



# CITY OF HOUSTON

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## **Testimony of Steven David**

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### **Chairman Capriglione, Vice-Chairman Bhojani, and Members of the Committee,**

Thank you for allowing me the opportunity to provide you with my testimony today. It's an honor to testify before this committee and share with you the results of the City of Houston's recent efficiency study—an effort that speaks to a core value we all share: Good Governance. Mayor John Whitmire remains laser focused on transparency in city operations and is committed to eliminating duplications, waste, and conflicts of interest.

Beginning in October 2023, then Senator Whitmire, charged us to develop a scope of work to better understand the full picture of city operations, recognizing that it is critical to setting a responsible course for the future. With approval from the Houston City Council in May 2024, Mayor Whitmire commissioned an independent, third-party review of all of the City of Houston's 22 departments to develop an understanding of financial operations, organizational structure, performance, and fiscal risk. The goal was simple: to make city government more transparent, more efficient, and more accountable to the people we serve.

Performance management and delivering quality service to Houstonians is an important focus of the citywide efficiency study. While Houston has built a strong foundation on performance management by tracking key metrics across departments, establishing a culture of data-driven decision-making, and initiating innovative programs like outcome-based budgeting and our 311 system, we learned how we can improve our performance indicators and outcomes so that we can measure service impacts more effectively. Out of more than 600 performance indicators, only 7% measure actual outcomes. Meaning, we can tell you how much work we're doing, but we need better ways to measure whether we're truly improving people's lives through our programs and services.

One of the more revealing aspects of the assessment is the structure of Houston's government itself—how we organize our departments, how work flows, and how employees experience their job roles. We find that employees spend more than 30% of their time on administrative tasks rather than delivering direct services, signaling inefficiencies that slow down operations and reduce productivity. Additionally, our organizational structure has grown organically over time, creating too many layers of management with 42% of leaders overseeing just one to three direct reports. That's not just an issue of hierarchy—it's about decision-making speed, accountability, and whether we're truly structured to serve residents as effectively as possible. The report also highlights challenges in career pathways and job classifications, where outdated job descriptions and unclear promotion tracks are making it harder to recruit and retain talent. While Houston has a hardworking public workforce, we find gaps in change management. Meaning new initiatives, whether in technology, process improvement, or service delivery, lack the dedicated support to be implemented smoothly and successfully. These findings aren't just observations, they are opportunities to modernize government operations, ensuring that our people, processes, and structures are aligned to meet the challenges of today and tomorrow.

Our financial position is another critical focus. While Houston has maintained a strong fund balance in the years prior to Mayor Whitmire's first term, it was largely due to federal relief funding acting as a stop gap to a structurally imbalanced budget. Houston spent 81% of stimulus dollars on government operations, whereas the nationwide average was half that. With those one-time funds expired, we must ensure that we find sustainable fiscal solutions that requires not only balancing the books, but also making smart, long-term investments.

Additionally, the way we manage contracts and vendor relationships needs improvement. The assessment highlights inefficiencies, instances of redundant contracts, and areas where we could strengthen oversight in our procurement process. Every dollar we spend should be working as hard as possible for our residents, and we have an opportunity to do better. Specifically, there is a unique opportunity to streamline processes around contracts, which are historically decentralized. We find there are opportunities to renegotiate terms and conditions, minimize the number of overlapping contracts, and materially reduce the cost of doing business for the City of Houston. Our current estimates of savings by coordinating contracting and spending are a 5% to 15% reduction in spend on goods and services.

Finally, the forensic accounting review provided a critical lens into Houston's financial controls, revealing both strengths and areas of risk. While the City has established vendor management systems, gaps in oversight and monitoring have led to inefficiencies and potential vulnerabilities. The assessment flagged instances of duplicate vendor records, payments to vendors registered at residential addresses, and non-standard purchasing practices that require stronger controls. Additionally, the report identifies cases where city-issued procurement cards (P-Cards) are used to split transactions, potentially bypassing spending limits and oversight mechanisms. These issues don't necessarily indicate widespread misuse, but they underscore the need for enhanced contract audits, stricter vendor verification processes, and clearer procurement policies to ensure the City spends every taxpayer dollar responsibly. The report also calls for a standardized approach to monitoring high-risk transactions, including more rigorous vendor evaluations and proactive system controls to prevent improper payments before they happen. By tightening these financial safeguards, the City of Houston can reduce waste, mitigate risk, and reinforce public confidence in how city funds are managed.

Now, stepping back from the specifics, I want to emphasize why a process like this matters—not only for Houston, but also for every level of government. Conducting an independent assessment is more than just about finding inefficiencies, it's about building trust with the public.

Government at its best is responsive, transparent, and accountable. When we take a hard look at ourselves—when we invite outside experts to scrutinize our operations and commit to acting on their findings—we demonstrate to the public that we take their trust seriously. This assessment isn't about politics. It isn't about pointing fingers. It's about making Houston better.

And that's what Good Governance is all about. It's not about claiming perfection - it's about a relentless pursuit of improvement. The people we serve deserve nothing less.

As we move forward with implementing the recommendations from this report, we'll continue engaging with our workforce, our partners, and our residents to ensure Houston remains a city that leads by example.

Thank you for your time, and I welcome any questions.