



2025-2026 OPERATING & CAPITAL BUDGET

HOW TO READ THIS DOCUMENT

This budget document consists of three separate budgets: the 2026 Operating Budget, a three-year Capital Equipment Budget for the years 2026, 2027, and 2028 and a three-year Capital Expansion Budget for the same period. Each component of this budget also contains revisions to the original 2025 Budget. In addition, in certain instances, 2024 operating results have been included for comparative purposes. Lastly, various types of graphic and numeric analyses, including analysis of the indigent care demands on UMCHS as compared to its ad valorem tax support, are provided for the purposes of illustration and comparison.

The 2026 Budget continues to be presented in summary format. The 2026 Budget is presented in this format because it is expected that it will undergo alteration during the coming year and the summary format will make changes easier to implement. If specific departmental information is needed, it will be made available by the Health System financial staff. It should be noted that prior to expenditures being made for items in the Capital Equipment Budget and the Capital Expansion Budget, these capital requests will be brought to the Board for final review and approval.

This budget will raise more revenue from property taxes than last year's budget by an amount of \$579,047, which is a 1.7% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$579,047.

TABLE OF CONTENTS

How to Read This Document	2
President's Letter	4
Proposed Budget Summary	5
Mission of Charity	6
Mission of Education	9
Mission of Financial Strength	11
Capital Budget Summary	14
Tax Recommendation	15
2025/2026 Budget Assumptions	17
2025/2026 by Campus	18
Revenues and Expenses	20
Income Statement by Expense Category	22
Income Statement by Expense Area	23
Capital Equipment Budget	24
Capital Expansion Budget	34
Capital Expenditures, Net Income & Cash	37
Cash Forecast	38
Property Tax Calculation	39
Comparative Tax	40
30 Days in the Emergency Center	41
Budget Summary	42
Budget Calendar	43

August 11, 2025

Honorable Curtis Parrish, County Judge
Mike Dalby, County Commissioner, Precinct 1
Jason Corley, County Commissioner, Precinct 2
Cary Shaw, County Commissioner, Precinct 3
Jordan Rackler, County Commissioner, Precinct 4

Dear Judge Parrish and Commissioners,

The following budget documents have been prepared to comply with the Bylaws of the Board of Managers of the Lubbock County Hospital District d.b.a. UMC Health System (UMCHS) and to support the Health System's Strategic Plan. These budget documents consist of three separate budgets: the 2026 Operating Budget, a three-year Capital Equipment Budget for the years 2026, 2027, and 2028, and a three-year Capital Expansion Budget for the same period. Each component also contains revisions to the original 2025 Budget.

The mission of UMCHS is threefold:

- **Charity:** Service is our Passion. We serve by providing safe, high quality care to all.
- **Education:** We train tomorrow's healthcare professionals.
- **Financial Strength:** And we achieve excellent financial performance.

The purpose of this document is to present the financial status of UMCHS as well as the operational, capital equipment, and capital expansion budgets - as they relate to our mission, as well as a tax recommendation for your consideration.

PROPOSED BUDGET SUMMARY

(DOLLARS IN THOUSANDS)

	2024 ACTUAL	2025 ORIGINAL	2025 REVISED	2026 BUDGET
Net Patient Revenue	\$801,400	\$883,627	\$893,255	\$954,484
Other Operating Revenue	12,603	12,666	14,428	13,308
Property Tax Revenue	35,819	36,650	34,968	36,192
Supplemental Funding	1119,947	109,413	110,644	110,644
Total Operating Revenue	969,769	1,042,357	1,053,295	1,114,628

Less Operating Expense	969,853	1,030,359	1,031,381	1,100,339
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Operating Income	-84	11,998	21,914	14,289
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Investment Income	30,839	25,358	27,505	24,418
Nonoperating Revenue	6,828	1,278	2,093	2,174
REVENUE OVER EXPENSE	\$37,583	\$38,634	\$51,512	\$40,881

Operating Margin	0.0%	1.2%	2.1%	1.3%
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Capital Equipment	36,953	79,406	76,107	49,534
Capital Expansion	63,795	62,601	97,405	37,637
TOTAL CAPITAL OUTLAY	\$100,748	\$142,007	\$173,512	\$87,170

CASH BALANCE	\$427,257	\$390,839	\$362,804	\$391,126
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	2024 ADOPTED	2025 PROPOSED
Tax Rate	\$0.0996790	\$0.0996600

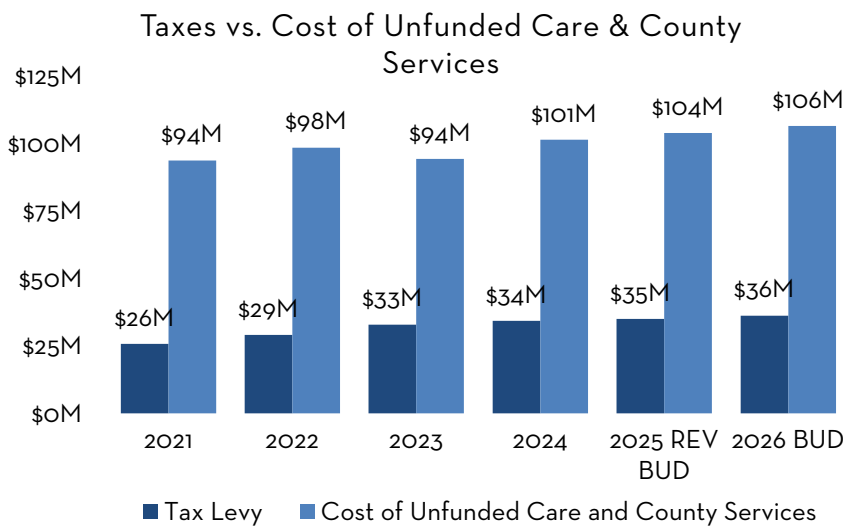
MISSION OF CHARITY

Over the past 50 years UMC EMS, and over the past 47 years UMCHS, has served as an incredible investment and steward of public funds. It is a privilege to serve the Lubbock community.

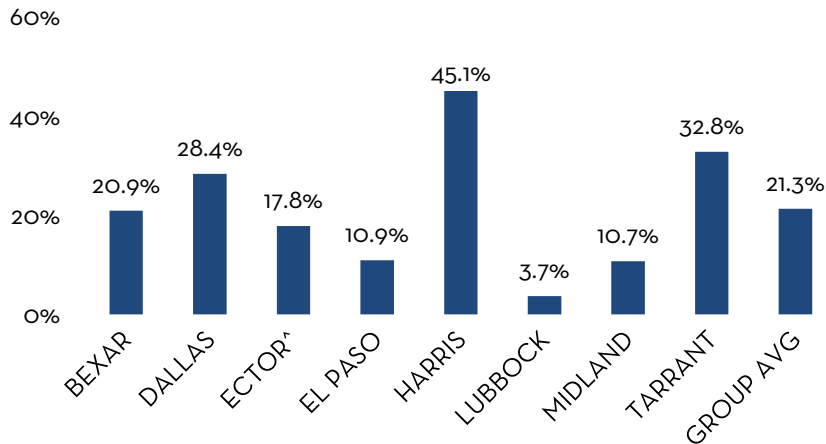
Challenges:

The cost of unfunded care outpaces tax receipts 3 to 1.

- \$106M Cost of unfunded care
- \$35M Tax levy in 2025 at the proposed No-New-Revenue Rate
- 3.7% % of UMC’s budget funded by taxes in 2024
- 21.3% % on average for comparable districts in Texas
- \$0M Added tax support for EMS shortfall of \$7.1M
- \$0M Added tax support for correctional care of \$12.2M
- 95.7% % of days over the high occupancy threshold

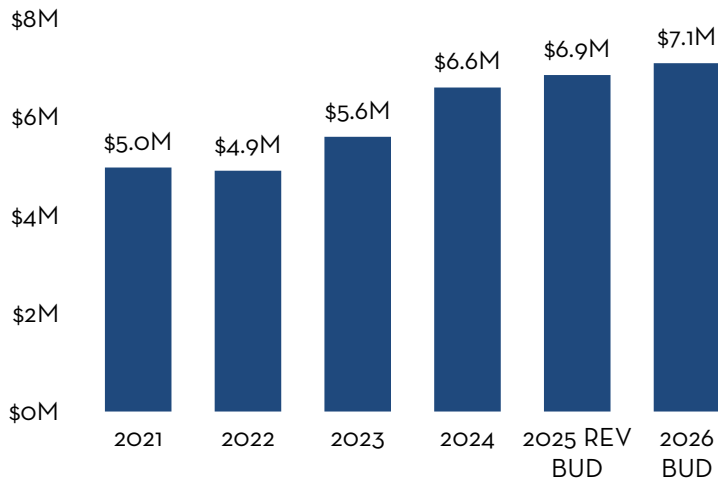


2024 Taxes as a Percentage of Operating Expenses for Select County Hospital Districts

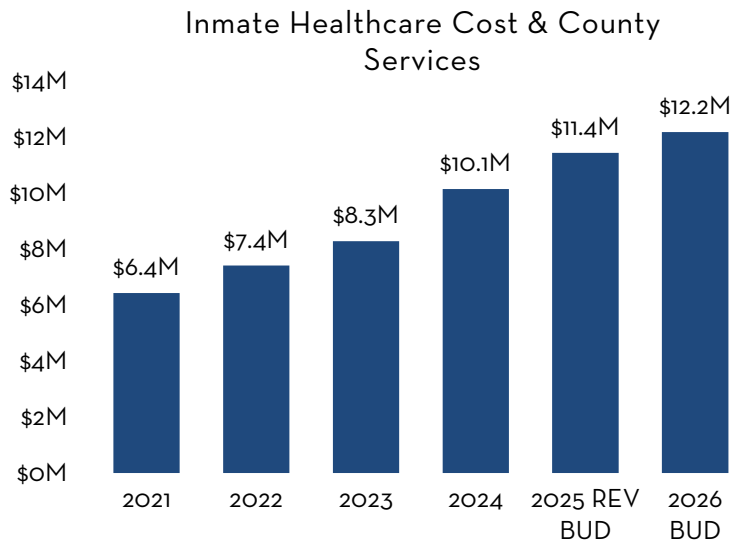


Sources: 2024 Tax Levies (Texas Comptroller of Public Account website), Estimated Operating Expenses (individual entity websites). ^ Ector County assesses a property tax and sales tax, both of which are included in total tax levy.

EMS Loss



Specific to the cost of correctional care, it represents 11% of total unfunded care, up from 5% in 2018. And the cost has increased 196% since 2018. UMC is working to improve efficiency of care at the Lubbock County Detention Center, having funded an on-site dialysis center which saves the County about \$250,000 a year in transport guard expense.



Services Provided:

- 38,000 Citizens trained (free) by EMS: Stop the Bleed, etc.
- 79,497 Emergency Center visits in 2024 (an increase of 11% since 2023)
- \$15.7M Savings to patients and payors via 24/7 Urgent Care Clinics
- 53 minutes Average time to be seen in 24/7 Urgent Care Clinics
- \$3.8M Savings to patients via Rx Perks Medication Management Clinics
- 384 miles Average distance to nearest Comprehensive Cancer Center (UMC Cancer Center opens April 2026)
- 44.3% % of new cancer diagnoses that travel outside the region for cancer care
- \$732,911 Largest employee funded donation to Lubbock United Way

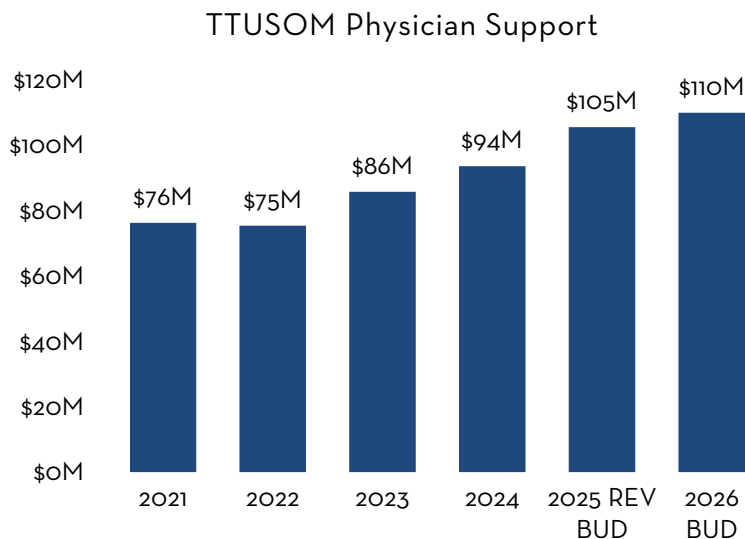
Proactively, UMC has increased efficiency for improved patient flow and invested in new services that provide expanded access at a lower cost. The Health & Wellness (H&W) Hospital meets a growing need in Southwest Lubbock – but more to the point, it provides a revenue stream to support missional work – charity and education. Both H&W and the new TLC² Foundation Cancer Center were funded by cash reserves.

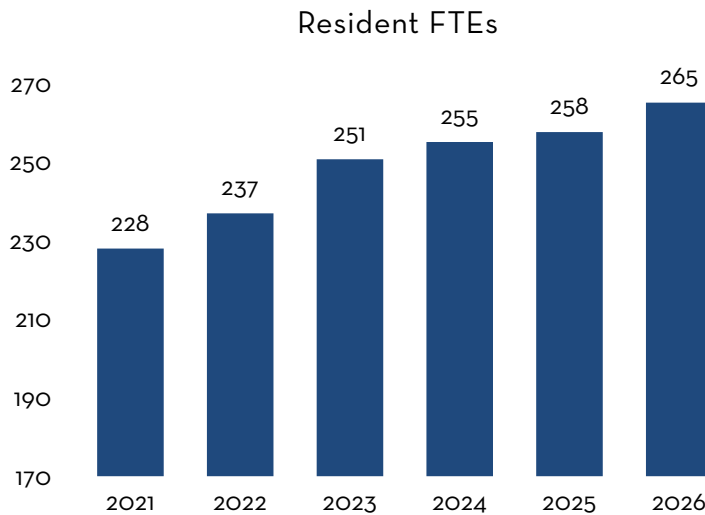
MISSION OF EDUCATION

Second only to charity, it is UMC's mission and privilege to support the thriving economic engine of Texas Tech University Health Sciences Center (TTUHSC), the largest health sciences center and provider of graduate medical education in the State.

Challenges:

- \$110M Investment in TTUSOM for medical services provided
- 69% % increase in investment since 2020
- 238 Number of resident physicians funded by UMC
- 13% % growth in residents funded since 2020
- 2032 The year Texas will experience a shortage of 10,000 doctors and 57,000 RNs
- 500,000 Lubbock County population by 2040





Includes grant funded Emergency Medicine Residents.

Strategies Towards Retention:

Recruitment and retention of the care team is a top priority. Market adjustments are made as needed, from housekeepers to nurses – not to exceed market, but to meet it.

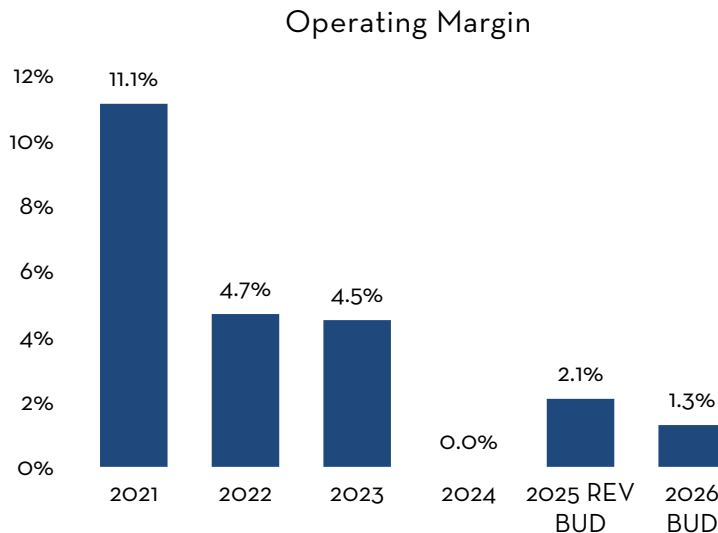
- We train many of our own technicians inhouse to ensure retention.
- Initiated a Certified Anesthesia Assistant training program.
- Initiating the American Medical Association's *Joy in Medicine* program to reduce burnout and build well-being among care givers.
- Recent attending physician surveys measuring engagement and alignment ranked UMC in the top 20% (engagement) and top 10% (alignment).
- Employee satisfaction ranks UMC in the top 10% – for the 17th year.

MISSION OF FINANCIAL STRENGTH

UMCHS's operating margin, although positive with a history of zero debt and no layoffs, is shrinking.

Challenges:

- 12% % of total revenue in 2024 from decreasing supplemental funding
- \$28M The amount of NAIP funding to cease in 24 months
- 12 of 15 Recent years UMC has adopted the No-New-Revenue Rate
- Commercial The only payor yielding a positive bottom line
- 6.7% vs. 5.4% Expense growth outpacing revenue growth in 2026
- Labor #1 expense - labor - growing at 5% over 2024; and turnover has reduced to 18% or nearly 1,000 FTEs per year
- \$261M Capital expenditures for equipment and facilities expected in 2025 and 2026



Strategies to offset the lowest comparable tax burden in the State:

- 26.6% to 34.9% From 2020 to 2025 YTD, increased commercially funded payor mix
- 50% Commercially funded payor mix at H&W Hospital
- 0.7 Day Decrease in length of stay from 2021 to 2024; this LOS reduction yields 56 additional beds
- 366,969 Outpatient visits in 2024 (an increase of 6% since 2023 with 35K new visits at H&W in 2024)
- \$59.8M Cost to convert to Epic electronic health record to maximize revenue
- \$7M Savings from conversion to new group purchasing organization (CHC Supply Trust)
- \$3.50 for every \$1.00 The return on UMCP primary care clinic investments

Reality:

Excluding funding cuts from Congress, or tariffs forthcoming, UMC's foreseeable future like other public hospitals, is one of expense growth exceeding revenue growth. Others manage this imbalance with supplemental funding (decreasing) and tax revenues (flat).

Cash reserves required by the Board of Managers for financial stability add \$20M to the 2026 bottom line through investment income. Yet cash reserves are shrinking as well through funding of capital expansion, necessary to meet the need, avoid debt, and fund the mission.

UMC “took on” correctional healthcare in 1998 without additional tax revenue. UMC has provided EMS 911 service without additional tax revenue. It is time for UMC - as your locally governed, stewardship minded, healthcare provider - to receive warranted support and to ensure services continue. UMC is an outlier through the State. We must begin to catch up to meet a growing demand - for care for our community - and for those who provide it.

CAPITAL BUDGET SUMMARY

Capital
Expansion
2025-2028
\$239M
Highlights
Include:

- TLC² Foundation Cancer Center (total cost \$114M)
- New West Tower Site Prep/Initial Phase (\$61.9M)
- Wolfforth Clinic (\$5.7M)

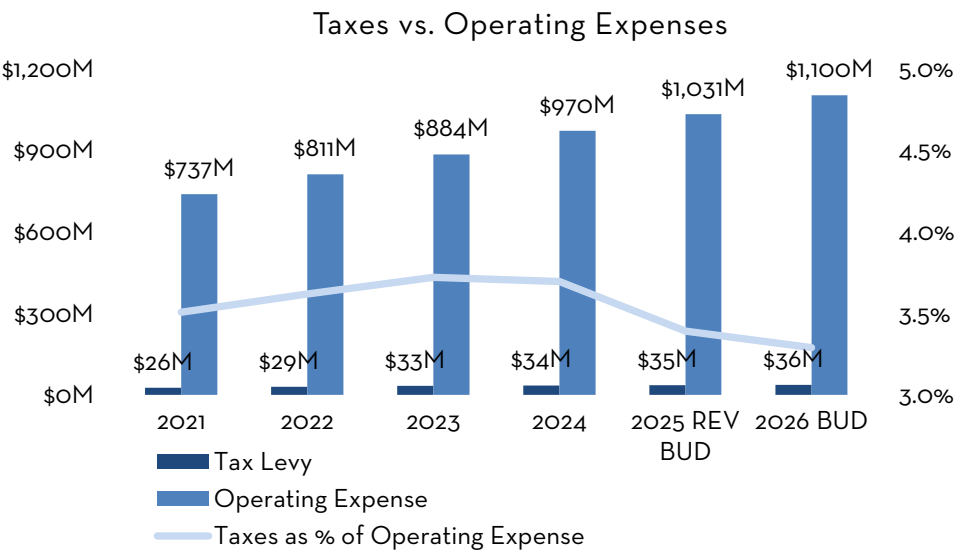
Capital
Equipment
2025-2028
\$196M
Highlights
Include:

- Epic Electronic Health Record (total cost \$59.8M)
- Imaging Equipment (\$19.9M)
- Ambulances and First Responder Vehicles and Equipment (\$6.9M)
- Surgical Robotics (\$4.5M)

TAX RECOMMENDATION

In 2024, ad valorem tax revenue represented 3.7% of total operating expenses. At the proposed tax rate for 2025, taxes will represent approximately 3.4% of total operating expenses for 2025 and 3.3% for 2026. This represents *the lowest* among comparative hospital districts in Texas.

By proposing the No-New-Revenue Rate, tax revenue will not increase over 2024 on existing property. However, new property of \$581M will be added to the tax base resulting, gratefully, in an estimated additional increase in tax revenue of \$579K over 2024.



On behalf of the Board of Managers of UMCHS, I respectfully recommend the adoption of the tax rate of \$0.0996600. I also recommend the approval of the 2026 Capital Expansion Budget of \$37,636,825; 2026 Capital Equipment Budget of \$49,533,675; and 2026 Operating Budget of \$1,100,339,043. Finally, I recommend the approval of the 2025 Revised Capital Expansion Budget of \$97,404,694; 2025 Revised Capital Equipment Budget of \$76,106,865; and 2025 Revised Operating Budget of \$1,031,381,379.

Our mission is grounded in a history of proper stewardship to the citizens of Lubbock County and exceptional value to our patients, medical staff, strategic partners, and over 5,400 employees.

Sincerely,

A handwritten signature in black ink, reading "Mark Funderburk". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

Mark Funderburk
President and Chief Executive Officer
UMC Health System

2025/2026 BUDGET ASSUMPTIONS

The Operating Budget is predicated upon volume forecasts as well as a number of assumptions, including both internal operating forecasts and external industry, legislative, and regulatory factors. The results of the Operating Budget flow directly from the application of these volume forecasts and assumptions. For the 2026 Operating Budget, as well as revisions to the 2025 Operating Budget, key budget assumptions are as follows:

ASSUMPTIONS	2024 ACTUAL	2025 REVISED BUDGET	2026 BUDGET
Inflation Factors			
Payroll	2.6%	2.6%	2.6%
Supply Expenses	5.0%	5.0%	3.0%
Purchased Services Expenses	3.0%	4.0%	4.0%
Select Other Non-Payroll Expenses	1.0%	0.0%	0.0%
Billing Rate Increase	6.0%	6.0%	6.0%
Patient Encounters			
Census	377.4	409.7	427.0
Admissions (including Observation)	33,732	34,800	36,280
Outpatient Visits	366,969	428,719	441,814
EC Visits	79,497	83,336	85,408
Urgent Care Visits	47,866	78,777	81,378
Patient Transfers to UMC	7,704	7,900	8,130
EMS Transports	33,175	34,348	35,550
UMCP Clinic Visits	380,064	383,260	386,727

2025/2026 BY CAMPUS

At UMC, our mission remains centered on enriching the lives of the people we serve. In December 2023, that mission took a significant step forward with the opening of the Health & Wellness Hospital – a first-of-its-kind concept in our region, designed to take patient care well beyond traditional models.

In partnership with TTUHSC Physicians and UMC Physicians, UMC created integrated care pathways that ensure our citizens have access to both essential primary care and highly specialized services. This collaboration reflects a shared commitment to improving health outcomes across Lubbock County and removing the longstanding barriers often faced by those who rely on a safety-net system.

The H&W Hospital brings together the most advanced technologies, an unmatched breadth of specialty care, and the same compassionate service that defines UMC culture. The hospital offers onsite, ongoing education towards improved health for the community.

Services now available include:

- A full-service Emergency Center (Level IV Trauma)
- Lubbock's second 24/7 Urgent Care Clinic
- Advanced Imaging: CT, MRI, Ultrasound, and Interventional Radiology
- Outpatient and Cardiac Rehabilitation
- UMC Connect
- Ambulatory Infusion Center
- Onsite Outpatient Pharmacy and Laboratory Services

And we are not slowing down. In 2025/2026, UMC will continue expanding services to include:

- Cardiology
- Elective Surgery
- Sports Medicine
- Urology, with a focus on Female Pelvic Medicine and Reconstructive Urology
- Additional access to Primary Care, Endocrinology, Psychiatry, and Rheumatology

HEALTH & WELLNESS HOSPITAL ACTIVITY

	2024 ACTUAL	2025 REVISED BUDGET	2026 BUDGET
Inpatient Census	2.4	3.8	4.5
Outpatient Visits	34,549	75,337	81,364
Urgent Care Visits	6,069	34,218	35,929
EC Visits	10,955	13,508	14,183

REVENUES AND EXPENSES

2025 Revenues and Expense

In the original 2025 operating budget, it was expected that the Health System would have excess revenue over expenses of \$38.6M. The revised 2025 budget now forecasts the Health System will have excess revenue over expenses of \$51.5M, an increase of \$12.9M from the original budget and a \$13.9M increase to 2024.

Versus 2024 actuals, the 2025 revised budget has an \$88.4M increase in net revenue due to significantly higher volumes associated with the opening of the Health & Wellness Hospital. This is offset by a reduction in supplemental funding of \$9.3M (DSH/UC and NAIP funding) and expense increases of 6.3% related payroll and supply costs associated with volume increases, particularly at H&W, and physician support costs.

Net revenue in the revised 2025 budget increases by \$12.5M or 1.5% over the original budget due to continued strong commercial mix year-to-date led by H&W. Supplemental funding is also up slightly (\$1.2M) but uncertainty around funding formulas continues to present challenges in setting future budget expectations. Nonoperating revenue is up \$2.9M primarily due to residual COVID-19 disaster reimbursement funding. This puts total revenue up 1.3% from original budget estimates.

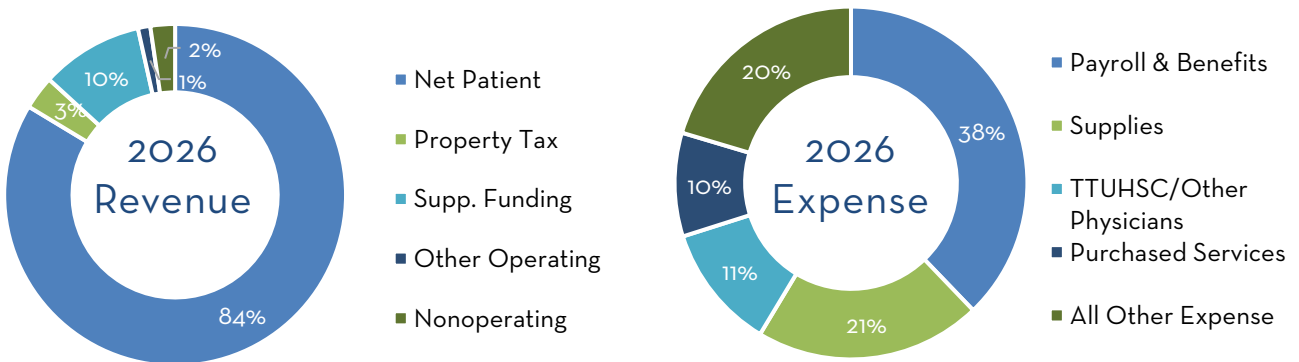
Expenses are expected to increase 0.1% to original budget expectations due to higher health plan costs and physician fees offset by slightly lower than expected supply costs and the capitalization of some information technology payroll to the Epic project.

2026 Revenues and Expense

In 2026, overall net revenue is expected to grow \$59.0M or 7.2% from 2025, driven by continued growth at H&W and radiology growth at the Main Campus. Additionally, revenue is expected to be optimized for year 1 of the Epic conversion. Total operating revenue growth is only 5.8% however, due to other operating revenue decreasing for a one-time energy tax credit in 2025 and flat supplemental funding. Reliance on DSH/UC and NAIP funds to generate a positive bottom line continues and presents concerns with the NAIP program (worth \$28M) expected to end in 2027. Nonoperating revenue also decreases in 2026, due to the removal of \$3.2M in one-time residual COVID-19 reimbursement funding received in 2025.

Total expense growth in 2026 is projected to be \$68.9M or 6.7%, prompted by increased volume at H&W and the Main Campus, labor costs including market raises to attract and retain staff, inflationary increases system-wide, and an additional \$16.3M in Epic-related operational implementation and year 1 costs. Another considerable expense increase is around TTUSOM funding (up 4.1%) and other physician cost increases in radiology and the emergency center.

With the higher increase in expenses relative to operating revenue and continued challenges around supplemental funding, operating margin decreases from 2.1% to 1.3% in 2026 and reduces excess revenue over expense to \$40.9M.



INCOME STATEMENT BY EXPENSE CATEGORY

(DOLLARS IN THOUSANDS)

	2024 ACTUAL	2025 BUDGET	2025 REVISED BUDGET	2025 BUDGET CHG %	2026 BUDGET	2026 BUDGET CHG %
Revenue						
Net Patient Revenue						
Hospital	\$735,197	\$811,119	\$823,596	1.5%	\$882,593	7.2%
UMC Physicians	50,141	54,359	51,478	(5.3%)	52,895	2.8%
EC Physicians	6,005	6,189	6,402	3.4%	6,598	3.1%
Radiology Physician Services	10,058	11,960	11,781	(1.5%)	12,397	5.2%
Other Operating Revenue	12,603	12,666	14,428	13.9%	13,308	(7.8%)
Ad Valorem Tax Revenue	35,819	36,650	34,968	(4.6%)	36,192	3.5%
Medicaid Supplemental Funding	119,947	109,413	110,644	1.1%	110,644	0.0%
Total Operating Revenue	969,769	1,042,357	1,053,295	1.0%	1,114,628	5.8%
Operating Expenses						
Payroll & Benefits	371,980	390,706	391,329	0.2%	416,158	6.3%
Professional Services	17,853	15,635	15,635	0.0%	15,812	1.1%
Supplies	192,415	218,374	214,313	(1.9%)	228,841	6.8%
Purchased Services	81,406	85,927	85,672	(0.3%)	104,557	22.0%
Other Direct Expenses	43,539	42,391	43,403	2.4%	44,979	3.6%
Interest	2,863	2,285	2,285	0.0%	2,285	0.0%
Depreciation & Amortization	52,460	52,625	53,547	1.8%	54,611	2.0%
TTUHSC/Other Physicians	107,726	117,065	121,447	3.7%	126,368	4.1%
UMC Physicians	64,330	68,341	66,699	(2.4%)	68,137	2.2%
EC Physicians	19,317	20,888	20,906	0.1%	21,784	4.2%
Radiology Physician Services	15,963	16,122	16,146	0.1%	16,807	4.1%
Total Operating Expense	969,853	1,030,359	1,031,381	0.1%	1,100,339	6.7%
Operating Income	-84	11,998	21,914	82.7%	14,289	(34.8%)
Nonoperating Revenues						
Investment Income	26,400	20,616	22,762	10.4%	19,602	(13.9%)
Investment In Joint Ventures	4,439	4,742	4,742	0.0%	4,816	1.6%
Net Nonoperating Income	898	1,278	2,093	63.8%	2,174	3.8%
Regional Healthcare Partnership Funding	5,931	0	0	0%	0	0%
Total Nonoperating Revenue	37,668	26,636	29,598	11.1%	26,592	(10.2%)
REVENUE OVER EXPENSE	\$37,583	\$38,634	\$51,512	33.3%	\$40,881	(20.6%)

INCOME STATEMENT BY EXPENSE AREA

(DOLLARS IN THOUSANDS)

	2024 ACTUAL	2025 BUDGET	2025 REVISED BUDGET	2025 BUDGET CHG %	2026 BUDGET	2026 BUDGET CHG %
Revenue						
Net Patient Revenue						
Hospital	\$735,197	\$811,119	\$823,596	1.5%	\$882,593	7.2%
UMC Physicians	50,141	54,359	51,478	(5.3%)	52,895	2.8%
EC Physicians	6,005	6,189	6,402	3.4%	6,598	3.1%
Radiology Physician Services	10,058	11,960	11,781	(1.5%)	12,397	5.2%
Other Operating Revenue	12,603	12,666	14,428	13.9%	13,308	(7.8%)
Ad Valorem Tax Revenue	35,819	36,650	34,968	(4.6%)	36,192	3.5%
Medicaid Supplemental Funding	119,947	109,413	110,644	1.1%	110,644	0.0%
Total Operating Revenue	969,769	1,042,357	1,053,295	1.0%	1,114,628	5.8%
Operating Expenses						
Nursing Services	152,866	159,558	161,946	1.5%	173,559	7.2%
Clinical Ancillary Services	357,930	379,192	376,416	(0.7%)	397,022	5.5%
Physician Practice	5,174	6,308	6,642	5.3%	6,883	3.6%
UMC Physicians	64,330	68,341	66,699	(2.4%)	68,137	2.2%
EC Physicians	19,317	20,888	20,906	0.1%	21,784	4.2%
Radiology Physician Services	15,963	16,122	16,146	0.1%	16,807	4.1%
Support Services	46,743	48,330	48,536	0.4%	51,141	5.4%
Fiscal Services	62,190	76,353	72,278	(5.3%)	94,786	31.1%
Administrative Services	75,865	76,259	77,499	1.6%	79,654	2.8%
TTUHSC/Other Physicians	107,726	117,065	121,447	3.7%	126,368	4.1%
County Medical Services	6,426	7,033	7,033	0.0%	7,301	3.8%
Interest	2,863	2,285	2,285	0.0%	2,285	0.0%
Depreciation & Amortization	52,460	52,625	53,547	1.8%	54,611	2.0%
Total Operating Expense	969,853	1,030,359	1,031,381	0.1%	1,100,339	6.7%
Operating Income	-84	11,998	21,914	82.7%	14,289	(34.8%)
Nonoperating Revenues						
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Net Nonoperating Income	898	1,278	2,093	63.8%	2,174	3.8%
Regional Healthcare Partnership Funding	5,931	0	0	0%	0	0%
Total Nonoperating Revenue	37,668	26,636	29,598	11.1%	26,592	(10.2%)
REVENUE OVER EXPENSE	\$37,583	\$38,634	\$51,512	33.3%	\$40,881	(20.6%)

CAPITAL EQUIPMENT BUDGET 2025-2028

BY YEAR	PROPOSED BUDGET
2025 Budget	70,106,865
2025 Undesignated	6,000,000
2025 Total	\$76,106,865
2026 Budget	43,533,675
2026 Undesignated	6,000,000
2026 Total	\$49,533,675
2027 Budget	17,331,503
2027 Undesignated	17,668,497
2027 Total	\$35,000,000
2028 Budget	11,671,786
2028 Undesignated	23,328,214
2028 Total	\$35,000,000

2025 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Cath Lab		
Abbott OPTIS Mobile System	94,860	
Getinge Cardiosave Intra Aortic Balloon Pumps	200,000	X
Intrasight Laser System	754,230	
Ultrasound Machine Replacement - 2025	312,720	X
Vascular Ultrasound Machine Replacement	302,300	X
EMS		
Ambulances - 2025	1,457,113	X
First Responder/Supervisory Vehicles - 2025	212,040	
Health & Wellness Hospital		
Anesthesia Ultrasound	50,669	
Kubtec Specimen Radiography System	105,455	X
Neptune 3 Waste Management System	51,429	
Information Technology		
Backup Solution Replacement	147,785	X
Cellular DAS - New Cancer Center	325,500	
Cerner Scope of Use - 2025	232,500	
Door Access Control Modules	232,500	
Epic Implementation - 2025	44,270,495	
Health & Wellness DR Site Buildout	255,750	
Infrastructure Expansion for Epic	182,347	X
IT Infrastructure Refresh Fund - 2025	315,496	X
Mobile Device Replacements for Epic	558,000	
Software Licensing True Up - 2025	139,500	
Labs		
Microbiology Automation & Non-Automation Analyzers	2,700,000	X
OsmoPRO MAX Automated Osmometer	61,037	
Nursing Services		
Atom Isolettes	125,935	
Gas Analyzers for Anesthesia Machines	190,539	X
Giraffe Omni Beds-Isolettes - 2025	6,165	X
Giraffe Radiant Warmers - 2025	38,318	X
Infusion Pump Replacement	2,881,532	X
Modular Modeling System Replacement	1,426,541	
SimMan Manikin with VitalsBridge	139,161	
Surgical OR Tables	97,740	X
X3 Transport Monitors	814,692	

2025 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Radiology		
Cancer Center SIM MRI System	1,721,712	X
Canon Omnera 400T System - MOP I	176,700	
Canon Omnera 400T System - Pavilion 2025	176,700	
Canon Soltus 500 40kw Digital Mobile X-Ray System - 2025	297,600	
Digital Mobile Super C C-Arms - 2025	372,000	
MRI Machine Upgrade - 2025	1,175,465	X
PET/CT Camera - 2025	2,400,934	X
Ultrasound Machine Replacement - 2025	349,302	X
Support Services		
Accumax House Mattress Replacement Program	92,573	X
Patient Trayline ServiceWare	79,497	X
Progressa Beds	444,640	
Pulmonary Function Testing System	85,252	X
Surgical Services		
3T Heater-Cooler System	99,684	
AEX Generators	93,683	
Anesthesia Ultrasound	50,669	
ASP Evotech Endoscope Cleaner and Reprocessor	55,963	
B-Capta Blood Gas Monitoring System	59,985	
Belimed Washer and Sink	97,995	
BK Ultrasound	409,944	
BK Urology Pack and Probe	72,272	
CMAC Endoscope	52,424	
Draeger Atlan XL Anesthesia Machines - 2025	304,113	X
Endobronchial Ultrasound Scope Upgrade	88,846	X
Getinge Steam Sterilizer	107,690	X
Getinge Tegrise OR Management Solution	514,893	
Isolation/PPE Carts	77,900	
NIM Vital Nerve Monitoring System	73,533	X
OER ProScope Washers	164,214	
Surgical Table Bases	110,000	X
TruDi ENT Navigation System	216,225	
TruSystem Table	98,036	
VitalFlow ECMO System	159,030	

2025 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
TLC ² Foundation Cancer Center		
High Dose Rate Brachytherapy Unit	330,399	
Oncology CT Scanner Simulation	448,483	
Superficial Treatment Unit	366,162	
Subtotal	70,106,865	
Undesignated or Less Than \$50,000	6,000,000	
GRAND TOTAL	\$76,106,865	

2026 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Cath Lab		
EKG Replacement - 2026	60,450	
Medtronic Renal Denervation G3 Generator	60,450	
Ultrasound Machine Replacement - 2026	288,300	
EMS		
Ambulances - 2026	1,408,253	
First Responder/Supervisory Vehicles - 2026	70,680	
Information Technology		
Backup Solution Expansion	186,000	
BATC Data Center Chemical Fire Suppression	916,050	
BATC Data Center Network Core and TOR Switch Replacement	1,116,000	
Cellular DAS - East Tower Expansion and Main Campus Replacement	3,236,400	
Cerner Scope of Use - 2026	232,500	
Data Loss Prevention Technology	372,000	
Datacenter Server Expansion	279,000	
Datacenter Storage Expansion	372,000	
Decision Support and Financial Planning System	1,075,250	
Epic Implementation - 2026	4,110,257	
IT Infrastructure Refresh Fund - 2026	2,232,000	
Post Epic Optimization Amion Replacement	55,800	
Post Epic Optimization Barcode Scanners in Clinics	85,898	
Software Licensing True Up - 2026	139,500	
TempTrak Transmitter Replacement	93,000	
Labs		
Coagulation Hemocell Automated Workcell	139,500	
Coagulation Instrument Part II	139,500	
GeneXpert Analyzer	353,319	
Hematology Analyzer	139,500	
Hematology Analyzers and Automation	418,500	

2026 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Nursing Services		
Central Station and Surveillance Replacement	521,462	
CRRT Machine Replacements	380,417	
CVICU Ultrasound	70,920	
Defibrillator Replacement - Phase I	791,685	
Giraffe Omni Beds-Isolettes - 2026	113,829	
Giraffe Radiant Warmers - 2026	71,277	
Hemosphere Alta Monitor for CVICU and OR	966,735	
Radiology		
3T MRI Upgrade	465,000	
Canon Omnera 400T System - Pavilion 2026	209,250	
Canon Omnera 500A System - UMCP I-27 Clinic	232,500	
Canon Soltus 500 40kw Digital Mobile X-Ray System - 2026	325,500	
Cat Scan Replacement - 2026	1,674,000	
Mammography Machine New - UMC Southwest	465,000	
Mammography Machines Replacement - Main Campus	930,000	
MRI Machine Upgrade - UMC Southwest	390,600	
OB Ultrasound Machines - 2026	306,900	
Radiology Artificial Intelligence Technology	232,500	
Ultrasound Machine - UMC Southwest	134,850	
Support Services		
Hamilton C6 Ventilators - 2026	347,722	
Hamilton T1 Transport Ventilators - 2026	183,945	
Mattress Replacement - 2026	85,932	
Police Patrol Unit	74,400	
Vapotherm High Velocity Therapy 2.0 - 2026	154,779	
Surgical Services		
Colon Scopes	218,528	
Da Vinci 5 Single Console Systems	2,348,250	
Diagnosis Bronchoscopes	63,944	
Draeger Anesthesia Machines	2,878,526	
EBUS Scopes	190,934	
EBUS Ultrasound Processor	302,111	
Endoflip Imaging Probe	99,209	
Fibroscan Ultrasound	162,736	
Globus Excelsius3D	797,475	

2026 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Surgical Services		
Misonix Nexus System	130,200	
Mitaka MM77 Microscope	579,303	
Mizuho Levo Head Positioning System	67,365	
Neptune Waste Management System	68,355	
OEC Elite C-Arm	338,548	
Olympus Arietta Ultrasound Processor	583,110	
Omega FluoroShield Image Guided Endoscopy System	854,957	
OR Lights and Booms	1,961,800	
Q Guidance Copilot Robotic System	2,198,290	
Rigid Bronch System	115,835	
Therapeutic Bronchoscopes	64,026	
Video Tower and Camera Set Upgrades	2,326,563	
TLC² Foundation Cancer Center		
Elekta Flexitron Afterloader Unit	474,300	
Subtotal	43,533,675	
Undesignated or Less Than \$50,000	6,000,000	
GRAND TOTAL	\$49,533,675	

2027 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Cath Lab		
Azurion X-Ray System	920,438	
EKG Replacement - 2027	65,000	
Ultrasound Machine Replacement - 2027	310,000	
EMS		
Ambulances - 2027	1,261,875	
First Responder/Supervisory Vehicles - 2027	152,000	
PowerLoads - 2027	230,864	
Stretchers - 2027	232,296	
Information Technology		
Epic Patient Monitors	450,000	
IT Infrastructure Refresh Fund - 2027	2,500,000	
Software Licensing True Up - 2027	150,000	
Labs		
Biofire Torch 2 PCR Testing System	55,500	
CBC Analyzer with Parameter for Sepsis Indication	98,700	
Plex Testing System - Respiratory and Sepsis	85,000	
Scopio Microscope	195,000	
Nursing Services		
Defibrillator Replacement - Phase II	792,566	
Giraffe Omni Beds-Isolettes - 2027	122,397	
Rapid Infuser	148,164	
Radiology		
Canon Omnera 400T System - MOP I	250,000	
Canon Omnera 400T System - UMCP Milwaukee Clinic	250,000	
Cardiac Cat Scan	1,800,000	
Cat Scan Replacement - 2027	1,900,000	
Digital Mobile Super C C-Arms - 2027	425,000	
OB Ultrasound Machines - 2027	330,000	
Support Services		
Hamilton C6 Ventilators - 2027	373,895	
Hamilton MR1 Ventilators - 2027	123,000	
Hamilton T1 Transport Ventilators - 2027	65,930	
Hospital Bed Replacement - 2027	1,700,000	
Mattress Replacement - 2027	71,280	
Security Patrol Vehicle	60,000	
Vapotherm High Velocity Therapy 2.0 - 2027	166,430	

2027 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Surgical Services		
Alcon Centurion PHACO Machines	180,000	
Alcon Constellation VIT Machines	210,000	
Belimed Washer Disinfector	91,132	
Colon Scopes	238,237	
EUS Scopes	205,380	
OER Elite Endoscope Reprocessor	75,963	
Olympus Processors	595,811	
Zeiss Lumera 700 Microscopes	449,646	
Subtotal	17,331,503	
Undesignated or Less Than \$50,000	17,668,497	
GRAND TOTAL	\$35,000,000	

2028 CAPITAL EQUIPMENT BUDGET

	BUDGET	PURCHASED
Cath Lab		
EKG Replacement - 2028	65,000	
Ultrasound Machine Replacement - 2028	310,000	
EMS		
Ambulances - 2028	1,261,875	
First Responder/Supervisory Vehicles - 2028	152,000	
PowerLoads - 2028	230,864	
Stretchers - 2028	232,296	
Information Technology		
IT Infrastructure Refresh Fund - 2028	2,600,000	
Software Licensing True Up - 2028	150,000	
Labs		
Molecular Identification Platform	400,000	
Transfusion Automation	600,000	
Vitek Reveal Testing System	170,000	
Nursing Services		
Defibrillator Replacement - Phase III	792,566	
Giraffe Omni Beds-Isolettes - 2028	122,397	
Radiology		
Canon Omnera 400T System - UMC Southwest	250,000	
Canon Soltus 500 40kw Digital Mobile X-Ray System - 2028	330,000	
Cat Scan Replacement - UMC Southwest	1,800,000	
Mammography Machine Replacement - UMC Southwest	500,000	
Support Services		
Bipaps/C1 - 2028	480,000	
Hamilton C6 Ventilators - 2028	373,895	
Mattress Replacement - 2028	59,840	
Replace Stryker Stretchers and Beds	459,000	
Stryker Bed Antepartum	130,000	
Vapotherm High Velocity Therapy 2.0 - 2028	110,953	
Surgical Services		
Crash Carts	91,100	
Subtotal	11,671,786	
Undesignated or Less Than \$50,000	23,328,214	
GRAND TOTAL	\$35,000,000	

CAPITAL EXPANSION BUDGET 2025-2028

#	PROJECT DESCRIPTION	2024 ACTUAL	2025 REVISED BUDGET	2026 BUDGET	2027 BUDGET	2028 BUDGET	TOTAL
1	Facilities Projects	\$-	\$5,401,943	\$5,596,866	\$5,077,979	\$6,635,600	\$22,712,388
2	Marketing & Patient Experience Projects	764,435	910,851	910,851	910,851	910,851	4,407,840
3	3 East Finish Upgrades	3,439,720	2,707,019	573,929	-	-	6,720,668
4	3 West Renovation	-	-	3,946,315	3,946,315	-	7,892,630
5	4 East Renovation	-	-	-	4,404,777	4,526,195	8,930,972
6	4 East BMT	-	-	576,450	576,450	-	1,152,900
7	4 West Renovation	-	-	-	-	4,146,709	4,146,709
8	4th Floor ET OR's	53,700	-	-	-	-	53,700
9	BATC CBO	-	293,337	-	-	-	293,337
10	BATC Epic Conversion	265,972	2,947	-	-	-	268,919
11	Blue Sky Office Renovation	-	-	400,000	-	-	400,000
12	Cafeteria Expansion	280,205	-	-	-	-	280,205
13	Cancer Center	29,295,420	70,231,992	10,965,000	-	-	110,492,412
14	Cath Labs 1-4	452,637	-	-	-	-	452,637
15	Cath Labs EP Lab 2 / 5 & 6	-	-	300,646	901,937	300,646	1,503,228
16	CI/CV/NICU Renovation	6,750	705,912	1,209,027	1,185,627	-	3,107,316
17	Clinical Lab Equipment Upgrade	114,090	-	-	-	-	114,090
18	CT Room 1 Remodel	-	-	79,635	-	-	79,635
19	Dock Expansion	-	212,200	890,800	-	-	1,103,000
20	East Tower On Call Rooms	-	-	227,966	-	-	227,966
21	EC Residence Conference Room	-	198,000	-	-	-	198,000
22	EC Room Renovation	16,247	416,751	833,501	833,501	-	2,100,000

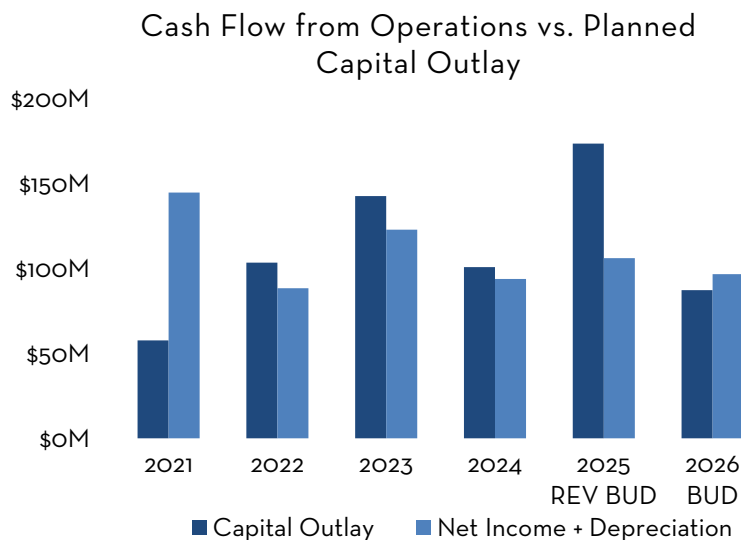
#	PROJECT DESCRIPTION	2024 ACTUAL	2025 REVISED BUDGET	2026 BUDGET	2027 BUDGET	2028 BUDGET	TOTAL
23	Existing Cancer Center PET CT Replacement	58,929	-	-	-	-	58,929
24	First Responder Park (S Indiana EMS)	-	554,838	1,544,623	-	-	2,099,462
25	Health & Wellness Hospital	7,334,556	41,334	-	-	-	7,375,890
26	HWH MOP 2nd Floor Finishout	81,178	2,301	-	-	-	83,480
27	HWH MOP 3rd Floor Finishout	2,352,120	895	-	-	-	2,353,015
28	HWH Urgent Care Clinic	3,966,236	19,319	-	-	-	3,985,555
29	Helipad Addition/Expansion	-	2,480,000	-	-	-	2,480,000
30	Helipad Stretcher Storage Building	-	61,000	-	-	-	61,000
31	I-27 Rehab Renovation	-	-	550,000	-	-	550,000
32	Improvements on 10th Street	-	-	-	-	931,575	931,575
33	IR Radiology Room 3	422,435	-	-	-	-	422,435
34	IR Radiology Room 10	59,682	-	-	-	-	59,682
35	Kingspark Renovation	-	-	160,000	160,000	-	320,000
36	Lakeridge Clinic Remodel	3,731	-	-	-	-	3,731
37	Main Lobby Expansion	1,467,086	27,991	-	-	-	1,495,076
38	McInturff Renovation	-	-	902,270	1,085,270	-	1,987,540
39	Microbiology Automation	-	56,600	226,400	-	-	283,000
40	MOP I 3rd & 4th Floors HVAC/Tenant Improvement	-	735,652	2,088,233	3,406,228	1,265,868	7,495,980

#	PROJECT DESCRIPTION	2024 ACTUAL	2025 REVISED BUDGET	2026 BUDGET	2027 BUDGET	2028 BUDGET	TOTAL
41	MOP II AIC/UC Swap	-	406,587	-	-	-	406,587
42	MRI Room 2	-	1,048,750	-	-	-	1,048,750
43	Nuclear Medicine/Cardiac CT	-	-	305,000	305,000	-	610,000
44	Nursing Administration	-	-	197,600	-	-	197,600
45	OR #8	794,485	76,368	-	-	-	870,853
46	Pedi Negative Pressure Rooms	44,400	-	-	-	-	44,400
47	Pedi Playground	40,480	605,082	-	-	-	645,561
48	Pedi/PICU Relocation	4,312,409	5,195,042	-	-	-	9,507,451
49	Pharmacy Basement/On-Call Renovation	189,994	922,235	2,151,882	-	-	3,264,111
50	Roof Repairs (MOP I, West Tower)	135,494	-	-	-	-	135,494
51	Security Enhancement	-	240,000	150,000	150,000	150,000	690,000
52	West EMS Station Addition	-	-	-	-	424,000	424,000
53	West Tower Site Prep	-	150,000	300,000	5,300,000	56,122,002	61,872,002
54	Wolfforth Clinic	-	3,449,748	2,299,832	-	-	5,749,580
55	Miscellaneous	462,402	250,000	250,000	250,000	250,000	1,462,402
YEARLY TOTALS		\$56,414,794	\$97,404,694	\$37,636,825	\$28,493,935	\$75,663,446	\$295,613,694

CAPITAL EXPENDITURES, NET INCOME & CASH

Capital expenditures increased from 2021 to 2023 with the construction of the Health & Wellness Hospital. Capital investments increase significantly in 2025 with theTLC² Foundation Cancer Center (\$114M facility project total) and the transition of our medical record and revenue platform to Epic (\$59.8M capital project total). Planned capital expenditures have exceeded net income and depreciation since 2022 with these major investments, but capital outlay decreases in 2026.

Prior to 2022, net income increased cash reserves allowing for these capital investments while maintaining zero debt. Cash operating reserves remain above 90 days in 2025 and 2026 even with significant cash outlays in 2025 for the Cancer Center and Epic projects.



CASH FORECAST

(DOLLARS IN THOUSANDS)

	2025 REVISED BUDGET	2026 BUDGET
Beginning Cash Balance Before Designations	\$427,257	\$362,804
Sources of Cash		
Excess Revenue Over Expense	51,512	40,881
Foundation Donation	4,000	20,000
Depreciation	53,547	54,611
Cash Surplus/(Deficit) From Net Income	109,058	115,493
Total Cash Available	536,315	478,296
Sources/Uses of Cash		
Facility Expansion	-97,405	-37,637
Equipment Acquisition	-76,107	-49,534
Total Sources/(Uses) Of Cash	-173,512	-87,170
TOTAL CASH BALANCE BEFORE DESIGNATIONS	\$362,804	\$391,126
<i>Days Cash on Hand Before Designations</i>	<i>133.6</i>	<i>134.6</i>
Less Reserves		
Board Designated for Operating Reserve (90 Days)	244,459	261,432
Board Designated for Self Insurance	2,409	2,409
Endowment for SOM Anesthesiology	1,009	1,009
Endowment for Excellence in Nursing	1,015	1,015
Board Designated for Peter Canizaro Professorship	251	251
Total Reserves	249,143	266,116
UNDESIGNATED CASH BALANCE AT YEAR END	\$113,661	\$125.009
<i>Operating Reserve Days Cash on Hand</i>	<i>90.0</i>	<i>90.0</i>

PROPERTY TAX CALCULATION

NO-NEW-REVENUE TAX RATE CALCULATION	
2024 Adjusted Tax Levy	\$34,188,783
2025 Adjusted Tax Base (less value of new property)	\$34,305,321,439
2025 No-New-Revenue Tax Rate	0.0996600
Tax Revenue Attributable To New Construction	\$579,047

2025 Certified Tax Roll and Levy	
Appraised Valuation (less TIF)	34,886,443,890
Proposed Tax Rate Per \$100	0.0996600
Total Tax Levy	34,767,830
Percent of Current Collection	100%
Estimated Current Tax Collections	\$34,767,830

Summary of Tax Collections	
Current Tax	34,767,830
Penalty and Interest	200,000
TOTAL 2025 TAX COLLECTIONS	\$34,967,830

ESTIMATED TAX COLLECTIONS AT RATE LEVELS	% CHG TO NNR RATE	TAX RATE	REVENUE ON 2025 PROPERTY	CHG IN REVENUE FROM RATE
2024 Adopted Tax Rate	0.02%	0.0996790	\$34,774,458	\$6.628
2025 No-New-Revenue Tax Rate	0.0%	0.0996600	34,767,830	0
1% Increase	1.0%	0.1006566	35,115,508	347,678
2% Increase	2.0%	0.1016532	35,463,187	695,357
3% Increase	3.0%	0.1026498	35,810,865	1,043,035
4% Increase	4.0%	0.1036464	36,158,543	1,390,713
5% Increase	5.0%	0.1046430	36,506,221	1,738,391
6% Increase	6.0%	0.1056396	36,853,900	2,086,070
7% Increase	7.0%	0.1066362	37,201,578	2,433,748
2025 Voter-Approval Rate	8.0%	0.1075580	37,523,161	2,755,331

COMPARATIVE TAX

	2024	% OF LEVY	PROPOSED 2025*	% OF LEVY
Lubbock County				
Average Market Value	225,516		226,622	
Homestead Exemptions	0		0	
Taxable Value	225,516		226,622	
Tax Rate/\$100*	0.3347020		0.3347020	
Tax Levy	\$754.81	19.0%	\$758.51	19.0%
Lubbock ISD				
Average Market Value	225,516		226,622	
Homestead Exemptions	15,000		15,000	
Taxable Value	210,516		211,622	
Tax Rate/\$100*	0.9238000		0.9238000	
Tax Levy	\$1,944.75	48.8%	\$1,954.96	48.8%
City of Lubbock				
Average Market Value	225,516		226,622	
Homestead Exemptions	0		0	
Taxable Value	225,516		226,622	
Tax Rate/\$100*	0.4701200		0.4701200	
Tax Levy	\$1,060.20	26.6%	\$1,065.40	26.6%
Lubbock County Hospital District (UMCHS)				
Average Market Value	225,516		226,622	
Homestead Exemptions	0		0	
Taxable Value	225,516		226,622	
Tax Rate/\$100*	0.0996790		0.0996600	
Tax Levy	\$224.79	5.6%	\$225.85	5.6%
TOTAL TAX LEVY	\$3,984.54	100.0%	\$4,004.72	100.0%

**2024 using adopted tax rate. 2025 using prior year rate for proposed, subject to final adoption by governing bodies.*

30 DAYS IN THE EMERGENCY CENTER

West Texas's
ONLY
Level I Trauma
Center



Patients Served: **7,526**

Admissions: **2,081**

Wait Time for Room: **5.5 Hours**



Radiology Orders: **7,000**



Lab Orders: **40,000**



EMS dispatched every **10 minutes** & Trauma Team activated every **2.5 hours**

MVC: **80**



Fall: **57**



Burns: **41**



GSW: **21**



Penetrating injury: **9**



Crush: **4**



Mass Casualty: **2**



Activation & Resuscitation Response Requirement:

4-8 Physicians | **4** Registered Nurses | **1-2** Respiratory Therapists | **2** Radiology Technicians

Impact on those Who Care for You

Mental Health

RN Turnover: **18% = 36**

Mental Health/Stress as
primary reason: **69% = 25**

Avg RN Tenure: **5 yrs**

Staff Abuse

By Patients...

Verbally Abused: **90%**

Physically Abused: **65%**

Risk

Due to community violence...

Emergency Lockdown: **10**

32 Dedicated Physicians | 27 Resident Physicians | 10 APPs | 180 RNs & Support Staff

COVID. Ransomware. Measles. Increasing Volume. Endless Demand.

2026 BUDGET SUMMARY



Average daily census from 409.7 in 2025 to 427.0 in 2026



\$954M in net patient revenue



Property tax revenue of \$35M at the proposed tax rate of \$0.0996600



\$1.1B in operating expenses



Budgeted net income of \$40.9M with 1.3% operating margin



Capital investments of \$87M, including \$50M in equipment and \$38M in expansion/facilities



Ending cash balance of \$391M



Unfunded care of \$106M and TTU School of Medicine Support of \$110M

BUDGET CALENDAR

