FY27 Proposed Budget Presentation

AUGUST 17, 2026

Executive Summary

- The proposed budget will generate an estimated $3,080M in tax and non-tax revenues, as well as a $16M drawdown of FY25 surplus funds for a net of $3,096M. The operating expenses estimated are $3,096M.
- There are an estimated $327M or 12% of expenses over the FY26 Adopted Budget. These increases account for:
  - **$89M** budgeted for healthcare cost increases.
  - **$76M** for Year 2 of the law enforcement pay parity ($45M) and fund law enforcement departments for position vacancies ($31M).
  - **$69M** restoring countywide obligations funded by one-time sources ($25M hiring freeze, $44M special revenue funds).
  - **$61M** in department CLS/S requests, including $14M for ARPA Priority programs.
  - **$30M** annualization of the pay equity increases for FY27 on top of the $50M budgeted in FY26.
  - **$30M** in TIRZ increases (budget neutral), state-mandated requirements, and general administrative cost increases.
  - **$23M** in inflation cost drivers such as software, fuel, vehicle maintenance, and utilities.
  - **$4M** in FY26 mid-year supplementals and service enhancements.
  - **$(61M)** 8% departmental offsets and countywide savings.
  - **$(16M)** drawdown of FY25 surplus funds.

Budget Walk FY27 CLS to FY27 Proposed

Amounts In Millions

		Revenue			Expense		Surplus/Deficit
FY27 CLS	**$**	**2,927**		**$**	**(3,056)**	**$**	**(129)**
Tax Revenue - TIRZ (budget neutral)	$	40	Group Health Increase	$	(51)		
Tax Revenue - Other	$	16	TIRZ Update (budget neutral)	$	(22)		
Non-Tax Revenue	$	(14)	Jail Savings Reduction	$	(2)		
Other Revenue Savings Options	$	111	Court Ordered (DA & Consultation)	$	(2)		
FY25 Surplus Funds draw down	$	16	Unallocated	$	(22)		
			County-wide Savings	$	44		
			Departmental Savings	$	16		
FY27 Proposed Budget	**$**	**3,096**		**$**	**(3,096)**	**$**	**0**

The current proposed budget includes $186M worth of savings opportunities including

- $110M worth of revenue generation opportunities;
- $76M worth of cost saving measures.

Budget and Tax Rates – General Fund

OMB’s FY27 projected tax revenue for the General Fund is $2,423M at the VAR. Including non-tax sources of $673M, it is projected to generate $3,080M, an increase of $153M over the original estimate for FY27.

	Revenue*	Expenditure	Surplus/(Deficit)
FY27 NNR	$2,878M	$3,096M	$(218M)
FY27 VAR	$3,096M	$3,096M	$-

Estimated revenue includes a $16M draw-down of FY25 surplus funds (reserves) to balance the budget. This $16M will not be recorded as revenue.

Revenue

Trending Up (vs. original FY26 budget):

- Property taxes - $205M
  - $45M from new construction
  - $40M from TIRZ (budget neutral)
- Special revenue fund interest/investment revenue transfer - $25M
- Surplus property sale proceeds (PAW)- $25M
- HCTRA indirect cost recovery - $23M
- Contract Patrol - $9M
- ARPA interest revenue - $8M
- Tax collection fee increase - $4M

Trending Down:

- FEMA reimbursements to General Fund (not PIC Fund reimb.) – ($5M)
- Tobacco Settlement ($2M)

General Fund Health Benefits Budgets

	Department Charge per Employee ($k)	Budget ($M)
FY2022-23 Adopted Budget	17.2	249
FY2023-24 Adopted Budget	18.0	260
FY2024-25 Adopted Budget	19.2	275
FY2026 Adopted Budget	20.2	315
FY2027 Proposed	24.8	388

Make Harris County Safer and More Just

Objectives (Justice System)

Reduce violent crime across the County, reduce criminal legal system exposure that does not advance public safety, improve safety and health conditions in the jail, reduce racial, ethnic, and economic disparities in the criminal legal system, and increase efficiency across the legal system.

FY27 Proposed Budget: $745,699,037

KEY BUDGET DECISIONS:

- Investing $15M in the Public Defender's Office to support approximately 95 additional positions, including attorneys and support staff, advancing toward its multi-year goal of representing 50% of all cases.
- Investing $3.8M for five new Civil District Courts beginning operations this fall, plus $1M for a new Civil County Court, to expand court capacity and reduce case backlogs across Harris County.
- Providing $1.2M to cover costs related to Senate Bill 9's changes to bail procedures, including overtime expenses for the District Courts, District Clerk, Public Defender, and Pre-Trial Services.
- Providing $498K to maintain mental health counseling, substance use recovery, and employment opportunity services at the Women's Empowerment Center, and $500K to sustain meal provisions at the Youth Diversion Center.
- Providing $300K to Probate Court No. 3 to strengthen operations for increased court-ordered mental health-related probate needs across Harris County.

Make Harris County Safer and More Just (cont'd)

Objectives (Law Enforcement)

Reduce violent crime across the County, reduce criminal legal system exposure that does not advance public safety, improve safety and health conditions in the jail, reduce racial, ethnic, and economic disparities in the criminal legal system, and increase efficiency across the legal system.

FY27 Proposed Budget: $1,134,592,219

KEY BUDGET DECISIONS:

- Additional investment of $45.5M to provide raises across various law enforcement departments and classifications to ensure pay parity with the City of Houston. This includes increases to supervisors.
- Continued funding of $41M for outsourcing of prisoners to comply with state-mandated staffing ratios at the Harris County Jail while the county continues efforts to manage total jail population.
- Investment of $3M in staffing at the jail to bring back outsourced inmates and reduce outsourcing costs by $6M for a total savings of $3M.
- Increasing the budget by $900K for victims of domestic violence through the Domestic Violence Assistance Fund under Public Health supporting removal of survivors from dangerous situations including housing, transportation, childcare, etc.
- Provides $498K to maintain mental health and trauma counseling, substance use recovery support, and education and employment opportunity services within Public Health at the Women's Empowerment Center (WEC) previously funded through the American Rescue Plan Act (ARPA).
- Provides $500K to maintain meal provisions and services to residents at the Youth Diversion Center previously funded through ARPA.

Improve Physical and Mental Health Outcomes Across All Communities

Objectives

Improve the health behaviors of community members, increase access to quality health care, including preventative and behavioral health, improve children's health outcomes

FY27 Proposed Budget: $112,090,350

KEY BUDGET DECISIONS:

- Provides $2.3M to continue Public Health's food distribution and food and nutrition benefits enrollment services previously funded through ARPA.
- Invests $1.1M to continue Public Health's chronic disease prevention services including improving health behaviors and increasing disease prevention awareness previously funded through ARPA.
- Provides $1M to maintain behavioral health counseling, substance use disorder services, and overdose response services under Public Health previously funded through ARPA.
- Increasing Veterans Services' budget by $25K for case management software for continued support of Veteran needs.
- Builds in a resource sharing agreement of $4.0M of Public Health costs for eligible services to be billed to Harris Health.
- Invests $1.2M to continue home visitation, case management, and care coordination maternal and child health services under Public Health previously funded through ARPA.
- Provides $30K for increased contract costs to maintain medical and doctor services to youth under care in the Children's Assessment Center.

Connect our Community with Safe, Reliable, Equitably Distributed, and Well-Maintained Infrastructure

Objectives

Expand and optimize transit options, ensure safety and security for all using the county's transportation network in alignment with the County's Vision Zero plan, increase access to safe, clean, and enjoyable green space; improve the condition and resilience of county transportation, flood control, and other infrastructure.

FY27 Proposed General Fund Budget: $83,078,882 **FY27 All Other Funds Proposed Budget: $793,691,539**

KEY BUDGET DECISIONS:

- Providing $180M in mobility funds for operational needs and issuing an additional $300M in certificates of obligation over 2 years to support eligible, mobility-nexus projects, activities, and initiatives.
- Drawing down $900M in bond funding to improve road quality where it is most needed.
- Increasing precinct non-voted debt allocations from $15M to $20M per biennium for general use, which can include improvements to community centers and other infrastructure.
- Investing in the HCTRA Barrier Free Program to accelerate the transformation of the County's existing 830 lane-mile toll road system to an all-electronic roadway, improving congestion and safety on toll roads.
- Providing Flood Control with $15.4M in additional budget to maintain the level of service voters approved in November 2024 and accelerate investments in infrastructure, including replacing aging structures and assets, sediment removal, erosion repairs, and implementing new resilient and nature-based solutions to reduce risks and lifecycle maintenance costs.

**Note: Proposed Budget includes General Fund (Fund 1000), FCD (Fund 2890), and HCTRA (Funds 5302 and 5310).*

Make our Economy More Inclusive

Objectives

Grow the number of minority and women-owned businesses, provide workers with training and other support to participate fully in the local economy, foster more living-wage jobs that ensure worker safety, benefits, and stability across all educational levels, and ensure that Harris County remains the best place in the region to start and grow a business, with a focus on equitable growth.

FY27 Proposed Budget: $60,257,294

KEY BUDGET DECISIONS:

- Invests $4M to maintain workforce training and career pathway assistance under the Apprentice Advantage Program previously funded through ARPA.
- Provides $700K for four new positions and non-labor funding to the Department of Economic Equity and Opportunity and $1.1M to Engineering for ten General Fund positions to implement and maintain the Worksite Safety Policy ensuring compliance with federal and state regulations and requirements.
- Allocates $361K in funding to the Department of Economic Equity and Opportunity to maintain interlocal agreements supporting the Port of Houston prevailing wage monitoring activities.
- Maintains $559K for the Harris County Disparity Study under the Department of Economic Equity and Opportunity for continued efforts of mitigating racial and gender disparities in procurement practices, reducing barriers in contract procurement, and increasing access to economic opportunities.
- Provides $90K for returning active military personnel position servicing Harris County's Veteran owned businesses.

Help Residents Achieve Housing Stability

Objectives

Build and preserve affordable housing, particularly for low-income families, reduce eviction and foreclosure rates among residents, transition people experiencing homelessness into permanent housing

FY27 Proposed Budget: $26,206,518

KEY BUDGET DECISIONS:

- The budget continues the highest senior and disabled homestead exemptions in the state.
- Leveraged resources outside of General Fund to complete and publish the Houston-Harris County Affordability Strategy, a joint initiative with the City of Houston, which is a data-driven, comprehensive, and actionable housing strategy designed to guide implementation over the next decade, ensuring long-term housing affordability and availability for all residents.
- Continued implementation of over a billion dollars in one-time housing recovery programs including more than $260M in ARPA and $887M in Harvey CDBG-DR creating and preserving almost 7,000 affordable single-family and multi-family homes, assisting over 6,000 individuals through homelessness support and prevention services, constructing 38 public facilities and infrastructure projects, 733 households and businesses relocated, and 8,541 individuals served through community partnerships.
- Preserving $1M in rapid recovery and mitigation staff and other resources that can be readily deployed for effective countywide delivery of complex federal funds.
- Increasing partnership participation in tax exemption program for certain low-income housing projects, under Texas Tax Code 11.1825, of up to $500K total.
- Increasing housing access in advancement of Harris County strategic priorities by working collaboratively with Commissioners Court, County Administrator, and partners to move forward in building and optimizing critical tools like the newly formed Public Facilities Corporation (PFC), Putting Assets to Work (PAW) initiative, Housing Trust Fund, Tax Increment Reinvestment Zones (TIRZ), and others.
- Provides $1M to maintain eviction prevention programs including legal aid defense and flexible rental assistance under Housing and Community Development previously funded through ARPA.
- Provides $2.2M to maintain coordinated homelessness response services including outreach, case management, emergency shelter, and temporary housing under Housing and Community Development previously funded through ARPA.

Minimize the Impact of Climate Change and Disasters

Objectives

Reduce CHG emissions from County operations by 40% by 2030, enhance disaster preparedness and resiliency, equitably reduce the health, economic, and other impacts of climate change & disasters, encourage residents, businesses, and public entities to significantly reduce their environmental footprint for the health of our region.

FY27 Proposed Budget: $10,829,513

KEY BUDGET DECISIONS:

- Allocating $546K in savings from the Office of Sustainability initiatives and investments to the Revolving Energy Efficiency Fund to implement energy efficiency projects.
- Funding $38.9M for emergency generators throughout the County that will provide power during emergencies to residents and County staff.
- Investing $3.9M in an electric vehicle pilot to reduce CHG emissions and fleet costs.
- Increases Pollution Control Services' budget by $64K for operating costs associated with the Rapid Ambient Air Monitoring (RAAM) vehicle, which conducts routine baseline air quality monitoring and responds to emergency environmental incidents.

Government Administration

FY27 Proposed Budget: $721,031,006

KEY BUDGET DECISIONS:

- Increasing annual TIRZ payments by $30M to reflect County's participation in TIRZ 1 & 24.
- Saving $3.8M on both internal and Countywide contracts due to renegotiations, consolidation, and service level rationalization, including $2M in savings on the County's contract with Microsoft.
- Distributing $6M to County departments to sustainably fund vehicle maintenance and repair and the Fleet Fund.
- Reducing Universal Services' non-labor budget by $1.5M, reflecting a contribution from other, eligible special funds towards law enforcement software development and support.
- Invests $1.1M in Harris County Public Library collections and materials for continued education and literary services to the community.
- Allocates $366K for Microsoft Licensing cost increases for the Harris County Public Library, maintaining information technology and education services to Harris County.
- Provides $45K for continued educational materials, technology access, literacy support, and workforce development library resources to the Lone Star College System community.
- Invests $173K for increased burial needs serviced by Housing and Community Development.

Commissioners Court

FY27 Proposed Budget: $202,376,396

COMMISSIONERS COURT BUDGETS
FY27 new funding budgets for Commissioners Court Offices and the Judge's Office are increasing to keep up with group health cost increases. Since FY23, Commissioner Precincts' new funding amounts are kept uniform.

As shown in the schedule below, a portion of Commissioner's unused funds are included in the initial allocation with the remainder to be transferred after final FY26 spending is known. This does not reflect any changes to Park Security.

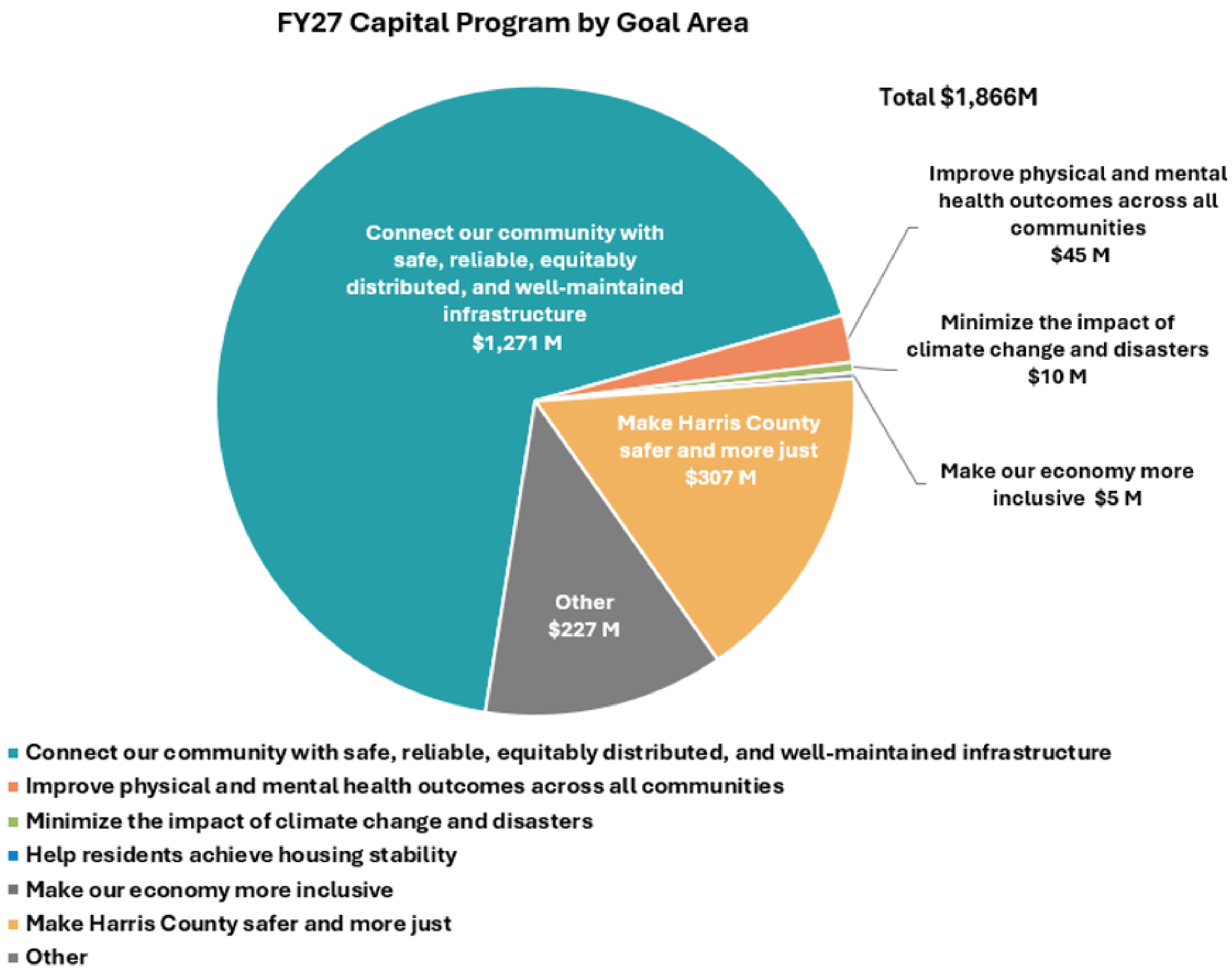
Preliminary Rollover + FY27 New Funding

Department Name	75% of Estimated Opening Balance	FY27 New Budget	FY27 Total Proposed
Harris County Judge's Office	1,123,433	12,272,524	13,395,957
Commissioner Precinct 1	33,666,981	47,525,968	81,192,949
Commissioner Precinct 2	23,413,000	47,525,968	70,938,968
Commissioner Precinct 3	19,152,197	47,525,968	66,678,165
Commissioner Precinct 4	16,067,617	47,525,968	63,593,585
Total	93,423,228	202,376,396	295,799,624

Capital Program

For the first time since March 2021, OMB will present a proposed CIP for Commissioners Court approval as a part of the budget process.

OMB expects a total need of approximately $1.9B in resources to carry out planned capital work, not including precinct-led voted debt projects, including $650M as a part of the proposed CIP for work not led by HCTRA or FCD.



HARRIS COUNTY OFFICE OF MANAGEMENT AND BUDGET

Capital Program

Notable projects underway in the County's Capital program include:

- 2018 Flood Control Bond Program – significant initial investment in "worst-first" projects to achieve equitable flood mitigation; significant construction using CDBG grant funds
- HCTRA Barrier Free Program – This program will remove toll plazas to reduce accidents, save lives, and decrease injuries on toll roads. The program also encompasses drainage and other improvements along toll roads.
- Hardy Downtown Connector – This new road will extend the Hardy Toll Road to downtown Houston, improving traffic flow and generating revenue, while incorporating community input and environmental mitigation.
- Riverside Health and Safety Complex – The complex will repurpose historical buildings to host the ACCESS Harris initiative and community engagement centers.
- New Harris County Sheriff's Office headquarters at 5910 Navigation – This new facility will provide a new headquarters for the Sheriff's Office and a community center for residents.

HARRIS COUNTY OFFICE OF MANAGEMENT AND BUDGET

Budget and Tax Rates – Flood Control

The Flood Control VAR is projected to generate $266M, including $262M of tax revenue and $4M from non-tax sources. This represents an increase of $15M over last year.

	Revenue	Expenditure	Surplus/(Deficit)
FY27 NNR	$246M	$266M	$(20M)
FY27 VAR	$266M	$266M	-

Budget Tax Rates – Harris Health

FY27 projected total tax revenue for Harris Health at the proposed tax rate is $1,327M which would be an increase of $111M over last year. The Harris Health proposed budget includes correctional health.

	Revenue	Expenditure	Surplus/(Deficit)
FY27 NNR	$2,944M	$2,884M	$60M
FY27 VAR	$3,286M	$2,884M	$402M
FY27 Proposed*	$3,053M	$2,884M	$169M

**Note: Harris Health's Board of Trustees has not yet recommended the FY27 proposed tax rate or expense budget. The projections above are based on the projected total tax revenue at the proposed M&O and debt service tax rates.*

Harris County Toll Road Authority (HCTRA)

OMB's FY27 projected revenue for HCTRA is $1,167M, an increase of $171M from last year. HCTRA's projected expenses are $848M, an increase of $93M. OMB recommends keeping HCTRA surplus revenue transfer to Commissioner Precincts to $180M. OMB recommends supporting Precinct projects with $300M in road certificates of obligations (CO's) over two years.

FY27 Revenue	$1,167M
FY27 Expenditure	$848M
FY27 Transfers	$180M

APPENDIX

Expenditure Summary

FY27 Proposed General Fund Budget

County Operations	Amount
Government Administration and Other	$1,093M
Countywide Financial Obligations	$284M
Commissioners Court	$202M
Total	**$1,579M**

Strategic Goals	Amount
Goal 1	$886M
Goal 2	$8M
Goal 3	$12M
Goal 4	$32M
Goal 5	$1M
Goal 6	$1M
Total	**$940M**

Strategic Objectives	Amount
Objective A	$242M
Objective B	$72M
Objective C	$31M
Objective D	$76M
Objective E	$10M
Objective F	$21M
Objective G	$1M
Objective H	$6M
Objective I	$M
Objective J	$2M
Objective K	$5M
Objective L	$2M
Objective M	$1M
Objective N	$7M
Objective O	$42M
Objective P	$16M
Objective Q	$7M
Objective R	$21M
Objective S	$7M
Objective T	$1M
Objective U	$2M
Objective V	$M
Objective W	$6M
Total	**$577M**