

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 FY2025 Citywide Efficiency Study and found that only 6% of the City's performance measures focused on outcomes for Houston and Houstonians. In response, the City has prioritized strengthening its performance management framework to better align resources with results.

Building on this effort, the City conducted a comprehensive refinement of its program inventory to ensure programs accurately reflect how services are delivered, function as clear units of analysis for budgeting and performance management and promote greater accountability and transparency. In coordination with the Mayor's Office, departments also undertook a structured review of Key Performance Indicators (KPIs) to better align with program goals and expand measurement across outputs, efficiency, effectiveness, outcomes, and equity. The FY2025 Efficiency Study found that many KPIs were overly focused on outputs and that most programs measured only a limited set of performance dimensions. In response, the City is shifting toward outcome-oriented measures that more clearly capture the impact of services on residents and communities.

Updated KPIs are incorporated into the FY2027 budget, with further refinement underway as departments finalize measures and strengthen data systems to support consistent, reliable reporting. As these measures mature, they will provide clearer insight into program performance, improve resource allocation decisions, and more effectively demonstrate results to Houstonians.

To operationalize this framework, the City is implementing the Turn the Curve (TTC) methodology. This approach equips departments to use performance data to assess trends, identify contributing factors, engage partners, and define targeted actions to improve results. By linking performance data directly to operational decision-making, TTC strengthens the connection between strategy, execution, and resource allocation.

OBB aims to transform the 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.

Connecting Budget to Strategy

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

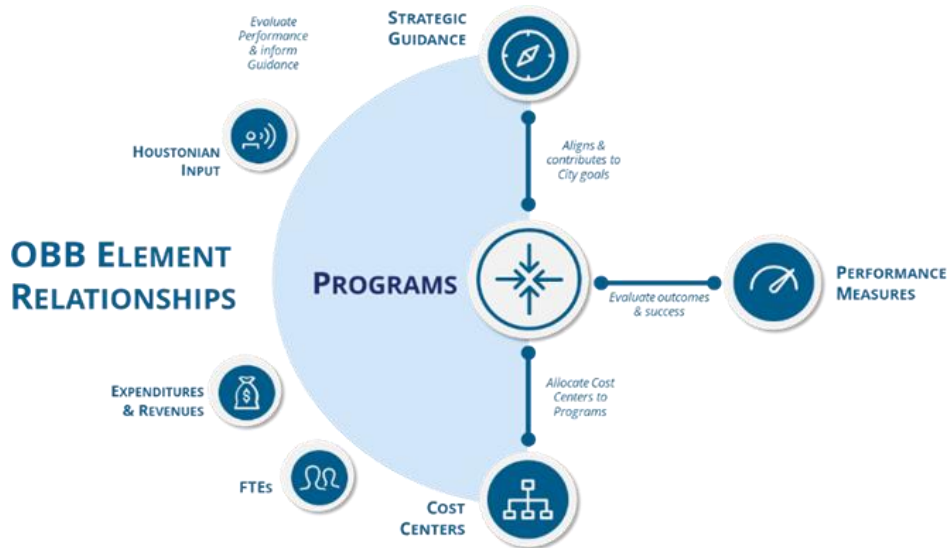
Expanded Mayoral Strategic Guidance provides direction before budget formulation on City Priorities and Initiatives to which City programs and enhancements align.

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 result.



Connecting Budget to Strategy

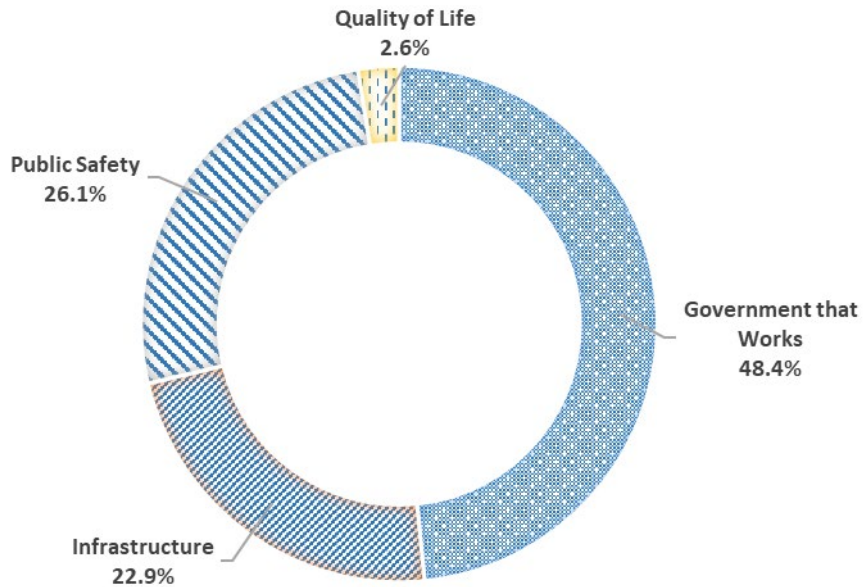
Strategic Guidance Summary

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	FY2025 Actual	FY2026 Current Budget	FY2027 Proposed	Variance FY27 Proposed/FY26 Budget	% Change
Government that Works	3,017,060	3,345,846	3,634,815	288,969	8.6%
Infrastructure	1,339,354	1,609,248	1,716,111	106,862	6.6%
Public Safety	1,791,444	1,934,015	1,961,529	27,514	1.4%
Quality of Life	209,362	231,554	192,420	(39,135)	-16.9%
Total Mayor Priorities	6,357,220	7,120,663	7,504,874	384,210	5.4%



Connecting Budget to Strategy

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 (<i>\$ in Thousands</i>)	FY2027 Budget
Administration and Regulatory Affairs	\$22,094
Department of Neighborhoods	\$842
Fire Department	\$644,339
General Services	\$14,779
Houston Airport System	\$3,490
Houston Emergency Center	\$32,898
Houston Health Department	\$28,972
Legal	\$7,767
Municipal Courts Department	\$14,267
Office of Business Opportunity	\$522
Parks and Recreation	\$3,862
Police Department	\$1,187,698
Totals	\$1,961,529

Connecting Budget to Strategy

Allocation by Fund (\$ in Thousands)	FY2027 Budget
Asset Forfeiture Fund - Justice	\$3,495
Asset Forfeiture Fund - State	\$3,369
Asset Forfeiture Fund - Treasury	\$1,836
Auto Dealers Special Revenue Fund	\$10,456
BARC Special Revenue Fund	\$16,933
Essential Public Health Services Fund	\$627
General Fund	\$1,858,305
HAS-Revenue Fund	\$3,490
Health Special Revenue Fund	\$8,048
Houston Emergency Center Fund	\$32,898
Human Trafficking Response and Recovery Fund	\$196
Laboratory Operations and Maintenance Fund	\$1,021
Local Youth Diversion Fund	\$851
Maintenance Renewal and Replacement Fund	\$2,836
Police Special Services Fund	\$9,872
Special Waste Transportation and Inspection Fund	\$5,651
Swimming Pool Safety Fund	\$1,645
Totals	\$1,961,529

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

Connecting Budget to Strategy

Allocation by Department (\$ in Thousands)	FY2027 Budget
Department of Neighborhoods	\$870
Finance Department	\$821
General Services	\$69,406
Houston Airport System	\$347,633
Houston Health Department	\$1,554
Houston Public Works	\$1,264,798
Mayor's Office	\$1,250
Parks and Recreation	\$17,372
Planning & Development	\$12,407
Totals	\$1,716,111

Allocation by Fund (\$ in Thousands)	FY2027 Budget
Building Inspection Special Fund	\$115,026
Combined Utility System Gen Pur Fund	\$124,597
DDSRF - Ad Valorem Tax	\$18,481
DDSRF - Drainage Charge	\$8,580
DDSRF - Metro ET AL	\$103,850
Essential Public Health Services Fund	\$971
General Fund	\$48,917
HAS-Revenue Fund	\$347,633
Houston TranStar Center Fund	\$3,750
Maintenance Renewal and Replacement Fund	\$40,903
Park Special Revenue Fund	\$814
Planning and Development Special Revenue Fund	\$12,076
Storm Water Fund	\$95,607
Water and Sewer Operating Fund	\$794,906
Totals	\$1,716,111

Connecting Budget to Strategy

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)	FY2027 Budget
Administration and Regulatory Affairs	\$45,061
City Controller	\$11,587
City Council	\$16,966
City Secretary	\$822
Convention & Entertainment	\$141,085
Department of Neighborhoods	\$2,602
Finance Department	\$23,081
Fire Department	\$74,632
General Debt Service	\$537,737
General Government	\$288,936
General Services	\$3,039
Housing & Community Development	\$1,289
Houston Airport System	\$427,275
Houston Emergency Center	\$8,593
Houston Health Department	\$34,451
Houston Public Works	\$1,846,659
Human Resources	\$1,425
Legal	\$8,892
Library	\$9,646
Mayor's Office	\$31,654
Municipal Courts Department	\$14,817
Office of Business Opportunity	\$5,708
Parks and Recreation	\$37,221
Planning & Development	\$1,341
Police Department	\$60,297
Totals	\$3,634,815

Connecting Budget to Strategy

Allocation by Fund (\$ in Thousands)	FY2027 Budget
Asset Forfeiture Fund - Justice	\$350
Asset Forfeiture Fund - Treasury	\$10
Auto Dealers Special Revenue Fund	\$2,950
Building Inspection Special Fund	\$9,777
C&E - Facility Operating Fund	\$141,085
Child Safety Fund	\$3,310
Combined Utility System Gen Pur Fund	\$565,393
Combined Utility System Operating Fund	\$60,000
Contractor Responsibility Fund	\$1,127
DDSRF - Ad Valorem Tax	\$227,802
DDSRF - Drainage Charge	\$150,223
DDSRF - Metro ET AL	\$62,532
Essential Public Health Services Fund	\$9,770
General Fund	\$1,153,041
HAS-Revenue Fund	\$427,275
Health Special Revenue Fund	\$2,856
Houston Opioid Abatement Fund	\$13
Municipal Court Building Security Fund	\$528
Municipal Court Technology Fee Fund	\$1,377
ParkHouston Special Revenue Fund	\$20,535
Parking Benefit District Fund	\$52
Parks Golf Special Revenue Fund	\$404
Police Special Services Fund	\$175
Storm Water Fund	\$30,430
Tourism Promotion Special Revenue Fund	\$24,501
Water and Sewer Operating Fund	\$739,299
Totals	\$3,634,815

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

Connecting Budget to Strategy

3. Provide vibrant and enjoyable activity, parks, and recreation centers
4. Promote healthy, safe, livable, and connected neighborhoods

Allocation by Department (\$ in Thousands)	FY2027 Budget
Department of Neighborhoods	\$3,056
Houston Health Department	\$40,913
Houston Public Works	\$44,760
Legal	\$2,187
Library	\$41,199
Mayor's Office	\$3,247
Municipal Courts Department	\$586
Parks and Recreation	\$48,027
Planning & Development	\$2,043
Police Department	\$6,402
Totals	\$192,420

Allocation by Fund (\$ in Thousands)	FY2027 Budget
Asset Forfeiture Fund - State	\$40
Cable Television Special Fund	\$17
DDSRF - Metro ET AL	\$870
Essential Public Health Services Fund	\$26,053
General Fund	\$96,930
Health Special Revenue Fund	\$6,055
Historic Preservation Fund	\$448
Houston Opioid Abatement Fund	\$1,293
Maintenance Renewal and Replacement Fund	\$447
Park Special Revenue Fund	\$3,446
Parks Golf Special Revenue Fund	\$8,880
Planning and Development Special Revenue Fund	\$817
Police Special Services Fund	\$3
State Cable TV Franchise Fee	\$3,231
Water and Sewer Operating Fund	\$43,890
Totals	\$192,420