

# THE CONTROLLER'S CORNER



August 2025

## A Message from the City Controller



This summer has been a season of big choices and even bigger conversations for Houston. From shedding light on key parts of the Fiscal Year 2026 Budget to hearing directly from you at our “Your Dollars, Your Voice” Town Halls, one message rang out clearly: Houstonians expect transparency, accountability, and leadership that balances fiscal responsibility with a commitment to community.

That’s exactly the mission of your City Controller’s Office. We safeguard Houston’s financial stability while making sure you know where your tax dollars are going. This newsletter is one way we keep that promise—sharing updates, insights, and stories from the work we’re doing together.

In this issue, you’ll find:

- Financial Updates on the FY2026 Budget and the long-term structural challenges it raises;
- Engagement Highlights from our town halls, where residents across Houston shared concerns and priorities directly with our team;
- Partnerships in Action, including our “Hope for the Future” Backpack Giveaway that united local leaders and organizations to support students;
- Community Celebrations, from welcoming our summer interns to marching alongside thousands at the Houston Pride Parade;
- Looking Ahead at the initiatives shaping the months ahead—our Annual Financial Reports, Hispanic Heritage Month, and the 2025 Investor Conference.

We know the coming months will bring their share of challenges, including an active hurricane season. But with fiscal discipline, community collaboration, and a clear vision for the future, we can keep Houston strong, resilient, and positioned to thrive.

Thank you for reading, for engaging, and for trusting us with the responsibility of protecting our city’s financial health. Your partnership makes this work possible.

Yours in service,

Chris Hollins  
City Controller

## City Finances



### 2026 Budget Season

On June 4, 2025, the Mayor and City Council adopted a \$7.0 billion FY 2026 budget (July 2025–June 2026) on a 14–3 vote.

Our office flagged several structural risks: the plan draws down over \$75 million of fund balance, projects higher property tax revenue that likely requires a rate increase, and repeats understated overtime assumptions after last year’s overrun. Measures like deficit spending don’t fix the gap between recurring revenues and expenses, setting us up for future financial challenges.

Credit markets have noticed. Two of Houston’s ratings agencies, S&P and Fitch, revised Houston’s credit outlook to Negative, citing reserve pressure and structural balance concerns. (The third, Moody’s, has kept a Stable outlook).

Bottom line: Houston has passed two consecutive budgets with the two highest budget deficits in our city’s history. To protect critical city services and our ability to finance major infrastructure projects, we must close the structural gap with recurring solutions: either grow sustainable revenues or reduce ongoing costs—and we should do so transparently, with clear plans for reserves, overtime, pensions and other retirement benefits, and vendor spend.

### Hard Truths

During this past budget season, our office presented the “[Ten Hard Truths](#)” about the proposed FY2026 budget—an assessment of the city’s financial outlook and the biggest issues we face heading into our next budget. Although some were addressed before the budget was approved, several remain:

**The proposed budget plugs a \$75+ million hole with deficit spending.** Instead of cutting spending or identifying sustainable revenue, the proposal draws down the City’s savings account—the general fund balance—by over \$100 million to paper over a deficit.

**It counts on a property tax increase.** Revenue projections exceed what the current tax rate would generate. To meet this projection, the City will have to raise our taxes this fall.

**It includes a rate hike—a 6% water rate increase.** Whether labeled a “new” fee or not, your bill is going up. Let’s just be honest about that.

**It quietly reduces services.** The administration has framed this budget as “preserving services,” but that’s not what the numbers show. The public deserves clarity on what’s actually being scaled back.

**It repeats last year’s overtime miscalculation.** The same flawed overtime assumptions that led to a \$70 million overage last year appear again in this proposal. That’s not financial learning—it’s doubling down.

**It includes more than \$17 million in vague “savings” with no explanation.** The budget assumes this money will somehow be saved—but doesn’t specify how, or from where. That’s not a plan—it’s a placeholder.

**It repeats a costly mistake that created large unfunded liabilities for the city in the past.** The budget once again reduces funding our pension and retiree health care obligations. This is how cities dig financial holes for themselves—and it’s repeating a mistake Houston made until significant reforms were passed in 2017.

**It shifts core services onto your water bill.** Expenses for 311, Code Enforcement, and the Houston Emergency Center are being moved to the Combined Utility System—costs that were never intended to be covered by water and sewer fees.

**It risks a credit rating downgrade.** By relying on one-time fixes, deferred obligations, and questionable assumptions, this budget threatens the City’s financial reputation—and that could cost taxpayers even more in the future.

## Out in the Community



### Your Dollars, Your Voice: Town Halls

In one of the most extensive community outreach efforts by our office to date, we hosted **four “Your Dollars, Your Voice” Town Halls**, located throughout the City of Houston. These events gave residents the chance to engage directly with the Controller’s Office about the state of the city’s finances, and how we spend your tax dollars, this effort aimed to make the information accessible where the community lives and gathers.

Each Town Hall included:

- A **briefing on the city budget**, including visual breakdowns of the city’s expenditures and revenue streams.
- A **Q&A session** where residents voiced concerns most pressing for them.
- A **budget process snapshot**, highlighting the role of each department within the budget process.

The feedback we received was invaluable. From all parts of our city, residents made clear that they want **more transparency, smarter spending, and greater accountability**. The Controller’s Office is using this input to shape future reporting and budgeting tools.

### Giving Back: Hope for the Future Backpack Giveaway

This summer, the Controller’s Office proudly partnered with NFL stars CJ Stroud and Tank Dell, the CJ Stroud Foundation, the Harris County District Attorney’s Office, and the Harris County Sheriff’s Office to host the “Hope for the Future Backpack Giveaway.”

Held at the Houston Texans YMCA, the event provided:

- Nearly **500 backpacks** filled with essential school supplies.
- Free haircuts and immunizations.
- Opportunities for kids to meet professional athletes and public servants.
- Informational booths offering resources for families, including health care access, and youth programs.

Our office was honored to assist our partners in securing the resources necessary for so many students across Houston to succeed in the classroom. Due to the success of the event, The Controller’s Office also partnered with the Tank Dell Foundation, the VanVleet Family Foundation, and Unity National Bank to host a second backpack drive. We provided school supplies, haircuts, and gift cards to students at Cullen Middle School, giving them the tools they need to flourish this school year.

This initiative was about so much more than just providing supplies — it was about fostering a strong sense of community and showing our unwavering support for our kids. By investing in their education and well-being, we are truly investing in the future of our city.

Every backpack filled and every resource shared represents a step toward empowering the next generation to succeed, thrive, and contribute positively to our community. Together, we’re building a foundation of hope, opportunity, and resilience that will carry our city forward for years to come.

### Summer Interns

Our office was fortunate to host some exceptional summer interns representing high schools and colleges across the city. These students brought their passion, curiosity, and energy to every aspect of our work.

Highlights of their contributions include:

- Assisting with the evaluation of multiple audit software platforms—assessing functionality, scalability, and user experience;
- Conducting research to support the Financial Reporting Division’s ongoing budget and spending analysis;
- Gauging the feasibility of several community programs and planning for upcoming events like the 10th Annual Investor Conference and Hispanic Heritage Month; and
- Developing a debt transparency profile aimed at translating complex financial structures into accessible language that can be understood by average Houstonians.

We’re incredibly proud of their professionalism and commitment. We hope this experience inspires them to consider careers in public service—and we look forward to seeing what they do next!

### Houston Pride Month: Pride Parade

June was a month of vibrant celebration, powerful unity, and unwavering advocacy as we proudly marched in the 2025 Houston Pride Parade alongside thousands of fellow Houstonians.

The Controller’s Office joined forces with other city departments and elected officials to celebrate LGBTQ+ Pride Month — a time to honor the history, resilience, and contributions of the LGBTQ+ community.

Together, we reaffirmed our commitment to building a more inclusive, equitable, and supportive Houston for all residents.

## Looking Ahead

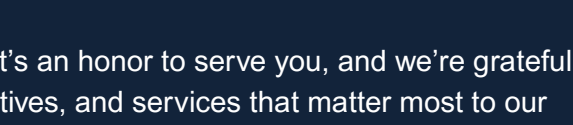
As we look toward the rest of 2025, the Controller’s Office is focused on several key initiatives:

- Launching a new Controller’s Office website that is more informative and easier to navigate;
- The Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR), along with the Popular Annual Financial Report (PAFR) that will provide easy-to-understand information about our city’s finances;
- Social media campaigns that highlight need-to-know information that all Houstonians should be aware of;
- Controller’s Office programming, including our Hispanic Heritage Month Program;
- Our upcoming 2025 Investor Conference, showcasing exciting investment opportunities on a national stage; and
- Delving deeper into our Audit Plan to tackle waste, fraud, and abuse throughout the city.

### Follow Us!

Stay informed and engaged with your City’s finances. Follow the City of Houston Controller’s Office on social media for updates, insights, and opportunities to get involved:

- **Instagram:** [@HouController](#)
- **X (Twitter):** [@HouController](#)
- **Facebook:** [@HouController](#)
- **YouTube:** [@HouController](#)
- **LinkedIn:** [Houston Controller](#)
- **Bluesky:** [@HouController](#)



Thank you for taking the time to stay informed about our city. It’s an honor to serve you, and we’re grateful for the opportunity to keep you updated on the progress, initiatives, and services that matter most to our community. We look forward to continuing this journey together and welcome your feedback, ideas, and engagement every step of the way.