



Finance Department

**FY2027 Proposed Budget
Workshop Presentation
May 12, 2026**

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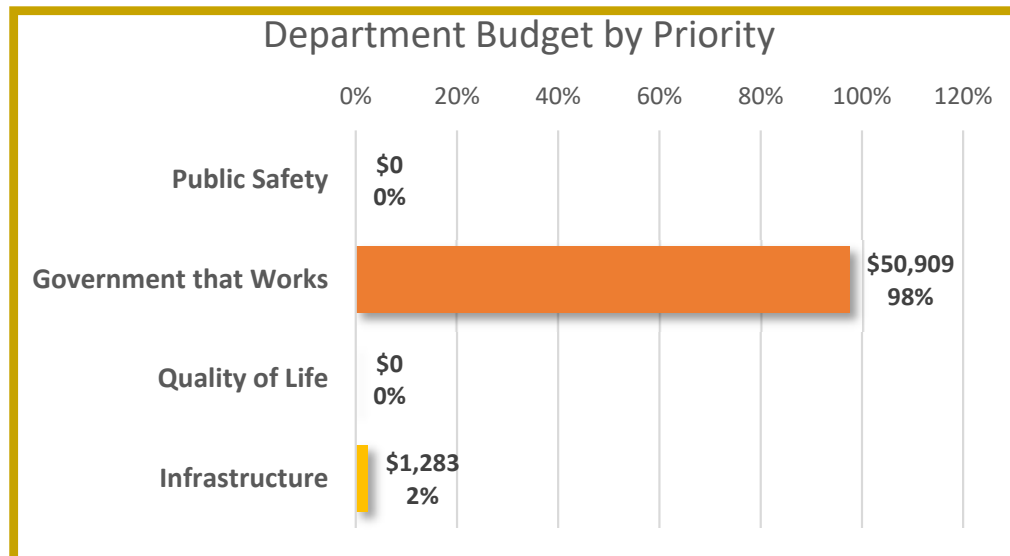


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Strategic Alignment



Government that Works	Infrastructure
Accounting & Financial Reporting	Disaster Cost Recovery Management
Administrative Services	Energy Management
Capital Projects and Debt Management	
Citywide Procurement and Contract Management	
Financial Management Services	
Financial Planning & Budgetary Services	
Grants Management	
Performance Improvement	
Treasury	



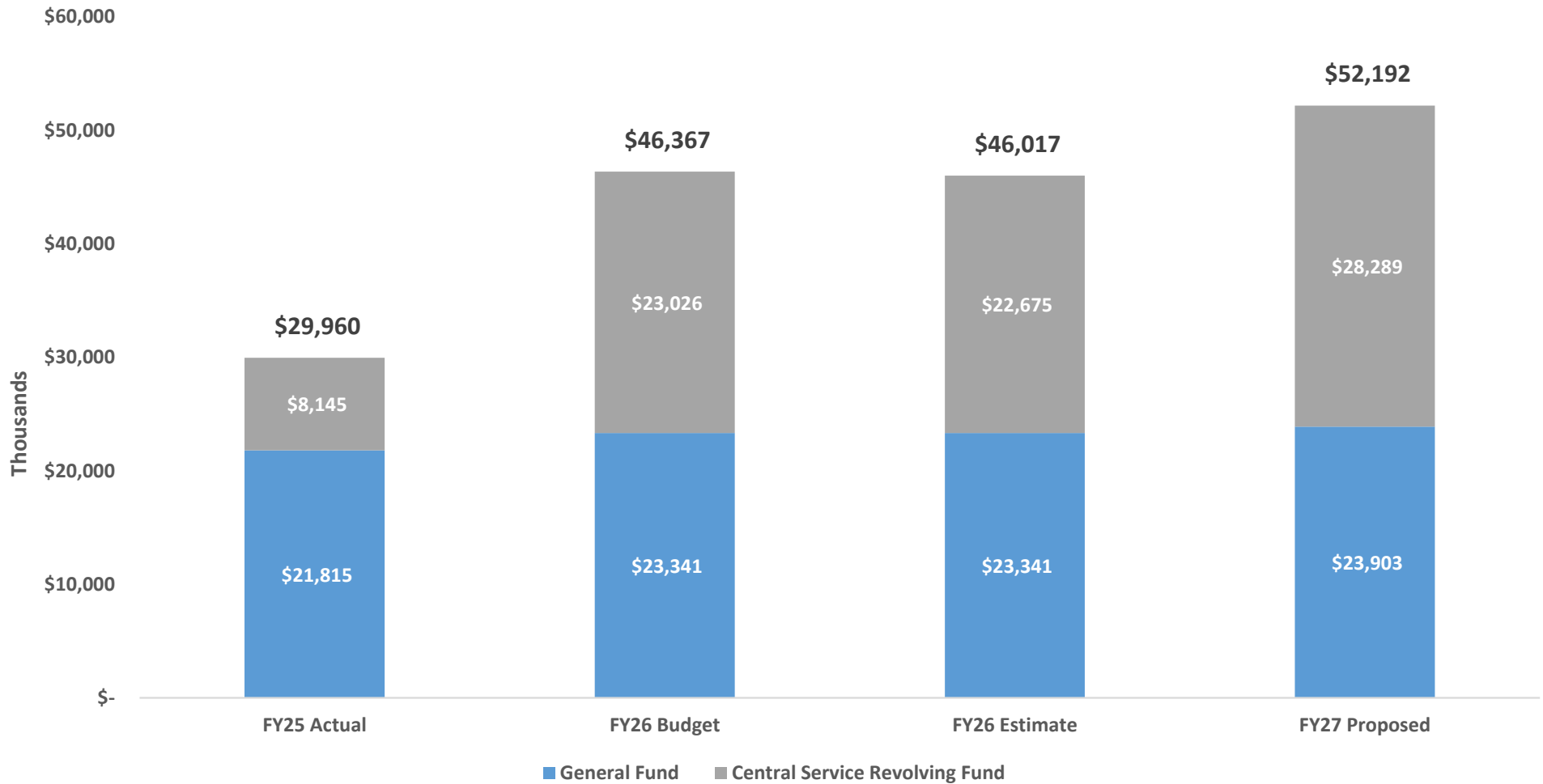
Expenditures by Fund [in thousands]



Category	FY25 Actual	FY26 Budget	FY26 Estimate	FY27 Proposed	Variance FY27 Proposed/ FY26 Budget	% Change
General Fund	21,815	23,341	23,341	23,903	561	2%
Central Service Revolving Fund	8,145	23,026	22,675	28,289	5,263	23%
Total	29,960	46,367	46,017	52,192	5,825	13%

*Numbers may be off due to rounding.

Expenditures by Fund [in thousands]



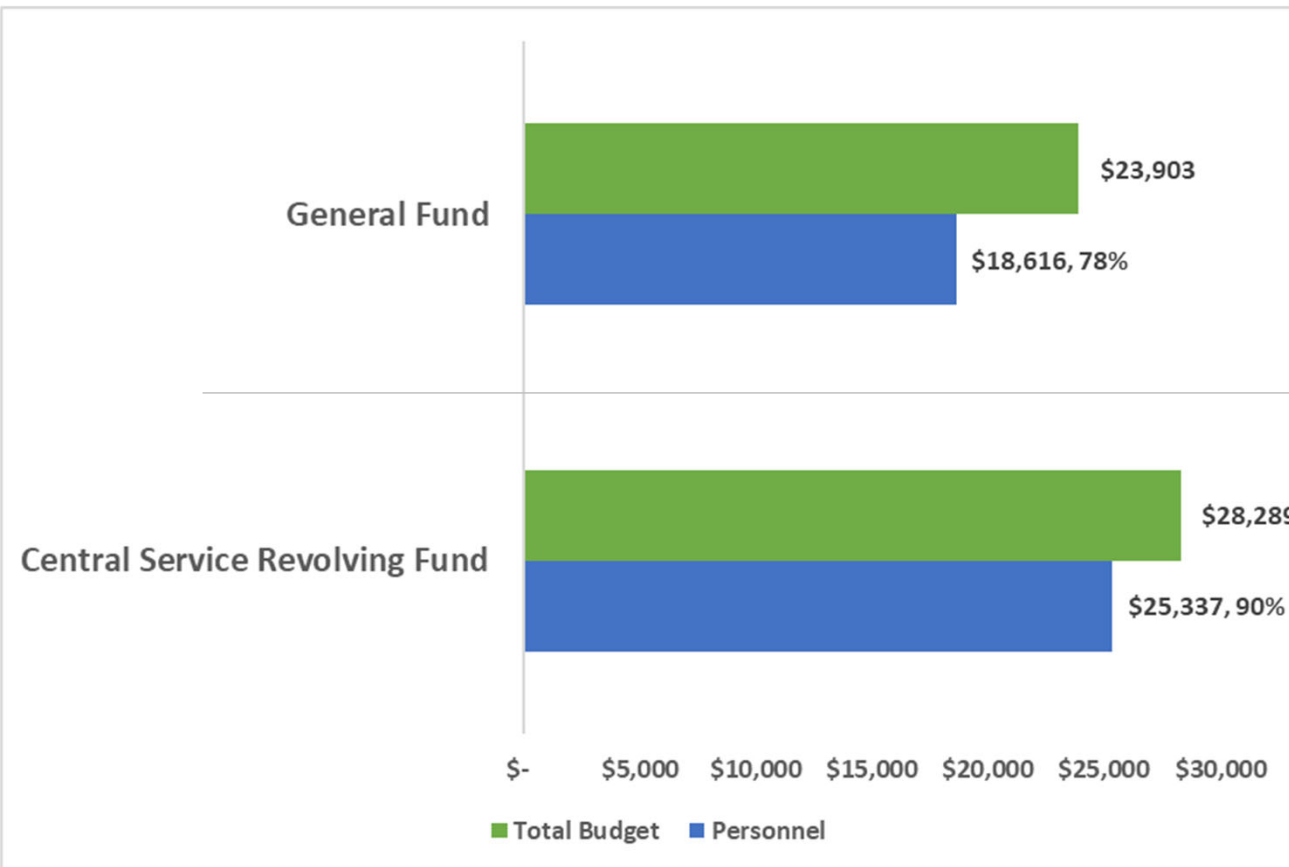
*Numbers may be off due to rounding.

Personnel vs. Non-Personnel [in thousands]



Personnel Breakdown

Non-Personnel Breakdown



Supplies	\$ 87	0%
Services	\$ 4,025	17%
Restricted Account	\$ 1,174	5%
Total	\$ 5,286	22%

Supplies	\$ 107	0%
Services	\$ 1,503	5%
Restricted Account	\$ 1,342	5%
Total	\$ 2,952	10%

*Numbers may be off due to rounding.

Expenditures by Program [in thousands]



Program	FY25 Actual	FY26 Budget	FY26 Estimate	FY27 Proposed	Variance FY27 Proposed/ FY26 Current	% Change
Accounting and Financial Reporting	7,473	8,527	8,746	10,471	1,944	23%
Administrative Services	1,722	1,947	1,993	3,044	1,096	56%
Capital Projects and Debt Management	1,443	1,621	1,628	2,451	830	51%
Citywide Procurement and Contract Management	9,645	12,813	12,329	16,300	3,487	27%
Disaster Cost Recovery Management	508	619	616	821	202	33%
Energy Management	371	403	606	462	59	15%
Financial Management Services	2,906	13,124	12,891	11,903	(1,221)	(9%)
Financial Planning & Budgetary Services	1,839	2,735	2,586	2,967	232	8%
Grants Management	885	1,056	1,241	1,298	242	23%
Performance Improvement	278	487	378	504	17	3%
Treasury	1,885	1,938	1,943	1,971	33	2%
Total	28,956	45,271	44,958	52,192	6,922	15%

*Numbers may be off due to rounding.

Accounting & Financial Reporting



Priority:	Government that Works
FY2027 FTE Count:	61.1

Program Description

Directs the financial reporting and operations of internal controls, cost and fee analysis, capital fixed assets, trusts and funds management, accounts receivable, accounts payable, and the annual audit for the City of Houston. Develop annual indirect cost allocation plans in accordance with 2 CFR 200.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$4,481
CSRF	\$5,991
Total	\$10,471

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Collection Rate for EMS	49%	48%	49%	50%	Manage the revenue stream and maximize revenue collections
Collection Rate for Vendor Managed Services	52%	50%	50%	50%	Manage the revenue stream and maximize revenue collections
Cost per Invoice	\$38	\$48	\$40	\$51	Manage AP function for 10 departments cost effectively
Invoice Payments Processed within Payment Terms	93%	90%	90%	90%	Ensure compliance per Prompt Payment Act

Administrative Services



Priority:	Government that Works
FY2027 FTE Count:	7.9

Program Description

This program provides support for leadership and executive support which includes development, monitoring and recording of the budget, accounts receivables, and the procurement of goods and services for the department.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$3,044
Total	\$3,044

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Expenditures Adopted Budget vs Actual Utilization	94%	98%	100%	98%	Responsible for monitoring Finance Department expenditures to ensure spent are within budget
Revenues Adopted Budget vs Actual Utilization	101%	100%	98%	100%	Responsible for monitoring Finance Department revenue

Capital Projects & Debt Management



Priority:	Government that Works
FY2027 FTE Count:	15.9

Program Description

Engage all departments in the annual preparation of the five-year capital Improvement plan. Work with the Administration and City council to adopt the CIP annually. Optimize the City’s financial resources through low-cost financing strategies, continuous support of the Capital Improvement Plan, evaluation of refinancing opportunities, and ongoing analysis of the City’s three pension systems to ensure long-term fiscal sustainability.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$1,300
CSRF	\$1,151
Total	\$2,451

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Number of calendar days before the end of the fiscal year that the Capital Improvement Plan is finalized for Mayoral review	N/A	N/A	N/A	30 days (May 31)	To meet the standard to have the CIP approved by fiscal year end per financial policies. The date is important to meet certain timelines for mayoral review, printing, and council budget and fiscal affairs presentation
Percentage of department budget update requests processed in the city's financial system	N/A	N/A	N/A	95%	To support client department needs in a timely manner, such as

Capital Projects & Debt Management (cont'd)



Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Percentage of required valuation reports for the City's pension systems submitted on time to the Texas Pension Review Board	N/A	N/A	N/A	100%	Ensures the City is contributing appropriately to each of the pension systems in compliance with the pension statute.
Number of outstanding debt (General Obligation, Combined Utility System, Houston Airport System, and Convention and Entertainment) reviewed for refunding opportunities to reduce borrowing costs	4	4	4	4	Ensures the City is achieving the lowest possible cost of borrowing.
Capital Improvement Plan Adopted Before End of Preceding Fiscal Year	July 1, 2025	June 30, 2025	June 30, 2025	N/A	Discontinued as part of ongoing measure updates.
Ensures Submission of Three Actuarial Valuation Reports to Pension Review Board Annually	April 30, 2025	April 30, 2026	April 30, 2026	N/A	Discontinued as part of ongoing measure updates.
Debt Service Expenditures as % of General Fund Revenues	18%	17%	17%	17%	Ensures debt service expenditures are at the sustainable level relative to general fund revenues to preserve financial flexibility, support long term fiscal stability, and maintain the City's creditworthiness.

Citywide Procurement & Contract Management



Priority:	Government that Works
FY2027 FTE Count:	100.6

Program Description

Lead and optimize the City’s full procurement lifecycle for all goods and services through a category-management approach, using strategic innovation, technology adoption, and continuous process improvement to strengthen compliance, reduce costs, and foster stronger collaboration and relationships with client departments and suppliers.

Significant Budget Items

- Includes funding for municipal contractual increases
- Includes funding for continued technology automation

FY27 Prop Budget by Fund

GF	\$6,598
CSRF	\$9,701
Total	\$16,300

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Average Days to Complete Direct Award Procurements from Project Acceptance to Council Award	36 days	45 days	33 days	45 days	Based on category management restructure and continued automation initiatives
Average Days to Complete Formal Invitation to Bid "ITB" Procurement Projects, from Project Acceptance to Council Award	185 days	120 days	182 days	120 days	Based on category management restructure and continued automation initiatives
Average Days to Complete Formal Requests for Proposals, Requests for Qualifications, and Requests for Information	253 days	180 days	268 days	180 days	Based on category management restructure and continued automation initiatives

Citywide Procurement & Contract Management (cont'd)



Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Average number of bidders/proposers per project	N/A	N/A	N/A	5	
Percentage of procurements processed as emergency purchase orders during the fiscal year	N/A	N/A	N/A	< 10%	

Disaster Cost Recovery Management



Priority:	Infrastructure
FY2027 FTE Count:	5.5

Program Description

Oversee disaster cost recovery for city owned assets. This includes managing and reporting federal and state grants related to declared disasters.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$821
Total	\$821

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
For New Disasters, Identify, and Submit Damaged City Assets within 60 Days of the Disaster's Recovery Scoping Meeting	60 days	60 days	60 days	60 days	Identify damaged city assets within 60 days of the scoping meeting.
Number of Project Worksheet (PW) Close Out Requests Submitted to the State/	8	15	36	10	Number of Project Worksheets (PW) submitted by FEMA.

Energy Management



Priority:	Infrastructure
FY2027 FTE Count:	2.3

Program Description

This program manages the energy and natural gas costs of the City of Houston. This process includes but is not limited to contract energy and natural gas rates negotiations with companies, monitoring of the respective markets, and annual projections.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

CSRF	\$462
Total	\$462

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Amount (\$) of Utility Rebates Received for Energy Projects	\$6,625.52	\$186,497	\$3,000	\$7,000	Rebates received from CenterPoint Energy for implementing energy efficiency projects.
Annual Energy Consumption (kWh)	1,123,584,869	1,358,324,301	1,177,352,712	1,250,000,000	
Demand Response Program	N/A	\$250,000	N/A	N/A	Engaged Reliant on RED program and developing a larger strategy citywide.

Financial Management Services



Priority:	Government that Works
FY2027 FTE Count:	71.2

Program Description

Manages all aspects of financial management on behalf of client departments to ensure fiscal integrity.

Goal: To champion the Finance Department’s mission to safeguard the fiscal integrity of the City, its component units, and other dependent entities by providing the necessary support and guidance to client departments thus ensuring sound fiscal management.

Significant Budget Items

- Manage the financial operations of CNL, FMD, GSD, HITS, HFD, HPD, HPL, OBO, PD, and MYR.
- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$996
CSRF	\$10,906
Total	\$11,903

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
# of Client Departments Supported	4	5	9	9	Standardizes the financial practices and increases efficiencies
Receive an Outstanding Rating (5) from Client Departments	4.2	5	4.4	5	Satisfactory ratings from client departments supports the adoption of centralizing financial management

Financial Planning & Analysis



Priority:	Government that Works
FY2027 FTE Count:	15.8

Program Description

Develop and manage the City's Operating Budget, long-range financial planning, monthly financial reporting, and ad-hoc financial analysis.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$2,967
Total	\$2,967

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
% of planned quarterly financial review meetings completed by Financial Planning & Analysis analysts with City departments to identify emerging issues, support budget accuracy, and maintain proactive communication	N/A	N/A	N/A	75%	

Financial Planning & Analysis (cont'd)



Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Average number of business days from the close of each month to finalize revenue and expenditure projections for inclusion in the Monthly Financial Report	N/A	N/A	N/A	7	
Citywide General Fund Expenditures Adopted Budget vs Actual Utilization	100%	98%	104%	98%	Responsible for monitoring citywide expenditures to ensure spent are within budget.
Citywide General Fund Revenues Adopted Budget vs Actual Utilization	104%	100%	100%	100%	Responsible for monitoring citywide revenues to ensure revenues are within budget.
Unassigned Fund Balance as % of General Fund Expenditures less Debt Service and PAYGO	18.9%	12.0%	11.3%	10.5%	Per the Financial Policies, the City desired minimum unassigned Fund Balance for any given fiscal year is 7.5% of General Fund exp. Less Debt and PAYGO.

Grants Management



Priority:	Government that Works
FY2027 FTE Count:	8.4

Program Description

Grants Management is tasked with directing and monitoring grant acquisition, management, and compliance procedures to ensure consistent use by City Departments and compliance with all applicable federal, state, and local regulations.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$1,221
CSRF	\$77
Total	\$1,298

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Audit Findings	0	0	0	0	Annual audit
Complete and Upload Single Audit Report to the Federal Audit Clearing House within 30 Calendar Days of Receipt of the Auditors' Report(s)	30 days	N/A	30 days	30 days	Submission of SAR to the Federal Audit Clearinghouse.
Number of Grants Placed in Closing Status in SAP	100	75	80	75	Grants closing status

Performance Improvement



Priority:	Government that Works
FY2027 FTE Count:	3.0

Program Description

Performance Improvement Program works with departments to identify and implement innovative solutions that improve customer service and modernize government operations. This division also implements performance management processes and systems to ensure continued process excellence.

Significant Budget Items

- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$504
Total	\$504

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
% of Turn the Curve Performance Measures showing improvement	N/A	N/A	N/A	60%	New KPI to track Citywide improvements made through Turn the Curve
Number of Turn the Curve Plans Developed	N/A	N/A	N/A	164	New KPI
Client Satisfaction Score	90%	90%	N/A	90%	Satisfaction for in-house consulting engagements

Performance Improvement (cont'd)



Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Number of In-House Consulting Engagements	24	24	24	N/A	No longer tracking number of projects
Number of Lean Six Sigma Green Belts Certified	6	6	3	N/A	Training is now on-demand via TMS

Treasury



Priority:	Government that Works
FY2027 FTE Count:	4.0

Program Description

Forecast all City taxes (property, sales, and mixed beverage) based on economic modeling. Collect and account for revenues in SAP. Ensure compliance with all applicable state laws. Perform the annual Truth in Taxation and setting of the property tax rate within 60 days of receipt of the certified roll as provided by state statute. Research, analyze, and provide recommendation of proposed tax laws and ensuring compliance with passed laws.

Significant Budget Items

- Oversees the largest two General Fund revenue sources, Property Tax and Sales Tax.
- Includes funding for municipal contractual increases

FY27 Prop Budget by Fund

GF	\$1,971
Total	\$1,971

Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
Average number of business days to reconcile Master, Fire, and Finance bank accounts once Electronic Bank Statement is received	N/A	N/A	N/A	3	Ensure bank reconciltons are completed timely for accurate financial reporting
Number of revenue transactions processed and recorded by Treasury (sales tax, mixed beverage, property tax) during the fiscal year	N/A	N/A	N/A	190	Measure the volumne of activity processed throught SAP to monitor efficiency, workload, and repoting accuracy

Treasury (cont'd)



Performance

Measure Name	FY25 Actual	FY26 Target	FY26 Estimate	FY27 Target	Target Context
% variance between budgeted (forecasted) and actual Mixed Beverage Tax revenues during the fiscal year	-4.8%	1.1%	1.1%	1.1%	Measures the accuracy of the forecast
% variance between budgeted (forecasted) and actual Property Tax revenues during the fiscal year	-0.5%	0.1%	0.1%	0.4%	Measures the accuracy of the forecast
% variance between budgeted (forecasted) and actual Sales Tax revenues during the fiscal year	2.9%	6.4%	2.0%	7.3%	Measures the accuracy of the forecast

Revenue Highlights



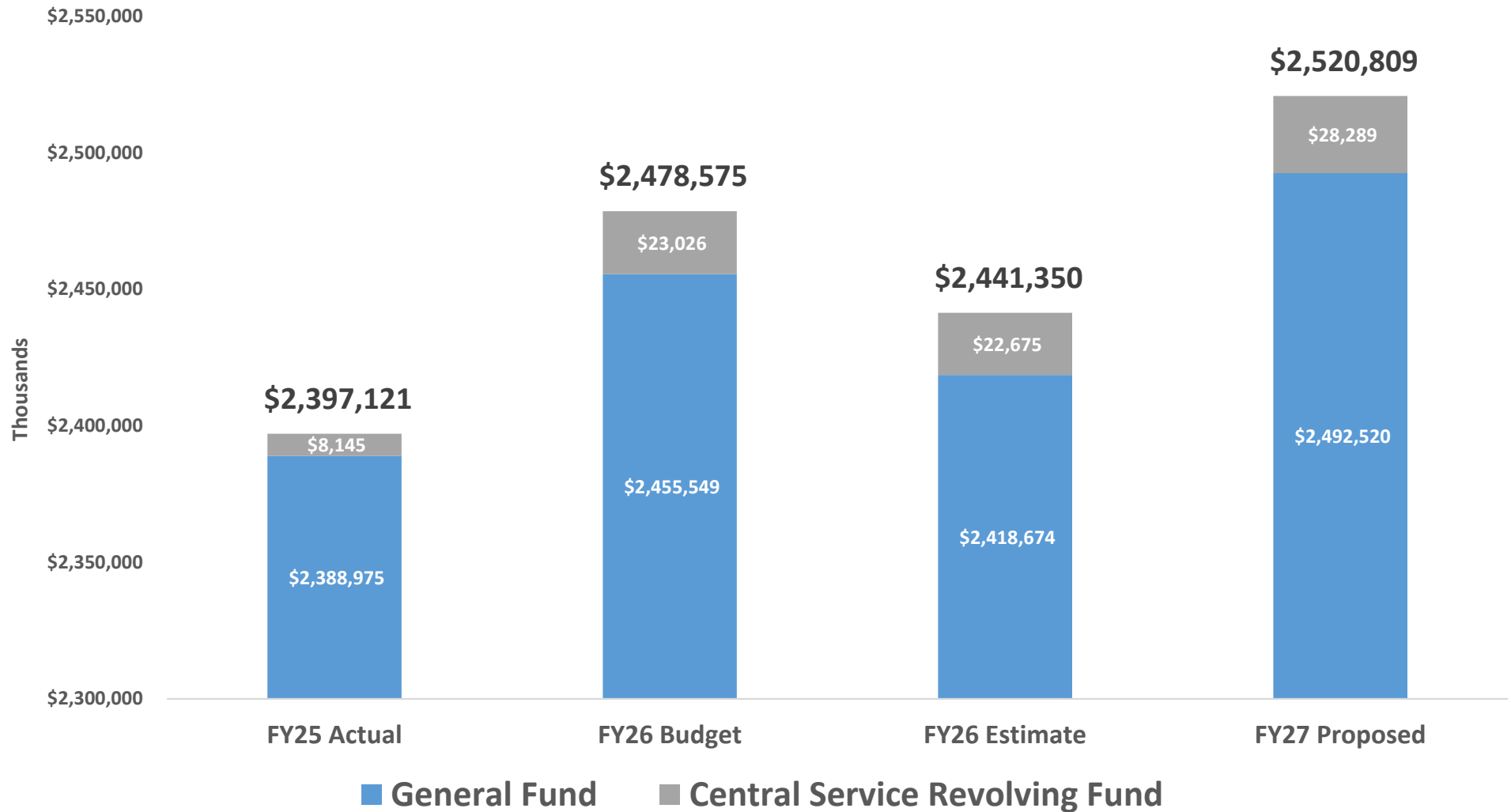
Property Tax

- Proposed budget of \$1.50 billion, an increase of \$50.8 million compared to than FY2026 estimate.
 - Assumes no increase to the tax rate (\$0.51919 per \$100 of assessed valuation)
 - The increase is only attributable to an assumption on the growth in value, as set by the appraisal districts
- Estimated taxable value for the City of Houston is \$343 billion. Further information on the roll will be received in late Summer.
- The estimated taxable value net of the tax increment agreements is \$294 billion.
- This is \$20 million **below** the Prop 1 + H cap
 - Population data from U.S. Census Bureau as of July 1, 2025, has yet to be received. Therefore, the Finance Department applied the inflation rate of 1.29% plus 0% growth for population for purposes of calculating Proposition 1.
- Over 65/Disabled exemption currently stands at \$260,000.

Sales Tax

- 2.4% increase from FY2026 estimates.

Revenue by Fund [in thousands]



*Numbers may be off due to rounding.

Revenue by Fund [in thousands]



Category	FY25 Actual	FY26 Budget	FY26 Estimate	FY27 Proposed	Variance FY27 Proposed/ FY26 Estimate	% Change
General Fund	2,388,975	2,455,549	2,418,674	2,492,520	73,846	3%
Central Service Revolving Fund	8,145	23,026	22,675	28,289	5,614	25%
Total	2,397,121	2,478,575	2,441,350	2,520,809	79,460	3%

*Numbers may be off due to rounding.

Revenue by Program [in thousands]



Program	FY25 Actual	FY26 Budget	FY26 Estimate	FY27 Proposed	Variance FY27 Proposed/ FY26 Estimate	% Change
Accounting and Financial Reporting	4,000	4,943	5,055	6,748	1,693	33%
Capital Projects and Debt Management	360	416	422	1,181	760	180%
Citywide Procurement and Contract Management	2,657	6,831	6,339	12,951	6,613	104%
Energy Management	371	403	606	462	(144)	(24%)
Financial Management Services	2,026	12,328	12,140	10,906	(1,234)	(10%)
Grants Management	79	77	86	77	(8)	(10%)
Treasury	2,387,627	2,453,576	2,416,701	2,488,483	71,781	3%
Total	2,397,121	2,478,575	2,441,350	2,520,809	79,460	3%

*Numbers may be off due to rounding.

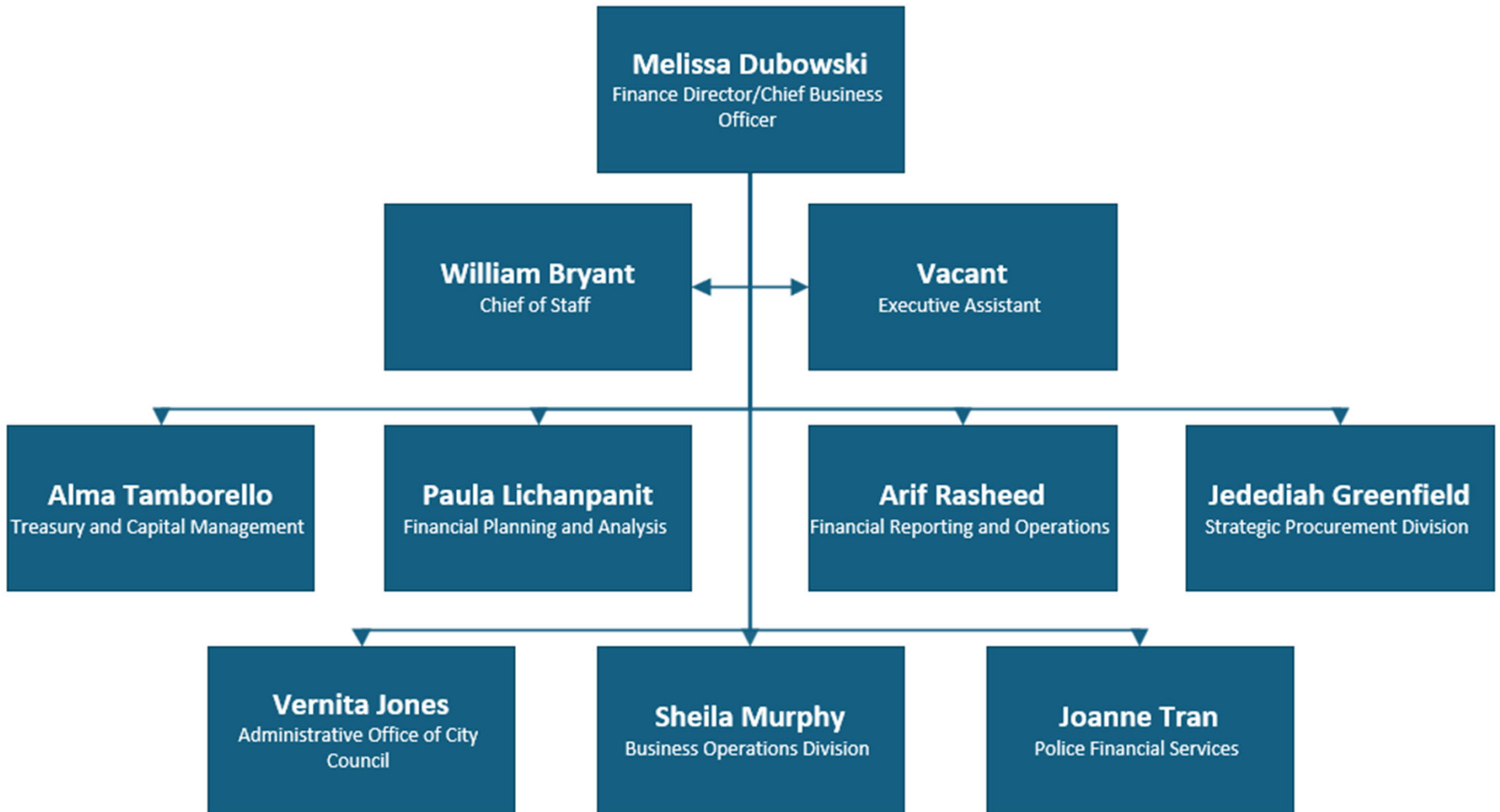


Questions



Appendix

Department Organization Chart





Workforce Analysis as of 5/08/2026

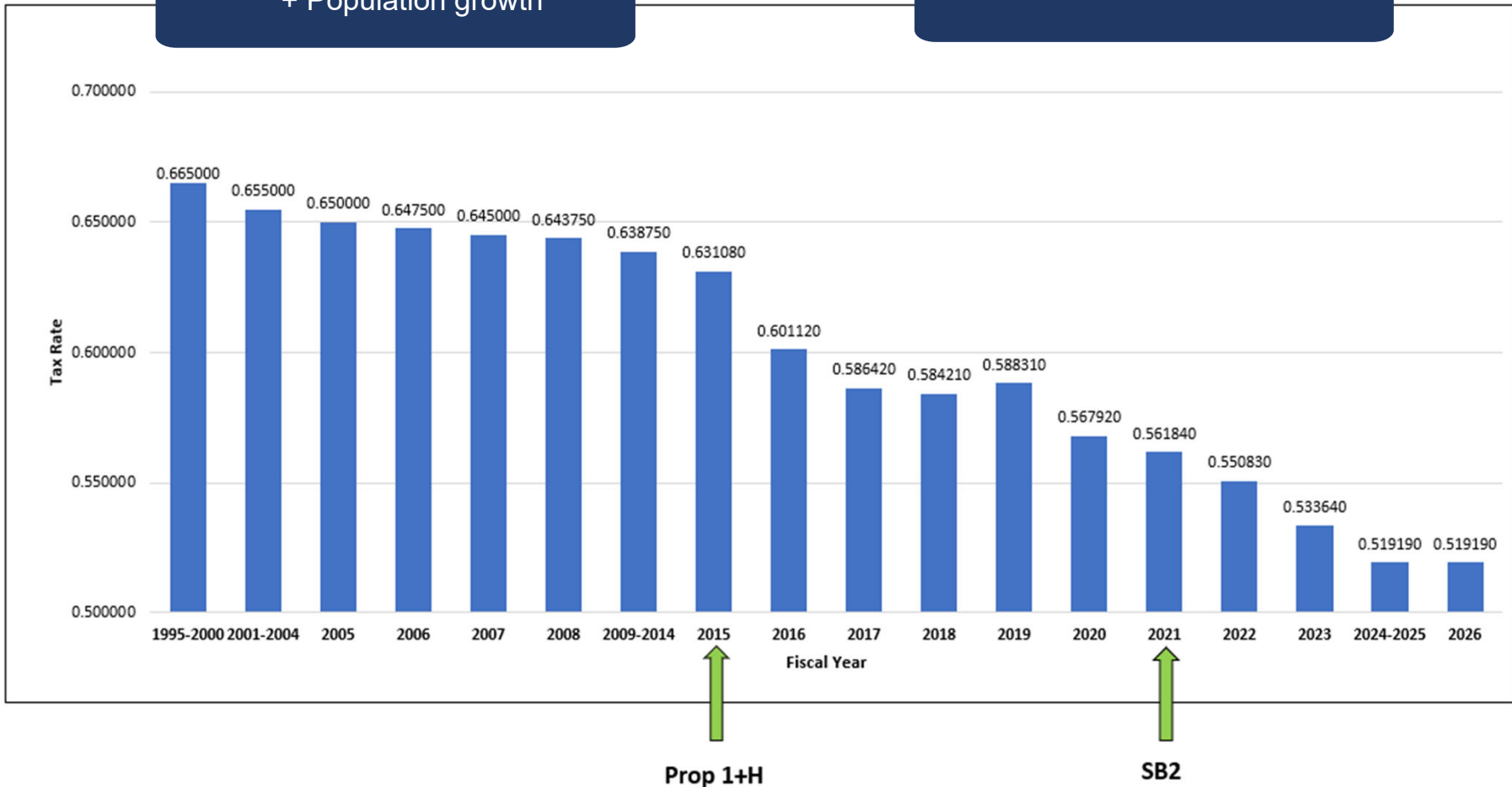
Race	Female	F-%	Male	M-%	Grand Total	Grand Total %
Asian	34	14%	14	6%	48	20%
Black or African American	81	33%	29	12%	110	45%
Hispanic / Latino	42	17%	17	7%	59	24%
White	10	4%	15	6%	25	10%
Grand Total	167	69%	75	31%	242	100%

Historical Property Tax Rates

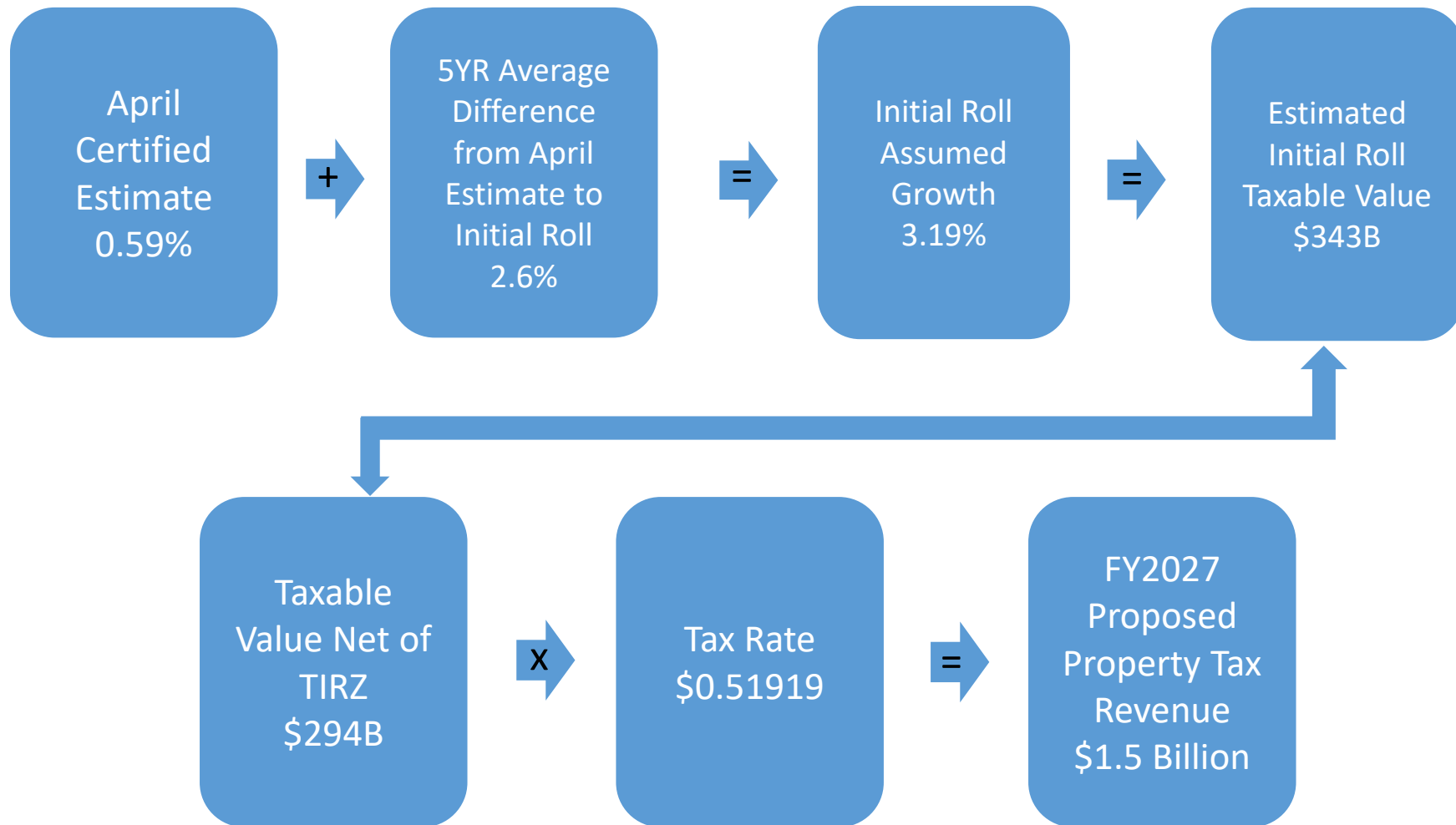


- Proposition 1 + H**
- Passed in 2004 and 2006
 - The lesser of:
 - 4.5% growth in property tax revenue, OR
 - Prior year's cap plus CPI + Population growth

- State Revenue Cap – SB2**
- First impacted in 2021
 - 3.5% increase of M&O property tax revenue over the previous year

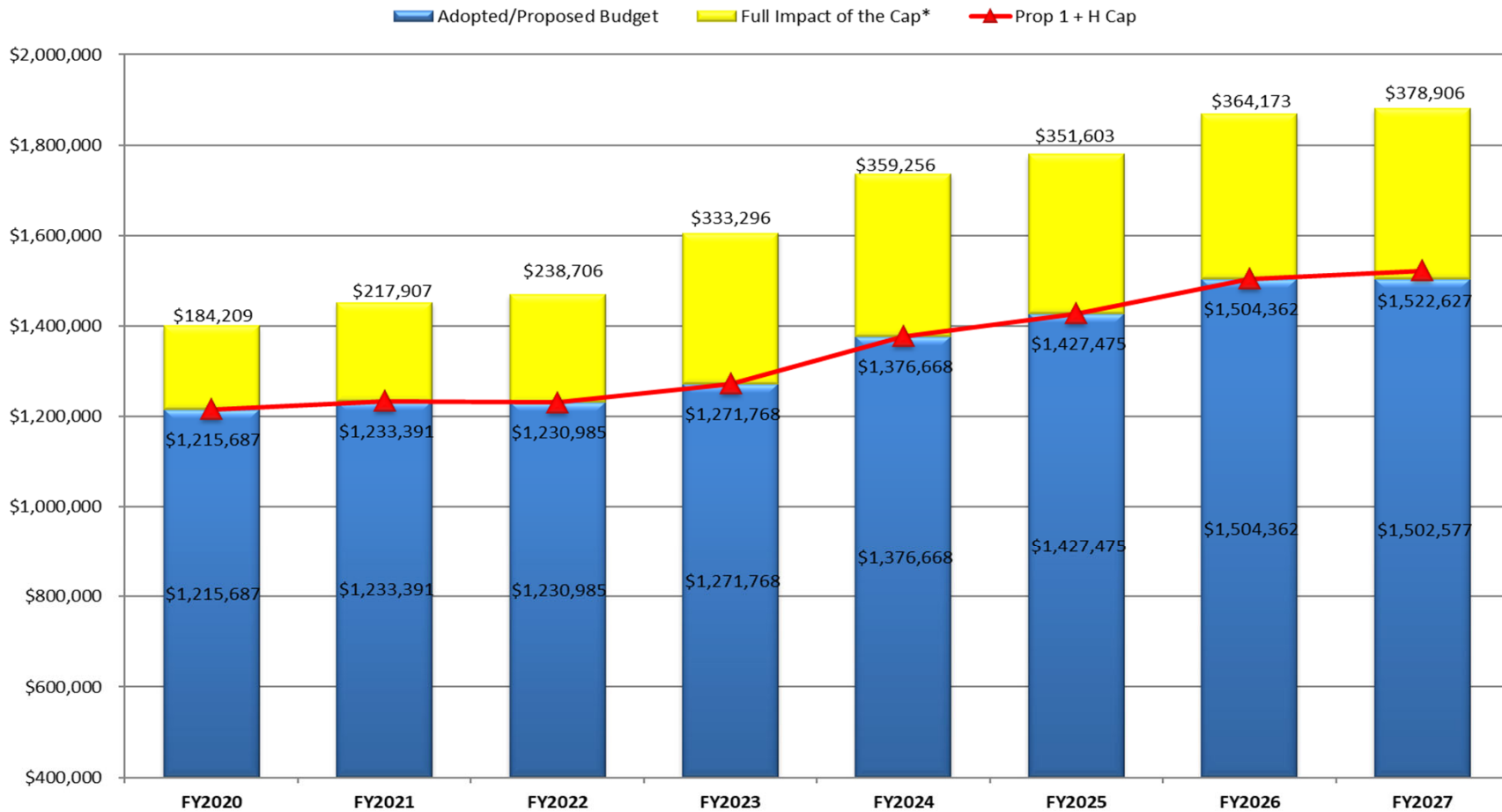


Property Tax - Taxable Value



Adopted Budget vs. Charter Cap

FY2020 - FY2027 (\$ in Thousands)



Property Tax Revenue	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Adopted/Proposed Budget	\$ 1,215,687	\$ 1,233,391	\$ 1,230,985	\$ 1,271,768	\$ 1,376,668	\$ 1,427,475	\$ 1,504,362	\$ 1,502,577
Prop 1 + H Cap	\$ 1,215,687	\$ 1,233,391	\$ 1,230,985	\$ 1,271,768	\$ 1,376,668	\$ 1,427,475	\$ 1,504,362	\$ 1,522,627
Full Impact of the Cap*	\$ 184,209	\$ 217,907	\$ 238,706	\$ 333,296	\$ 359,256	\$ 351,603	\$ 364,173	\$ 378,906

* Since FY2015, the full impact of the property tax revenue cap is \$2.9 billion.

* The estimated annual revenue cap tax relief for the average homeowner is \$419. Cumulative savings since the inception of the revenue cap is \$2,916.