parks and Recreation	\$3,771
Planning & Development	\$12,036
Police Department	\$37,906
Solid Waste Management	\$27,831
Totals	\$1,553,698

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Allocation by Fund (\$ in Thousands)	FY2025 Budget
Building Inspection Special Fund	\$99,797
Combined Utility System Gen Pur Fund	\$114,048
DDSRF - Ad Valorem Tax	\$22,934
DDSRF - Drainage Charge	\$8,644
DDSRF - Metro ET AL	\$97,361
General Fund	\$119,898
HAS-Revenue Fund	\$289,647
Houston TranStar Center Fund	\$3,527
Maintenance Renewal and Replacement Fund	\$34,606
Planning and Development Special Revenue Fund	\$11,439
Storm Water Fund	\$80,979
Water and Sewer Operating Fund	\$670,400
Park Special Revenue Fund	\$416
Totals	\$1,553,698

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)	FY2025 Budget
Administration and Regulatory Affairs	\$42,420
City Controller	\$10,554
City Council	\$15,276
City Secretary	\$944
Convention & Entertainment	\$123,086

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Allocation by Department (\$ in Thousands)	FY2025 Budget
Department of Neighborhoods	\$3,524
Finance Department	\$23,183
General Debt Service	\$516,397
General Government	\$293,267
General Services	\$16,782
Housing & Community Development	\$1,654
Houston Airport System	\$408,027
Houston Emergency Center	\$10,155
Houston Health Department	\$26,115
Legal	\$9,348
Library	\$9,480
Mayor's Office	\$32,212
Municipal Courts Department	\$15,480
Office of Business Opportunity	\$6,041
Parks and Recreation	\$33,498
Planning & Development	\$1,451
Police Department	\$39,292
Solid Waste Management	\$15,425
Totals	\$3,174,420

Allocation by Fund (\$ in Thousands)	FY2025 Budget
Asset Forfeiture Fund - Justice	\$270
Asset Forfeiture Fund - State	\$50
Auto Dealers Special Revenue Fund	\$2,950
Building Inspection Special Fund	\$11,244
C&E - Facility Operating Fund	\$123,086
Child Safety Fund	\$3,205
Combined Utility System Gen Pur Fund	\$510,410
Combined Utility System Operating Fund	\$548,914
Contractor Responsibility Fund	\$1,076
DDSRF - Ad Valorem Tax	\$123,999
DDSRF - Drainage Charge	\$135,633
DDSRF - Metro ET AL	\$5,322
Essential Public Health Services Fund	\$4,240
General Fund	\$1,063,977
HAS-Revenue Fund	\$408,027
Health Special Revenue Fund	\$309
Municipal Court Building Security Fund	\$498
Municipal Court Technology Fee Fund	\$1,313
Parking Benefit District Fund	\$81

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Allocation by Fund (\$ in Thousands)	FY2025 Budget
Parks Golf Special Revenue Fund	\$704
Police Special Services Fund	\$115
Recycling Revenue Fund	\$489
Storm Water Fund	\$18,546
Tourism Promotion Special Revenue Fund	\$24,609
Water and Sewer Operating Fund	\$165,608
Totals	\$3,174,420

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	\$10,899
Houston Health Department	\$27,582
Houston Public Works	\$931
Legal	\$2,349
Library	\$42,570
Mayor's Office	\$5,167
Municipal Courts Department	\$841
Parks and Recreation	\$67,307
Planning & Development	\$2,515
Police Department	\$13,461
Solid Waste Management	\$64,526
Totals	\$238,148

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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	\$4,950
Essential Public Health Services Fund	\$10,988
General Fund	\$186,191
Health Special Revenue Fund	\$5,256
Historic Preservation Fund	\$439
Houston Opioid Abatement Fund	\$2,348
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	\$238,148