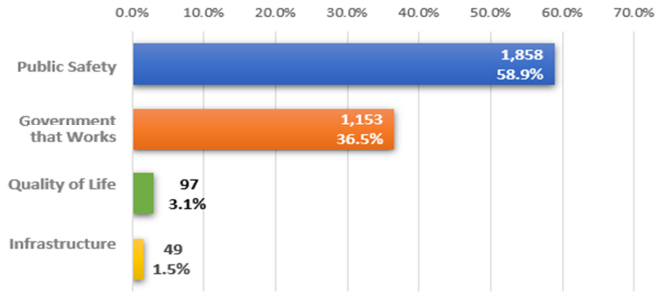


FY2027 General Fund Expenditures by Mayor's Priority

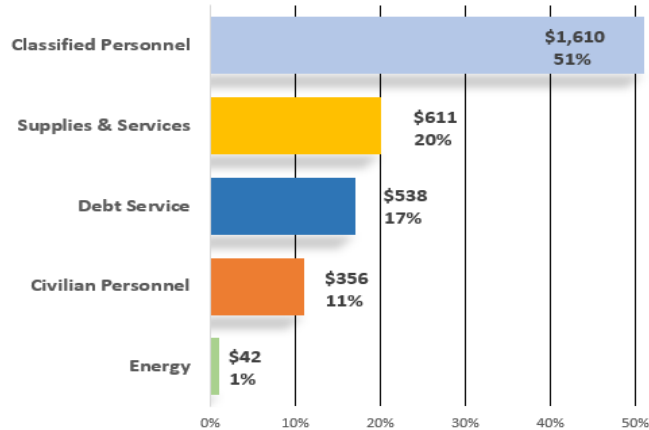
(\$ in millions)

\$3,157



Key Budget Drivers

Key Budget Drivers reflect FY2027 dollar amount and percentage of total budget (\$ in millions)



General Fund FTEs

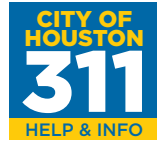
Department	FTEs	% Total
Admin. & Regulatory Affairs	84	0.7%
City Controller	60	0.5%
City Council	92	0.7%
City Secretary	6	0.1%
Dept. of Neighborhoods	42	0.3%
Finance Dept.	114	0.9%
Fire Dept.*	4,147	33.0%
General Services	115	0.9%
Houston Health Dept.	215	1.7%
Houston Public Works	8	0.1%
Human Resources	36	0.3%
Legal	86	0.7%
Library	443	3.5%
Mayor's Office	29	0.2%
Municipal Courts Dept.	191	1.5%
Business Opportunity	37	0.3%
Parks and Recreation	573	4.6%
Planning & Development	14	0.1%
Police Dept.*	6,293	50.0%
Solid Waste Management	0	0.0%
Total	12,586	100%

*Includes Classified FTEs

About Houston

Year of Incorporation	1837
Area of City*	672 square miles
Population*	2,392,327
Police Stations & Store Fronts	21
Fire Stations	103
Library Facilities	36
City Parks	380
Community Recreation Centers	60
Multi-Service Centers	12

*Source: U.S. Census Bureau Housing Unit Methodology, July 1, 2025



311



Library



Emergency



PARK HOUSTON
Parking

Mayor's FY2027
Budget Proposal



Pets

Elected Officials

District A	Amy Peck
District B	Tarsha Jackson
District C	Abbie Kamin
District D	Carolyn Evans-Shabazz
District E	Fred Flickinger
District F	Tiffany D. Thomas
District G	Mary Nan Huffman
District H	Mario Castillo
District I	Joaquin Martinez
District J	Edward Pollard
District K	Martha Castex-Tatum
At Large, Position 1	Julian Ramirez
At Large, Position 2	Willie Davis
At Large, Position 3	Twila Carter
At Large, Position 4	Alejandra Salinas
At Large, Position 5	Sallie Alcorn

The complete budget document is available at the
City of Houston Official Website
www.houstontx.gov/budget

City of Houston
901 Bagby
Houston, TX 77002



City of Houston



JOHN WHITMIRE
Mayor

CHRIS HOLLINS
City Controller

www.houstontx.gov

City of Houston, Texas

General Fund
Proposed
Budget-in-Brief
Fiscal Year 2027

MAYOR'S MESSAGE

To the People of Houston, Honorable Members of City Council, and the Honorable City Controller:

It is my honor to present the proposed budget for Fiscal Year 2027, covering July 1, 2026 through June 30, 2027. This budget totals \$7.5 billion across all funds excluding transfers—an increase of \$384 million, or 5.4 percent, from the FY2026 current budget.

Financial Outlook

This budget marks a turning point for the City of Houston. It builds on the progress we made last year while advancing long-overdue structural reforms that strengthen our financial foundation and preserve critical services.

When I took office, I committed to addressing inefficiencies and restoring accountability. In our first year, we conducted one of the most comprehensive operational reviews in the City's history. That work—captured in the Citywide Efficiency Study—identified waste, duplication, and structural challenges that had weakened service delivery. Over the past year, we acted decisively on those findings. The FY2026 budget reflected those actions, including a voluntary retirement initiative that reset our cost structure while maintaining essential services.

We are continuing that momentum.

This budget reinforces our commitment to infrastructure. Following the settlement reached at the end of FY2025, we fully funded our obligations in FY2026. In FY2027, we go further—continuing to increase investment in streets and drainage to address aging infrastructure and reduce flooding risk. Fixing Houston's infrastructure is not just a promise—it is a sustained priority.

Public safety remains our top priority. This budget continues funding our agreements with police and fire, supporting recruitment and retention. It also invests in five police cadet classes and eleven fire cadet classes, including accelerated programs to bring personnel online faster. Additional funding for overtime ensures continuity of service as we rebuild staffing levels.

Structural Budget Reforms

After stabilizing operations and improving efficiency, we must now address Houston's long-term fiscal trajectory.

Absent reform, the General Fund is not sustainable. For more than a decade, Houston has operated under two revenue caps, forcing a nearly 20 percent reduction in the tax rate while demand for services and infrastructure has continued to grow. At the same time, Houston has not adopted standard financial practices used by peer cities.

This budget corrects that.

Transitioning Solid Waste to a Municipal Utility

This reform will generate \$116 million in General Fund relief by consolidating operations within the Houston Public Works Combined Utility System. It also establishes a \$5 monthly administrative fee to create a stable funding source, improve service delivery, and align Houston with other major cities—while minimizing the impact on households.

Establishing a Right-of-Way Rental Fee

This budget includes \$104 million in new General Fund revenue through a right-of-way fee on water and wastewater utilities. This is a standard practice across major Texas cities, which typically charge between 4% and 14% of gross revenues. Houston will begin at a conservative 5% rate.

Together, these reforms deliver approximately \$220 million in structural improvement and position Houston to sustainably fund core services while planning for the future.

General Fund Overview

Expenditures

The FY2027 General Fund budget totals \$3.16 billion, a slight decrease of \$11.1 million from FY2026. This reduction reflects the transition of Solid Waste operations into the Combined Utility System.

Public safety accounts for \$2 billion, or 75.3 percent of General Fund spending excluding debt service and PAYGO. This includes funding for cadet classes and compensation increases of 3.5 percent for municipal employees, 8 percent for police, and 3 percent for fire.

Additionally, departments achieved \$12.6 million in cost reductions through efficiency measures.

Revenue

Houston continues to operate under one of the most restrictive revenue environments in the country due to both local and state-imposed caps.

Property tax revenue, which makes up 48 percent of General Fund revenue, is projected at \$1.50 billion—an increase of 3.5 percent over FY2026.

Sales tax, representing 30.1 percent of revenue, is projected at \$942.2 million, a 2.3 percent increase. These projections remain conservative and account for ongoing economic uncertainty.

Long-Term Liabilities

Credit rating agencies have identified three major structural risks: pension liabilities, OPEB, and the revenue cap. Houston has already taken meaningful steps to address pensions and OPEB, and this budget continues that progress.

The City's pension liability currently stands at \$1.7 billion. This budget maintains responsible contributions to ensure long-term sustainability and protect retirement security for current and retired employees.

Fund Balance

At the start of this budget process, Houston faced a projected \$209 million gap. Through disciplined cost control and structural reforms, that gap has been reduced to \$25 million. This budget includes an ending fund balance of \$273.8 million, or 10.5 percent of expenditures—well above the City's 7.5 percent policy minimum. It also fully replenishes the Budget Stabilization Fund.

Closing

This is a transformational budget.

For years, Houston operated under constraints that put us at a disadvantage—without dedicated funding for solid waste, without standard right-of-way charges, and under dual revenue caps. This budget begins correcting that imbalance.

We are putting Houston on equal footing with our peers. More importantly, we are building a model that is sustainable, disciplined, and focused on delivering results for the people we serve.

Houston has the talent, resilience, and determination to meet this moment. This budget reflects our commitment to doing the hard work required to secure the City's future.

Let's go to work.

Sincerely,



John Whitmire

Mayor

EXPENDITURE BREAKDOWN (by function groups)

Expenditures (\$ millions)	FY2027 Budget
Police Department	1,218
Fire Department	719
Municipal Courts Department	27
Houston Emergency Center	9
Public Safety	\$ 1,973
General Services	47
Planning & Development	3
Houston Public Works	1
Solid Waste Management	-
Development & Maintenance Services	\$ 51
Department of Neighborhoods	7
Housing & Community Development	1
Houston Health Department	42
Library	51
Parks and Recreation	89
Human & Cultural Services	\$ 190
Administration and Regulatory Affairs	30
City Secretary	1
Finance Department	24
Human Resources	1
Legal	19
Office of Business Opportunity	5
Administrative Services	\$ 80
City Controller	12
City Council	17
Mayor's Office	8
Elected Officials	\$ 37
General Debt Service	538
General Government	289
Total General Fund	\$ 3,157

REVENUE BREAKDOWN

Revenues (\$ millions)	FY2027 Budget
Property Taxes	1,503
Sales Taxes	942
Franchise Fees	148
Other Revenues	539
Total General Fund	\$ 3,132