

# THE CONTROLLER'S CORNER



May 2025



## A Message from the City Controller

2025 has begun as a challenging year for our nation, and here in Houston, we're reminded daily of the need for fiscal responsibility and strong, competent leadership. As we approach budget season, I want to take this opportunity to speak directly with you about the steps we must take to build a financially sustainable future—for ourselves and for the generations to come.

At the Controller's Office, our mission is clear: to safeguard the financial health of our city. In recent months, we've led critical conversations around the upcoming Fiscal Year 2026 Budget. With a projected \$330 million budget shortfall, Houston stands at a pivotal crossroads. To move forward, we must reduce costs, increase revenue, or pursue a responsible combination of both.

Moments like these call for leadership grounded in values. On Inauguration Day, I made the following commitments:

- **To raise the bar on accountability.** That means rooting out waste, fraud, and abuse, identifying areas where local government can do better, and ensuring no community is overlooked.
- **To increase transparency.** We are committed to making the city's finances understandable and accessible—no accounting degree required—so every Houstonian can stay informed and engaged.
- **To protect your hard-earned tax dollars** and improve quality of life through innovation and diligence. Just as you manage your household budget with care, we are working to ensure that every city dollar is used wisely and effectively.

As we close out the first quarter of the year, our priorities remain firm: support city policymakers in closing the budget gap, protect your tax dollars, and ensure Houstonians have timely, clear insight into the financial challenges we face, and the steps being taken to address them.

While the road ahead may be tough, we're optimistic about what's possible. Together, we can build a more secure, more equitable financial future for all who call Houston home.

Thank you for your continued trust and partnership.

Chris Hollins  
City Controller



# UPDATE ON CITY FINANCES



*Controller Hollins present the Monthly Financial Report.*

## Over Budget on Overtime

At the City Council meeting on April 3, 2025, my office highlighted the concern about overtime spending in three key departments: Solid Waste, Fire, and Police. These three departments are projected to exceed their overtime budgets by 75%, 95% and 190% respectively.

While it's not unusual for departments to exceed their overtime budgets, the situation has significantly worsened in Fiscal Years 2024 and 2025. For FY 2025, overtime spending is projected to exceed the amount budgeted by \$72 million, an all-time high that only serves to add to our budget gap.

Aside from the sheer magnitude of these overages, the primary concern is that in past years, overages have been covered with vacancy savings from unfilled positions. This year, plugging the gap in that manner is more uncertain:

- Solid Waste is trending over budget in refuse disposal and temporary personnel services;
- HPD faces uncertainty surrounding federal funding for disaster-related overtime, as well as continued challenges in addressing violent crime; and
- HFD is facing overages in special pays and phasedown that make an internal offset unlikely.

This escalating issue demands immediate attention as we work to ensure the city remains on a solid financial footing.

## Drainage Lawsuit

Earlier this year, the Texas Supreme Court denied the City of Houston's final appeal in a long-standing lawsuit, which now requires the city to invest an additional \$100 million annually in infrastructure improvements. At the time, the city was already facing a \$230 million budget shortfall for the next fiscal year. With the outcome of the drainage case, the gap increased to \$330 million. It is not a secret that city infrastructure needs attention—the challenge now is to find a sustainable solution to address these challenges.

For months, our office has remained closely involved and informed about the progress of this lawsuit. We encouraged the mayor and city council to budget funds to cover this significant expense given the likely outcome of the Supreme Court appeal. Now, with no funds budgeted or other solutions in place to cover the price tag for these needed infrastructure investments, the city is left to pay for them with additional deficit spending.



# Audit Plan

On March 13, my office's Audit Division announced the Fiscal Year 2025 Audit Plan, a strategic initiative to enhance financial accountability, optimize city resources, and maximize taxpayer dollars. The plan prioritizes high-impact audits to identify cost savings, eliminate waste, and strengthen fiscal oversight and outcomes across city departments.

Some of the focuses of the plan include:

- Performance audits to assess efficiency and effectiveness in city operations
- Compliance audits to ensure financial policies and regulations are followed
- Contract audits to scrutinize vendor agreements and spending
- Forensic audits to detect and prevent fraud, waste, and abuse; and
- Cost recovery initiatives to reclaim potential revenue losses.

To keep taxpayers informed and engaged, our office will publish quarterly audit updates on our [website](#), providing regular updates on findings, recommendations, and corrective actions.

# Current Fiscal Overview

OAs stated earlier, our city is facing a budget shortfall up to \$330 million. We are confronted with the pressing challenge of balancing fiscal responsibility while maintaining the high standards of service delivery and quality of life that our communities expect. To overcome this challenge, it's crucial to develop a clear strategy—one that explores new revenue opportunities and implements cost-saving measures to close the gap between our budget and the deficit, ensuring a financially sustainable future for Houston.

In this spirit, I proposed a joint task force that would include myself, the mayor, and the Chair and Vice Chair of the Budget and Fiscal Affairs Committee. The goal of this task force would be to bring a group of key leaders to come up with a plan to address our deficit and stabilize the City's budget. Although this proposal has yet to be accepted, my office remains committed to holding city leadership accountable, continuing to uphold my promise of transparency to taxpayers until a feasible plan is in place.



*Click [here](#) to access the PAFR.*

# First-Ever Popular Annual Financial Report

One of our office's most meaningful projects – the first of its kind in Houston – is the creation of the Popular Annual Financial Report (PAFR). While the city's comprehensive, 300+ page Annual Comprehensive Financial Report (ACFR) is released each December, we recognized that this lengthy document can be overwhelming for many. That's why we developed the 21-page PAFR—designed to give Houstonians a simpler, more accessible way to understand city finances.

The PAFR highlights the key financial information that matters most to our residents. It offers an overview of the City's structure and outlines the top priorities that shape our community, in a more visually appealing way, without the complexity of some financial documents.

At the Controller's Office, we're committed to finding new and innovative ways to make important information more accessible to all Houstonians. After all, no taxpayer should have to jump through hoops to understand how YOUR hard-earned money is being spent.



# COMMUNITY ENGAGEMENT



***Controller Hollins at the Texas Public Finance Conference.***



***Launch of the Student  
Advisory Council***

At One of the most exciting new initiatives from our office this year is the launch of the Student Advisory Council (SAC). This innovative program invites college students—as well as faculty and staff—to actively engage with local government, bringing fresh perspectives and thoughtful insights on the issues that matter most to our community. The SAC serves as a vital bridge between youth and policymakers, ensuring the next generation's voices are heard and valued in shaping Houston's future.

We're excited to see how this council will tackle challenges with energy, creativity, and passion. More than just conversation, the SAC is about action—empowering future leaders and encouraging young people to consider careers in public service. This is just the beginning, and we look forward to all they will accomplish.



***Celebrating Lunar New Year***

The Lunar New Year is a time of renewal, reflection, and celebration. This year, our office hosted a vibrant event that brought together leaders from across Houston's Asian American and Pacific Islander (AAPI) communities. From traditional music and dance to cultural exhibitions and delicious food, the celebration highlighted the rich heritage and contributions of our AAPI neighbors.

We were honored to recognize Chi-Mei Lin, the recently retired CEO of the Chinese Community Center, for her decades of service and leadership. The event reminded us of the importance of inclusion, mutual respect, and celebrating the diversity that strengthens our city. We look forward to continuing this joyful tradition in the years ahead.



***Honoring Black History Month***

February marked Black History Month, a time to reflect on the invaluable contributions of the Black community throughout history and today. Our office was proud to host an event celebrating the legacy of Black Houstonians, featuring local leaders, educators, and artists who shared stories, ideas, and visions for a more equitable future.

We were especially proud to honor distinguished leaders including C.J. and Kimberly Stroud, Pastor Tiffany Tarrant, and Secretary Rod Paige. We also presented Legacy Awards in memory Congresswoman Sheila Jackson Lee, Reverend William A. Lawson, and Judge Zinetta Burney. These individuals represent the enduring strength, leadership, and resilience that continue to inspire progress in our community.





*Women's History Month Roundtable*

March is Women's History Month, a time to recognize the incredible impact of women throughout history and in our everyday lives. Our office hosted a roundtable featuring influential women from across Houston to discuss the city's financial future and what it takes to create lasting economic opportunity.

Topics included the importance of early childhood education, offering multiple pathways to success, and connecting residents to services when and where they need them. These conversations highlight how women continue to shape our city's future—and remind us all of the power of inclusive leadership.



*Ongoing Community Outreach*

Our commitment to community engagement remains strong. We've been out in neighborhoods across Houston—visiting civic clubs, volunteering at local events, and holding regular meetings to hear directly from residents. This outreach helps us understand the real needs of Houstonians and shapes the work we do every day.

We believe elected officials must meet people where they are—where they live, work, learn, play, and worship. Our mission is to create lasting partnerships, advocate for people-first policies, and ensure every resident has access to the resources they need to succeed. This is just the beginning of our journey, and we're excited about what we can accomplish together.

Thank you for your continued support and involvement in our shared mission. Together, we're building a stronger, more inclusive, and more united Houston—one step at a time.



SCAN TO CONNECT  
WITH THE  
CITY OF HOUSTON  
CONTROLLER'S  
OFFICE.