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Board Budget Workshop
July 28, 2026
10:00 am

I. DECLARATION OF QUORUM

II. PUBLIC COMMENTS

III. REVIEW AND COMMENT

- A. FY27 Operating Budget Review
(EXHIBIT 1 Stanley Adams)
- B. Capital Budget Review
(EXHIBIT 2 Stanley Adams)
- C. Commercial Insurance Renewal
(EXHIBIT 3 Dennis Northington/Bijul Enaohwo/Eunice Davis)

IV. EXECUTIVE SESSION

- As authorized by §551.071 of the Texas Government Code, the Board of Trustees reserves the right to adjourn into Executive Session at anytime during the course of this meeting to seek legal advice from its attorney about any matters listed on the agenda.

V. RECONVENE INTO OPEN SESSION

VI. CONSIDER AND TAKE ACTION AS A RESULT OF THE EXECUTIVE SESSION

VII. ADJOURN



Veronica Franco, Board Liaison
Robin Gearing PhD, Chair, Board of Trustees
The Harris Center for Mental Health and IDD

EXHIBIT

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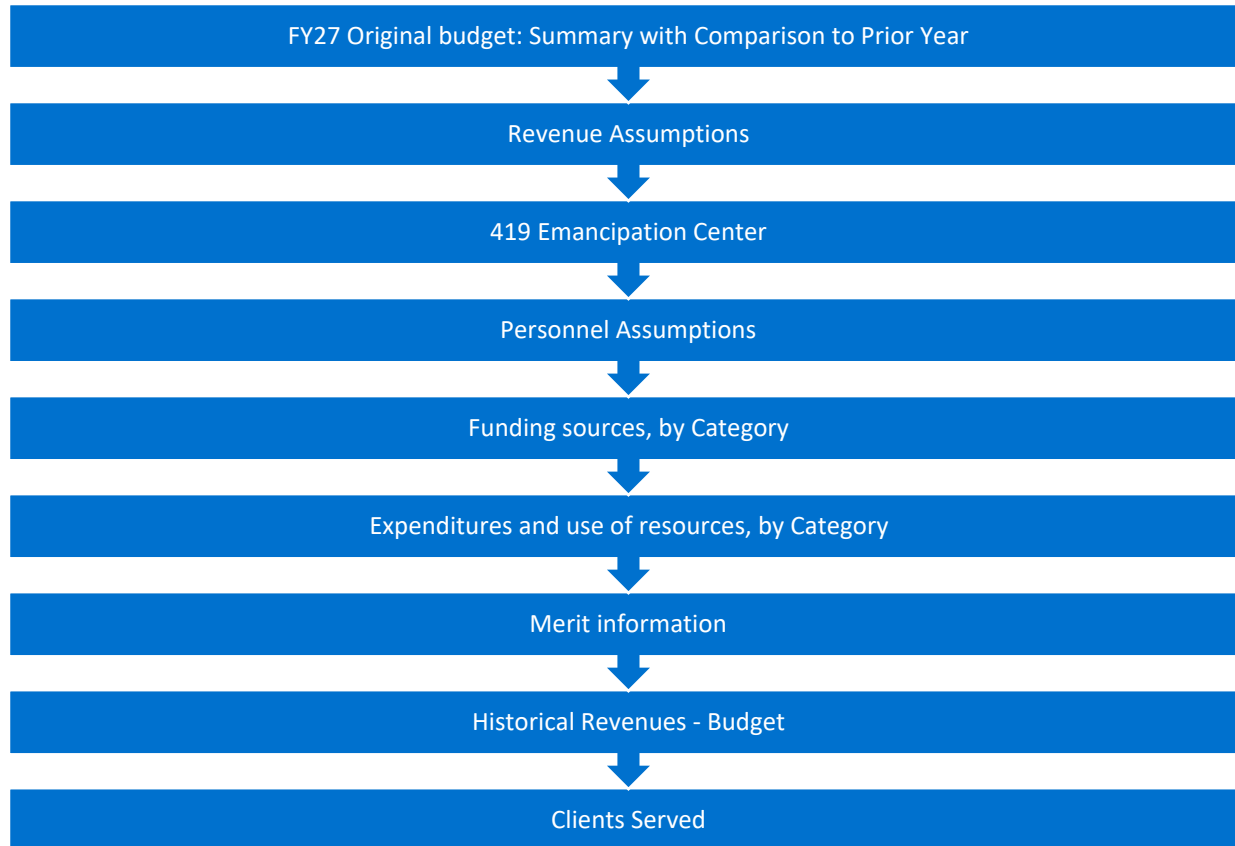
Fiscal Year 2027 Budget

Board Meeting, July 28, 2026

Stanley Adams, MBA

CFO

Agenda



FY 27 Original Budget Summary: Comparison to Prior Year

in millions

	FY2026	FY2027	Change
Funding Sources, Operational	\$ 374.03	\$ 389.87	Increase, \$ 15.84
Less:			
Operating Expenditures, Total	372.28	388.12	Increase, \$ 15.84
Other Sources			
Less: Anticipated Bond Payment	<1.75>	<1.75>	No Change
Plus: Use of Prior Year Net Assets	0.00	0.00	No change
Net change	\$ 0.00	\$ 0.00	\$ 0.00

Revenue Assumptions

- Revenue Increase
 - FY27 Over FY26 - \$ 15.84M Increase
 - ARPA Funding Expiration (August 2026)
 - Impact reduction in available funding \$ (11.27M)
 - Increased budgets for Local, State Funds, and Net Patient Revenue \$ 27.11M
- Contracts
 - Budget projections assume our proposals for new and ongoing funding to cover costs of specified programs will be approved by outside entities. Significant budget adjustments will be required if such proposals are not approved.

419 Emancipation Center

- Primary Revenue & Expense Driver: Emancipation
 - \$11.4M increase attributable to Emancipation
 - Represents approximately 72% of the total budget increase
- Program Requirements
 - Minimum 222 beds
 - Intake & easy entry
 - 3 meals/day
 - Security, hygiene, storage
 - On site medical & behavioral health services
 - Case management, diversion, housing placement
 - Pet accommodations (cats/dogs only)
 - 24-hour emergency shelter and stabilization site

Personnel Assumptions

- Salaries
 - 3.00% Merit Increase
 - Approximately \$6.7M
- Fringe
 - FY27 Operating Budget accounts up to 13% increase to insurance premiums

Personal Assumptions

- **Medical Budget Assumptions**

- Specialty pharmacy utilization, particularly GLP-1 therapies, is expected to continue driving medical cost increases.
- Claims experience remains elevated due to sustained high-cost claimant activity.
- Lower medical plan enrollment has reduced premium revenue, limiting the ability to offset rising healthcare costs.

Medical Renewal Summary	FY27 Budget Assumption
Initial Renewal (No Plan Changes)	36%
Preliminary Budget Assumption	25%
Estimated Annual Premium Increase*	\$7.75M
Wellness Fund	\$225,000

- The estimated annual premium increase is based on the current negotiated renewal assumption and reflects both employer and employee premium contributions. The final employer cost impact will be determined by the contribution strategy approved by The Harris Center.

Original Budget: Funding Sources by Category with Comparison to Prior Year *in millions*

All Funding Sources	FY2026	FY2027	Change
Federal Charity Care Pool (CCP)	43.08	45.08	Increase, \$2.00
Direct Payment Program – BH	5.40	4.80	Decrease, 0.6
Harris County and Local	56.20	75.07	Increase, 18.87
Drug PAP/Samples	13.18	16.02	Increase, 2.84
Interest	3.32	2.85	Decrease, 0.47
State General Revenue	133.75	133.87	Increase, 0.12
State Contracts and Grants	23.92	25.84	Increase, 1.92
Medicaid Administrative Claiming	8.72	9.50	Increase, 0.78
Federal Grants	44.88	32.83	Decrease, 12.05
Third Party Billing	19.05	21.01	Increase, 1.96
Net Patient Revenue	22.53	23.00	Increase, 0.47
Operating, Subtotal	\$ 374.03	\$ 389.87	Increase, \$15.84
Less: Use of Prior Year Balances	0.00	0.00	No change
Funding Sources, Total	\$ 374.03	\$ 389.87	Increase, \$15.84

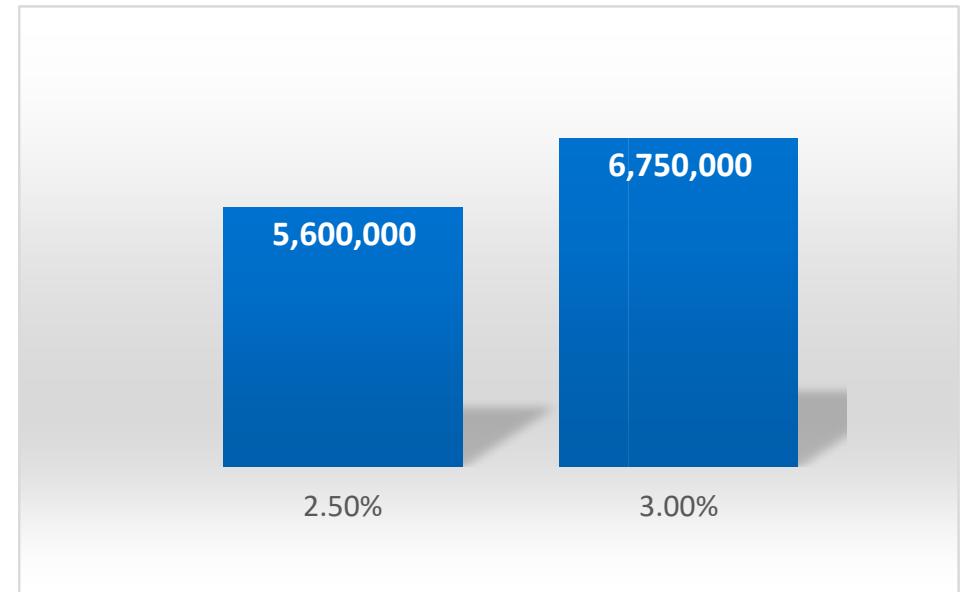
Original Budget: Operating Expenditures and Use of Resources by Category with Comparison to Prior Year *in millions*

Expenditures	FY2026	FY2027	Change
Salaries and Fringe	\$ 245.76	\$ 253.55	Increase, \$7.79
Fees and Contracts	15.12	14.61	Decrease, 0.51
HCPC Contracts	47.52	50.95	Increase, 3.43
Travel and Training	3.03	2.89	Decrease, 0.14
Drugs	27.73	31.17	Increase, 3.44
Food and Supplies	4.26	3.23	Decrease, 1.03
Equipment and Software	6.03	9.49	Increase, 3.46
Building	3.37	3.12	Decrease, 0.25
Vehicle	1.08	1.32	Increase, 0.24
Telephone and Utilities	3.83	4.10	Increase, 0.27
Audit, Insurance and Legal Fees	2.52	2.51	Decrease, 0.01
Debt Service	1.75	1.75	No change
Dues & Subscriptions	7.57	3.56	Decrease, 4.01
Other Expenses	4.46	7.62	Increase, 3.16
Operating Expenditures and Use of Resources	\$374.03	\$389.87	Increase, \$15.84

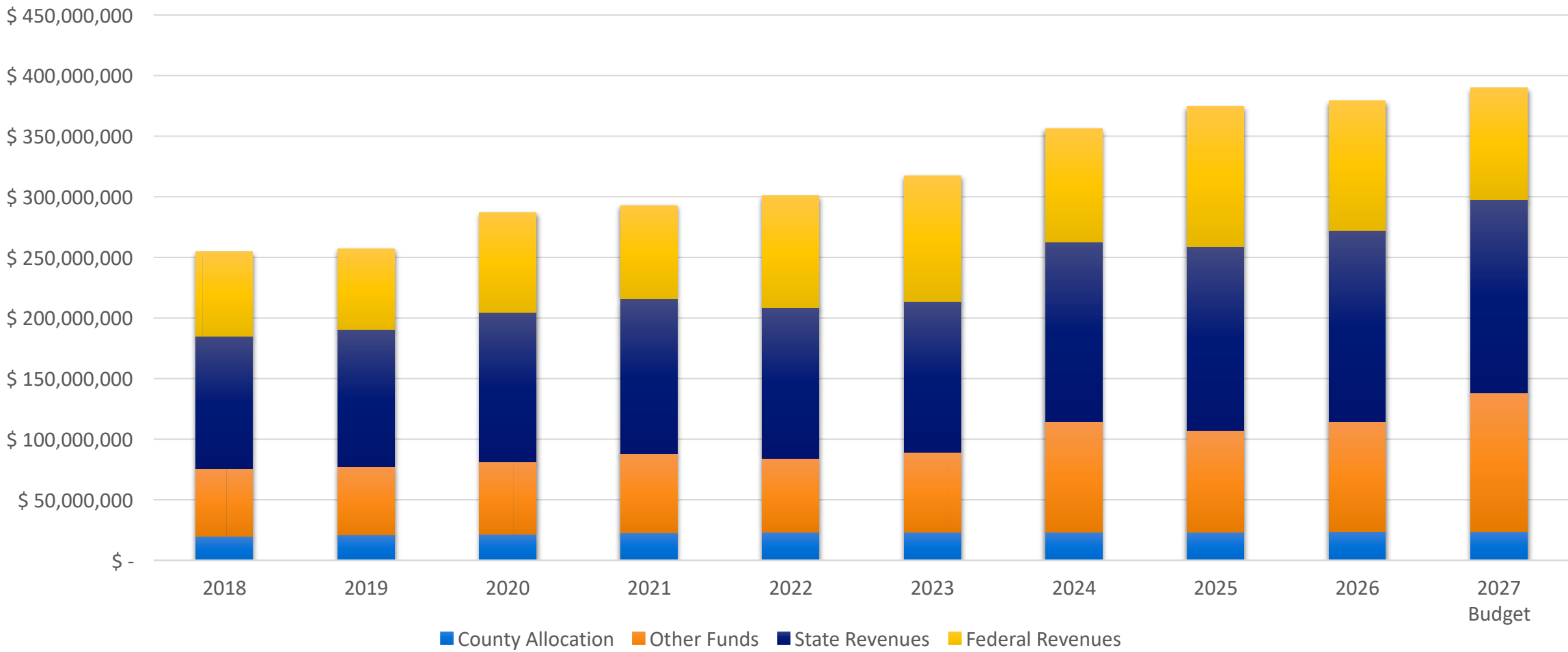
FTE Counts & Merit Information

FY 27	Adopted Budget
Filled	2,621
Vacant	110
Total	2,721

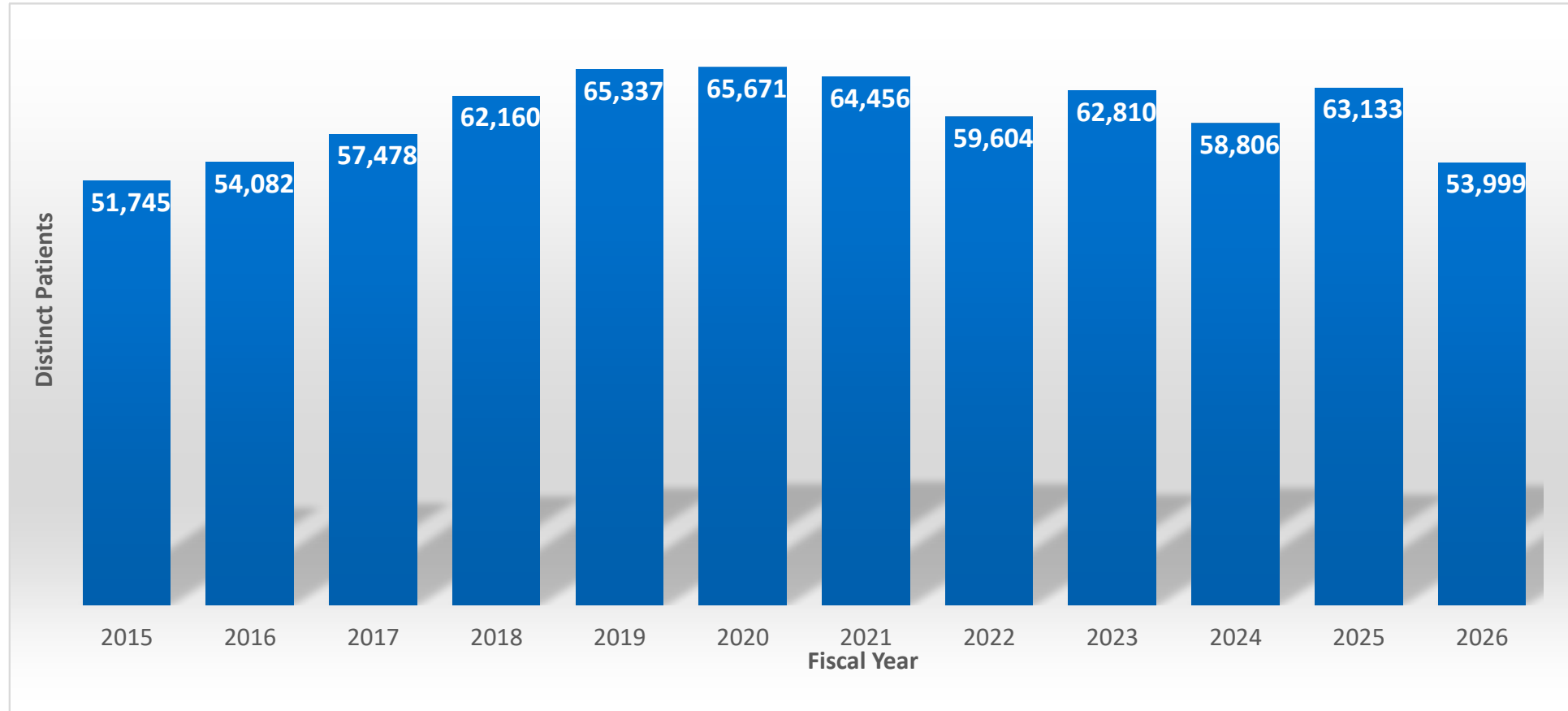
- A 2.5% merit estimate – approx. \$5.60 million.
- A 3.0% merit estimate – approx. \$6.75 million.
 - Increase results in an additional \$1.15 million.



Historical Revenues - Budget



Clients Served – historical patient volume (FY 2015 to FY 2026)



- Data validated by Health Analytics
- FY2026 Data Sept-June

Thank you.

EXHIBIT

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FY26 Capital Budget Review

Board Meeting, July 28, 2026

Stanley Adams, MBA

CFO

Agenda

Facilities Capital Review



SB30 Construction Review



Information Technology Capital Review





Facilities Capital Review

Stanley Adams, MBA
CFO

Facilities Capital Projects



- 4 Capital projects below are bond funded
 - Northeast Clinic budget is \$22.6M
 - \$4.7M Covered by Grant TPWD

Location	Project Description	Total Budget	Spend to Date	Balance
Northeast Clinic	Clinic Construction	\$17,876,732	\$1,493,523	\$16,383,209
9401 Foundation	Structural Repair	\$500,000	\$17,675	\$482,325
9401 Improvement	9401 First Floor Renovation and Security Upgrade Project	\$240,000	\$37,667	\$202,333
IDD Wavier Homes	Renovation	\$500,000	\$0	\$500,000
Total		\$19,116,732	\$1,548,865	\$17,567,867

Funded by State, City, and Third Party:

Location	Project Description	Total Budget	Spend to Date	Balance
6168 Apartments	Apartment Construction	\$12,531,939	\$11,913,436	\$618,503
NE Clinic – TPWD	Clinic Construction	\$10,875,268	\$10,707,750	\$167,518
Total		\$23,407,207	\$22,621,186	\$786,021

- NE Clinic-TPWD Funding increased by \$6,152,000 million
- Extended the grant period performance through June 30, 2026

Facilities Capital Projects continue



IDD Wavier homes

- \$500K in bond funding secured through reallocation of Coffeehouse project funds.
- Funding authorization has been approved.
- Homes renovations

9401 First Floor Renovation and Security Upgrade Project

- \$80K in bond funding secured through reallocation of Coffeehouse project funds.
- Funding authorization has been approved.

Project	Status	Funding
IDD Waiver Homes	 Moving Forward	\$500K
9401 Renovation & Security Enhancements	 Moving Forward	\$80K

Facilities Capital Projects Continue



- Carryforward projects from FY2024-2025

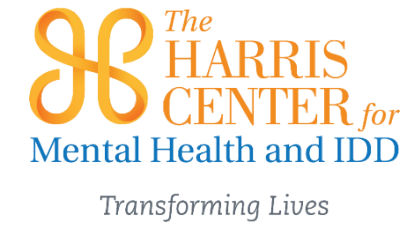
Location	Project Description	Total Budget	Spend to Date	Balance
6160 Improvements	Painting, Flooring, Abatement, Doors, Windows	\$725,000	\$470,621	\$254,379
Recenter Demolition	Abatement and Demolition of 4 Properties	\$190,000	\$0	\$190,000
Recenter Clinic	Structural Repair and Clinic Renovation	\$90,000	\$0	\$90,000
Recenter Repairs	Repairs and Generator	\$140,000	\$0	\$140,000
1215 Dennis St.	from the May Derecho	\$500,000	\$117,148	\$382,852
Total		\$1,645,000	\$587,769	\$1,057,231



SB30 Construction Review

Stanley Adams, MBA
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Senate Bill 30 (SB30) Construction Projects



- All SB30 projects must be completed by Fall 2028

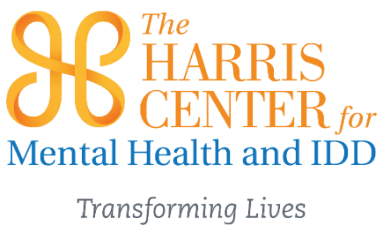
Location	Total Budget	Spend to Date	Balance	Est. Project Completion
3809 Main Street 1	\$5,182,000	\$17,042	\$5,170,930	Winter 2027
3809 Main Street 2	\$3,534,585	\$0	\$3,534,585	Winter 2027
Burnett Bayland Park (CWOP)	\$8,000,000	\$33,600	\$7,966,400	Spring 2027
NPC/Ben Taub (NPC)	\$8,200,000	\$750	\$8,199,250	Spring 2028
Dennis Street	\$2,000,000	11,430	1,988,570	Spring 2028
Total	\$26,916,585	\$62,822	\$26,853,763	



Information Technology Capital Review

Stanley Adams, MBA
CFO

IT Capital Projects



- Carryforward projects from FY2025

Project Number	Project Description	Total Budget	Spend to Date	Balance
IT23.1147.02	Telehealth Telehub EPIC	\$250,000	\$202,508	\$47,492
IT24.1147.02	Network Hardware Refresh	\$500,000	\$470,857	\$29,143
IT24.1147.03	Wireless Upgrade	\$130,000	\$108,693	\$21,307
Total		\$880,000	\$782,058	\$97,942

Thank you.

EXHIBIT

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The Harris Center

Commercial Insurance Renewal Budget Estimate

Presented by: Frost Dennis Northington, Risk Advisor-Senior Vice President
Eunice Davis, Risk Management Director
Bijul Enaohwo, Assistant General Counsel

July 28, 2026



TCRMF Forecast 2026-2027

Coverage – Texas Council TCRMF	2026-2027	Variance	Percent	2025-2026
	Estimate	Difference	Change	Contribution
Workers Compensation	\$373,835.95	(\$65,971.05)	-15.00%	\$439,807.00
Auto Liability	\$108,620.26	\$19,587.26	22.00%	\$89,033.00
General Liability	\$6,788.08	\$1,224.08	22.00%	\$5,564.00
Professional Liability	\$97,619.52	\$17,603.52	22.00%	\$80,016.00
D&O Liability	\$285,287.24	\$51,445.24	22.00%	\$233,842.00
Excess Liability:	\$138,855.52	\$25,039.52	22.00%	\$113,816.00
Property:	\$1,120,883.95	(\$197,803.05)	-15.00%	\$1,318,687.00
Auto Physical Damage:	\$75,678.05	(\$13,354.95)	-15.00%	\$89,033.00
Total Contributions:	\$2,207,568.57	(\$162,229.43)	-6.85%	\$2,369,798.00

Non-TCRMF Forecast 2026-2027

Coverage – Other than TCRMF	2026-2027	Variance	Percent	2025-2026
	Estimate	Difference	Change	Premium
Crime	\$6,300.00	\$0.00	0.00%	\$6,300.00
Fiduciary Liability	\$7,865.00	\$0.00	0.00%	\$7,865.00
Notary Bonds	\$2,683.00	\$0.00	0.00%	\$2,683.00
Notary Errors and Omissions Liability:	\$1,446.00	\$0.00	0.00%	\$1,446.00
Cyber Liability	\$72,932.00	\$0.00	0.00%	\$72,932.00
612 A Branard St Package	\$0.00	(\$6,397.00)	0.00%	\$6,397.00
Windstorm Deductible Buydown	\$165,202.00	\$0.00	0.00%	\$165,202.00
Flood	\$65,084.00	\$0.00	0.00%	\$65,084.00
Pasadena Cottages	\$30,889.00	\$0.00	0.00%	\$30,889.00
Harris Center Foundation	\$1,160.00	\$0.00	0.00%	\$1,160.00
Total Estimated Premium Non-TCRMF	\$353,561.00	\$0.00	0.00%	\$359,958.00
Grand Total Estimated Including TCRMF:	\$2,561,129.57	(\$168,626.43)	-6.18%	\$2,729,756.00

Thank you.