
Summary of Legislative Budget Estimates 2026–27 Biennium

SENATE

**SUBMITTED TO THE EIGHTY-NINTH TEXAS LEGISLATURE
PREPARED BY LEGISLATIVE BUDGET BOARD STAFF**

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INTRODUCTION

This summary of the General Appropriations Bill provides an overview of the appropriations included in the General Appropriations Bill, otherwise known as the state budget. The version of the General Appropriations Bill that becomes law, after being passed by the Legislature and signed by the Governor, is referred to as the General Appropriations Act. This enacted legislation is the state's budget for a two-year period (biennium). The Legislative Budget Board (LBB) staff provides a Summary of the General Appropriations Bill for each version of the bill as the budget deliberations occur during the legislative session. The summary is not a reconciliation of each change in the General Appropriations Bill, but rather a high-level overview of major changes between the biennia and between iterations of the bill. It is a reference for legislators and other stakeholders as they work through budget deliberations.

The General Appropriations Bill is categorized into articles that cover certain areas of state government. For example, Article I contains agencies of General Government, Article II contains Health and Human Services, and Article III contains Public and Higher Education. Six additional articles cover the other areas of government.

The Legislature uses four methods of finance to appropriate funds to state agencies and public institutions of higher education: General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. **All Funds** is the summation of the methods of finance.

- **General Revenue Funds** include the nondedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund.
- **General Revenue–Dedicated Funds** include approximately 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or the funds-consolidation process. For example, Account No. 151, Clean Air, is funded primarily through a portion of motor vehicle inspection fees and a portion of air pollution control fees. These revenues are statutorily dedicated to the Texas Commission on Environmental Quality to provide funding for various air quality, monitoring, and permitting programs.
- **Federal Funds** include grants, allocations, payments, or reimbursements received from the federal government by state agencies and institutions. The largest portion of federal funding appropriations is for the Medicaid program in Article II. Other examples of Federal Funds appropriations include the U.S. Social Security Act, the U.S. Every Student Succeeds Act (Title I), Grants to Local Educational Agencies, National School Lunch Program, Transportation Grants and National Highway System Funding, Special Education Basic State Grants, and the Children's Health Insurance Program.
- **Other Funds** consist of any funds that are not included in the General Revenue Fund, whether they are dedicated or not, or Federal Funds. Examples of Other Funds appropriations include those from the State Highway Fund, the Texas Mobility Fund, the Property Tax Relief Fund, the Economic Stabilization Fund, trust funds, bond proceeds, and Interagency Contracts.

The Introduction chapter of the summary provides a high-level overview of the General Appropriations Bill. **Figures 1 to 14** show total recommended appropriations for the 2026–27 biennium by each method of finance for each article in the bill compared to the 2024–25 biennium expended/budgeted level of funding. This chapter includes highlights of major funding items, significant policy, or fiscal issues across the state; examples of factors affecting the state budget, including budget drivers such as correctional population or public school daily attendance; and a reconciliation of the base funding that explains how the previous biennium's appropriations have been adjusted during the 2024–25 biennium.

The Introduction chapter also provides additional context for understanding the General Appropriations Bill, including trends in state government expenditures, an explanation of constitutional and statutory spending limits, a description of restricted versus unrestricted appropriations, insights into the Economic Stabilization Fund (commonly known as the rainy day fund), and the Texas Economic Outlook.

Following the introduction chapter are article-specific chapters. Each chapter provides an overview of the total article appropriations by agency or institution, including estimated and budgeted expenditures for the 2024–25 biennium,

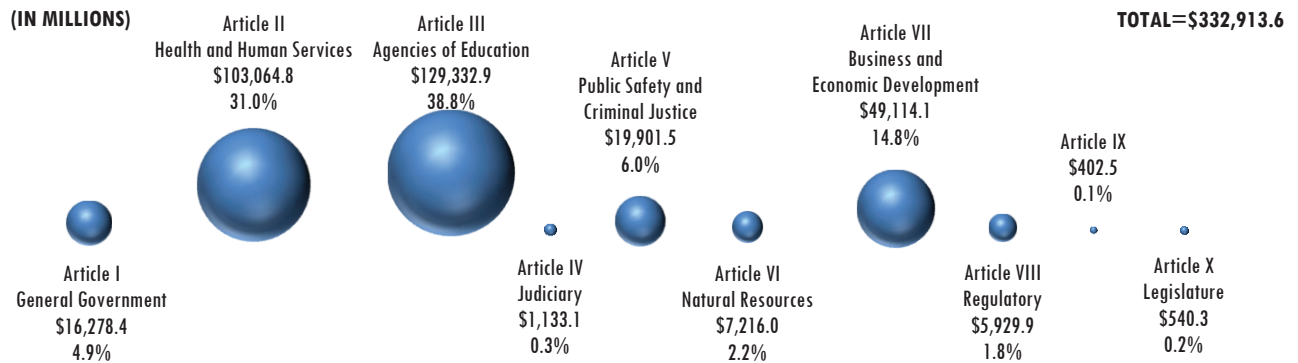
recommended appropriation levels in the 2026–27 General Appropriations Bill, full-time-equivalent positions for the article, and other significant fiscal issues. Some chapters also include additional detail at the agency level. An agency appears in the summary if it meets certain criteria, including: (1) the agency’s budget is one of the 25 largest in the state; or (2) the agency program or function is of significant policy or fiscal importance.

In addition, the Eighty-sixth Legislature, 2019, added the Texas Government Code, Section 322.0175, to require the LBB to perform a strategic fiscal review (SFR) of each state agency that is subject to the legislative appropriations process and also subject to Sunset Advisory Commission (SAC) review during the current fiscal biennium. Whereas SAC analyzes the continuing public need for a state agency and its functions, the LBB’s SFR process analyzes the justification, accountability, and sufficiency of agency funding. Each agency that is subject to the SFR process also appears in the summary except where noted.

Finally, the summary includes two appendices. **Appendix A** provides a reader’s guide to the General Appropriations Bill so that first-time users can better understand how to read the actual bill and make sense of the budget structure, performance measures, and riders. **Appendix B** provides a comparison point between versions of the General Appropriations Bill as the Legislature progresses through the budget deliberations. This comparison enables readers to identify differences between chamber bills, or a specific chamber’s changes.

RECOMMENDATIONS BY ARTICLE

FIGURE 1
RECOMMENDATIONS BY ARTICLE, ALL FUNDS



NOTE: Object size is proportional to the percentage of recommended All Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

FIGURE 2
RECOMMENDATIONS BY ARTICLE, ALL FUNDS

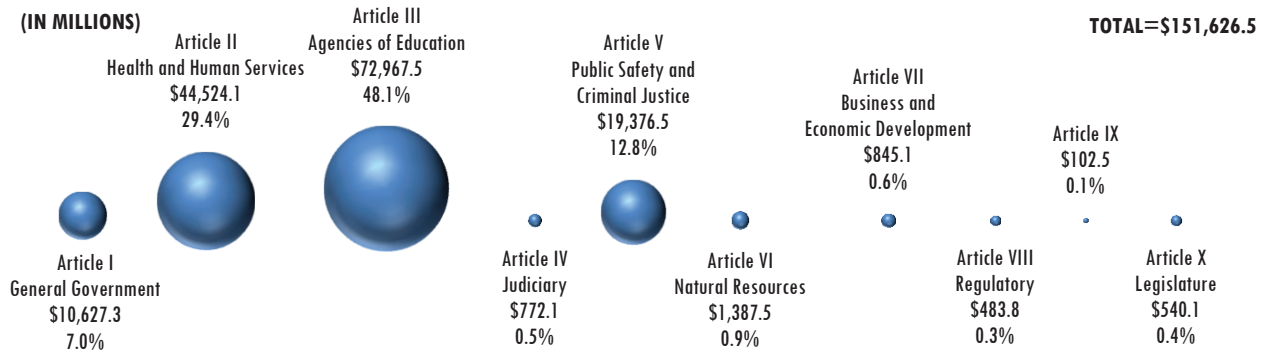
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$21,639.1	\$16,278.4	(\$5,360.6)	(24.8%)
Article II – Health and Human Services	\$101,651.3	\$103,064.8	\$1,413.5	1.4%
Article III – Agencies of Education	\$121,651.4	\$129,332.9	\$7,681.5	6.3%
<i>Public Education</i>	\$89,141.2	\$96,839.8	\$7,698.6	8.6%
<i>Higher Education</i>	\$32,510.2	\$32,493.1	(\$17.1)	(0.1%)
Article IV – Judiciary	\$1,241.2	\$1,133.1	(\$108.1)	(8.7%)
Article V – Public Safety and Criminal Justice	\$19,485.3	\$19,901.5	\$416.2	2.1%
Article VI – Natural Resources	\$11,055.8	\$7,216.0	(\$3,839.8)	(34.7%)
Article VII – Business and Economic Development	\$49,832.2	\$49,114.1	(\$718.1)	(1.4%)
Article VIII – Regulatory	\$5,891.9	\$5,929.9	\$38.0	0.6%
Article IX – General Provisions	\$0.0	\$402.5	\$402.5	N/A
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, All Articles	\$332,968.8	\$332,913.6	(\$55.3)	(0.0%)

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 3
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS**



NOTE: Object size is proportional to the percentage of recommended General Revenue Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 4
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS**

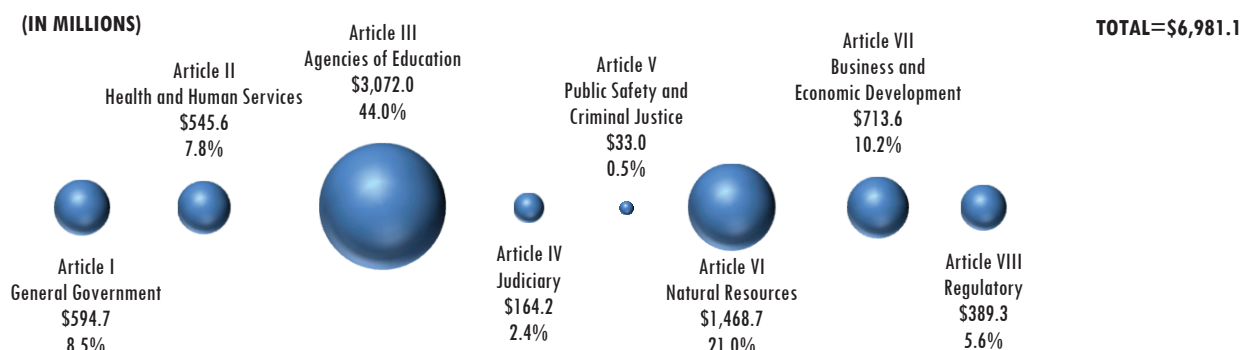
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$11,040.2	\$10,627.3	(\$412.9)	(3.7%)
Article II – Health and Human Services	\$43,571.5	\$44,524.1	\$952.6	2.2%
Article III – Agencies of Education	\$69,310.6	\$72,967.5	\$3,656.9	5.3%
<i>Public Education</i>	\$47,835.0	\$50,807.2	\$2,972.2	6.2%
<i>Higher Education</i>	\$21,475.6	\$22,160.3	\$684.7	3.2%
Article IV – Judiciary	\$850.9	\$772.1	(\$78.8)	(9.3%)
Article V – Public Safety and Criminal Justice	\$13,401.1	\$19,376.5	\$5,975.4	44.6%
Article VI – Natural Resources	\$2,639.9	\$1,387.5	(\$1,252.4)	(47.4%)
Article VII – Business and Economic Development	\$881.1	\$845.1	(\$35.9)	(4.1%)
Article VIII – Regulatory	\$428.3	\$483.8	\$55.5	13.0%
Article IX – General Provisions	\$0.0	\$102.5	\$102.5	N/A
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, All Articles	\$142,644.4	\$151,626.5	\$8,982.1	6.3%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 5
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**



NOTE: Object size is proportional to the percentage of recommended General Revenue–Dedicated Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 6
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS**

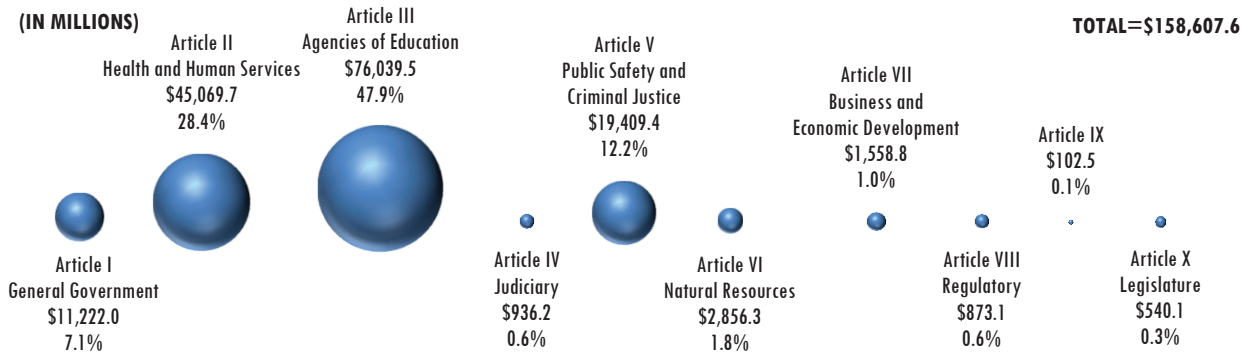
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,530.5	\$594.7	(\$1,935.8)	(76.5%)
Article II – Health and Human Services	\$545.3	\$545.6	\$0.3	0.1%
Article III – Agencies of Education	\$3,287.6	\$3,072.0	(\$215.6)	(6.6%)
<i>Public Education</i>	\$2.6	\$2.6	\$0.0	0.0%
<i>Higher Education</i>	\$3,285.0	\$3,069.4	(\$215.6)	(6.6%)
Article IV – Judiciary	\$172.8	\$164.2	(\$8.6)	(5.0%)
Article V – Public Safety and Criminal Justice	\$117.1	\$33.0	(\$84.1)	(71.8%)
Article VI – Natural Resources	\$1,529.2	\$1,468.7	(\$60.5)	(4.0%)
Article VII – Business and Economic Development	\$1,316.2	\$713.6	(\$602.6)	(45.8%)
Article VIII – Regulatory	\$403.1	\$389.3	(\$13.8)	(3.4%)
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$9,901.8	\$6,981.1	(\$2,920.7)	(29.5%)

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 7
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS



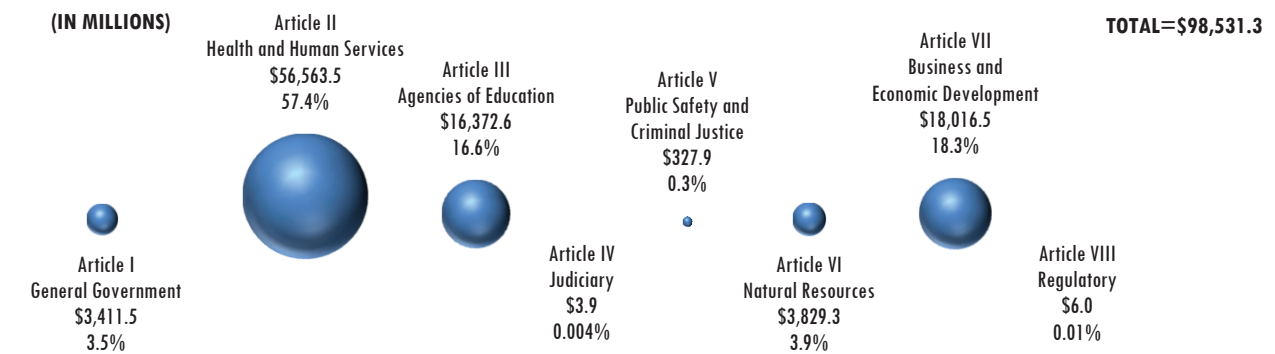
NOTE: Object size is proportional to the percentage of recommended General Revenue Funds and General Revenue–Dedicated Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

FIGURE 8
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$13,570.7	\$11,222.0	(\$2,348.7)	(17.3%)
Article II – Health and Human Services	\$44,116.9	\$45,069.7	\$952.9	2.2%
Article III – Agencies of Education	\$72,598.2	\$76,039.5	\$3,441.3	4.7%
<i>Public Education</i>	\$47,837.6	\$50,809.8	\$2,972.2	6.2%
<i>Higher Education</i>	\$24,760.6	\$25,229.7	\$469.1	1.9%
Article IV – Judiciary	\$1,023.7	\$936.2	(\$87.4)	(8.5%)
Article V – Public Safety and Criminal Justice	\$13,518.2	\$19,409.4	\$5,891.3	43.6%
Article VI – Natural Resources	\$4,169.1	\$2,856.3	(\$1,312.8)	(31.5%)
Article VII – Business and Economic Development	\$2,197.3	\$1,558.8	(\$638.5)	(29.1%)
Article VIII – Regulatory	\$831.4	\$873.1	\$41.7	5.0%
Article IX – General Provisions	\$0.0	\$102.5	\$102.5	N/A
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, All Articles	\$152,546.2	\$158,607.6	\$6,061.4	4.0%

NOTES:
(1) May include anticipated supplemental spending adjustments.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

**FIGURE 9
RECOMMENDATIONS BY ARTICLE, FEDERAL FUNDS**



NOTE: Object size is proportional to the percentage of recommended Federal Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 10
RECOMMENDATIONS BY ARTICLE, FEDERAL FUNDS**

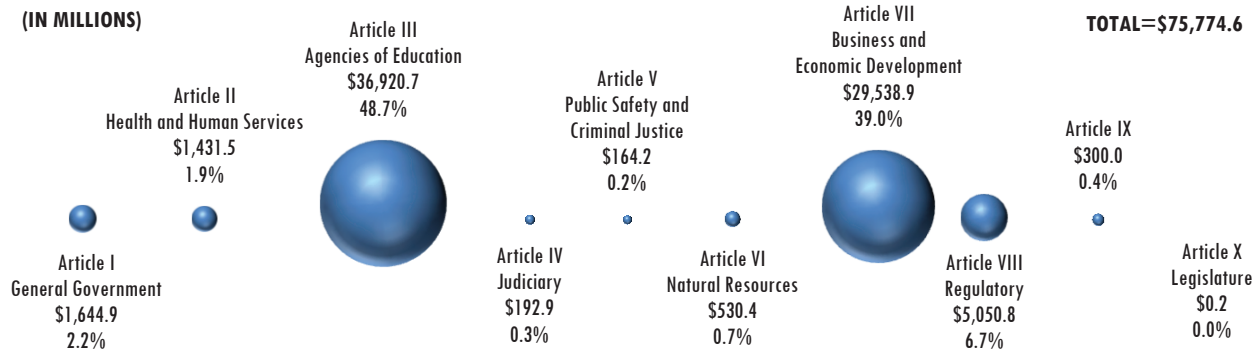
(IN MILLIONS) ALL FUNCTIONS	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$5,583.6	\$3,411.5	(\$2,172.0)	(38.9%)
Article II – Health and Human Services	\$55,995.3	\$56,563.5	\$568.2	1.0%
Article III – Agencies of Education	\$15,749.9	\$16,372.6	\$622.8	4.0%
<i>Public Education</i>	\$12,734.6	\$13,709.2	\$974.6	7.7%
<i>Higher Education</i>	\$3,015.2	\$2,663.5	(\$351.8)	(11.7%)
Article IV – Judiciary	\$6.3	\$3.9	(\$2.4)	(37.6%)
Article V – Public Safety and Criminal Justice	\$5,779.8	\$327.9	(\$5,451.9)	(94.3%)
Article VI – Natural Resources	\$5,601.6	\$3,829.3	(\$1,772.2)	(31.6%)
Article VII – Business and Economic Development	\$19,604.8	\$18,016.5	(\$1,588.3)	(8.1%)
Article VIII – Regulatory	\$5.8	\$6.0	\$0.2	3.9%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$108,326.9	\$98,531.3	(\$9,795.6)	(9.0%)

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 11
RECOMMENDATIONS BY ARTICLE, OTHER FUNDS**



NOTE: Object size is proportional to the percentage of recommended Other Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

**FIGURE 12
RECOMMENDATIONS BY ARTICLE, OTHER FUNDS**

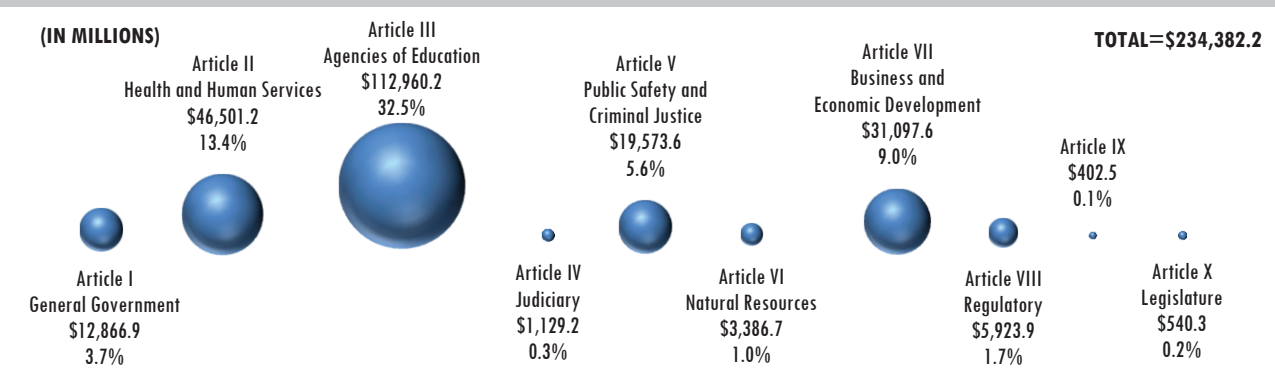
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,484.8	\$1,644.9	(\$839.9)	(33.8%)
Article II – Health and Human Services	\$1,539.1	\$1,431.5	(\$107.6)	(7.0%)
Article III – Agencies of Education	\$33,303.3	\$36,920.7	\$3,617.4	10.9%
<i>Public Education</i>	\$28,569.0	\$32,320.8	\$3,751.9	13.1%
<i>Higher Education</i>	\$4,734.3	\$4,599.9	(\$134.4)	(2.8%)
Article IV – Judiciary	\$211.2	\$192.9	(\$18.3)	(8.6%)
Article V – Public Safety and Criminal Justice	\$187.3	\$164.2	(\$23.1)	(12.3%)
Article VI – Natural Resources	\$1,285.1	\$530.4	(\$754.7)	(58.7%)
Article VII – Business and Economic Development	\$28,030.1	\$29,538.9	\$1,508.8	5.4%
Article VIII – Regulatory	\$5,054.7	\$5,050.8	(\$3.9)	(0.1%)
Article IX – General Provisions	\$0.0	\$300.0	\$300.0	N/A
Article X – Legislature	\$0.1	\$0.2	\$0.1	276.5%
Total, All Articles	\$72,095.7	\$75,774.6	\$3,678.9	5.1%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 13
RECOMMENDATIONS BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS



NOTE: Object size is proportional to the percentage of recommended General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

FIGURE 14
RECOMMENDATIONS BY ARTICLES, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$16,055.5	\$12,866.9	(\$3,188.6)	(19.9%)
Article II – Health and Human Services	\$45,656.0	\$46,501.2	\$845.2	1.9%
Article III – Agencies of Education	\$105,901.5	\$112,960.2	\$7,058.7	6.7%
<i>Public Education</i>	\$76,406.6	\$83,130.6	\$6,724.1	8.8%
<i>Higher Education</i>	\$29,494.9	\$29,829.6	\$334.7	1.1%
Article IV – Judiciary	\$1,234.9	\$1,129.2	(\$105.7)	(8.6%)
Article V – Public Safety and Criminal Justice	\$13,705.5	\$19,573.6	\$5,868.1	42.8%
Article VI – Natural Resources	\$5,454.2	\$3,386.7	(\$2,067.5)	(37.9%)
Article VII – Business and Economic Development	\$30,227.4	\$31,097.6	\$870.3	2.9%
Article VIII – Regulatory	\$5,886.1	\$5,923.9	\$37.8	0.6%
Article IX – General Provisions	\$0.0	\$402.5	\$402.5	N/A
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, All Articles	\$224,641.9	\$234,382.2	\$9,740.3	4.3%

NOTES:
 (1) May include anticipated supplemental spending adjustments.
 (2) Excludes Interagency Contracts.
 (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 SOURCE: Legislative Budget Board.

HIGHLIGHTS OF THE RECOMMENDATIONS

For the 2026–27 biennium, funding recommendations include the following key budget items:

FOUNDATION SCHOOL PROGRAM

- Funding of \$71.3 billion in All Funds is recommended for state aid to school districts and charter schools through the Foundation School Program (FSP), which represents an increase of \$11.7 billion from the 2024–25 biennium. Appropriations from General Revenue Funds for the FSP total \$39.7 billion, which represents an increase of \$7.9 billion from the 2024–25 biennium.
- Recommendations for tax relief include an estimated total of \$51.0 billion for the 2026–27 biennium to maintain property tax relief provided since the enactment of House Bill 3, Eighty-sixth Legislature, 2019; provide new property tax relief pursuant to House Bill 3; and provide new tax relief contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025. Of the \$51.0 billion, \$500.0 million is in addition to amounts appropriated to the Texas Education Agency and is intended to be used to provide tax relief for businesses.
- Recommendations for new tax relief includes \$6.0 billion in increased funding from the General Revenue Fund and the Property Tax Relief Fund and a reduction of \$1.1 billion in recapture payments. Estimated costs of district property tax compression required by current law during the 2026–27 biennium totals \$3.0 billion in General Revenue Funds. Of this amount, \$2.0 billion in General Revenue Funds is due to property tax compression pursuant to the Texas Education Code, Sections 48.2551 and 48.2552(a) and (b), and \$1.0 billion is required to reduce the state compression percentage pursuant to the Texas Education Code, Section 48.2552(c). Additionally, recommendations transfer \$15.3 billion from the General Revenue Fund to the Property Tax Relief Fund and provide \$3.0 billion from the Property Tax Relief Fund to increase the homestead exemption, pursuant to the Texas Tax Code, Section 11.13(b), from \$100,000 to \$140,000, contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025, and as directed by the introduced General Appropriations Bill, 2026–27 Biennium, Article III, Texas Education Agency, Rider 76. In addition to amounts appropriated to the Texas Education Agency, \$500.0 million in General Revenue Funds is intended to be used to provide tax relief to businesses. Any decreases to recapture payments related to the \$3.5 billion in contingent appropriations and intended funding currently are not represented in recommendations.
- Recommended funding for the FSP fully funds requirements in current law and includes an estimated \$1.7 billion in All Funds to reflect changes in student population projections; \$4.7 billion in All Funds savings due to district property value growth; \$4.9 billion in General Revenue Funds for increased public education funding, contingent upon actions of the Eighty-ninth Legislature, 2025; \$0.4 billion in General Revenue Funds for increases to the school safety allotment, contingent upon actions of the Eighty-ninth Legislature, 2025; and \$0.8 billion in All Funds related to an increase in the golden penny yield.
- Recommended funding from Other Funds for the FSP includes an estimated increase of \$3.8 billion, which is attributable primarily to increasing from \$12.3 billion to \$15.3 billion the transfer from the General Revenue Fund to the Property Tax Relief Fund to support new property tax relief in the 2026–27 biennium. Recommendations also include projected increases of \$506.5 million in recapture payments and \$327.6 million from the Tax Reduction and Excellence in Education Fund.
- The 2024–25 biennial amounts for FSP assume supplemental funding to address supplemental needs to complete fiscal year 2025 expenditures.

MEDICAID

- Funding recommendations for the Texas Medicaid program provide \$80.8 billion in All Funds, including \$32.0 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds. This amount is an increase from 2024–25 biennial levels of \$4.4 billion in All Funds and \$2.7 billion in General Revenue Funds.

- Included in these amounts is \$74.4 billion in All Funds for Medicaid client services, \$2.3 billion in All Funds for programs supported by Medicaid funding, and \$4.2 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net increase in Medicaid funding is due to a \$4.3 billion increase in All Funds for Medicaid client services and a \$0.2 billion increase in All Funds for other programs supported by Medicaid funding, offset by a \$0.1 billion decrease in All Funds for administrative funding.
- Projected stabilization of caseload growth and a lower proportion of the program being funded with Federal Funds due to less favorable federal medical assistance percentages result in increased demand on General Revenue Funds. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.
- The 2024–25 biennial amounts for Medicaid assume supplemental funding to address supplemental needs to complete fiscal year 2025 expenditures.

TRANSPORTATION

- Funding recommendations provide \$40.3 billion in All Funds for all functions at the Texas Department of Transportation (TxDOT). Estimated funding for the 2026–27 biennium includes \$27.2 billion in Other Funds from all State Highway Fund (SHF) revenue sources, which includes the following amounts: \$8.0 billion from state sales tax and motor vehicle sales and rental tax deposits to the SHF (Proposition 7, 2015); \$7.9 billion from oil and natural gas tax-related transfers to the SHF (Proposition 1, 2014); and \$11.3 billion from all other SHF tax and fee revenue sources.
- Funding recommendations provide \$36.2 billion in All Funds for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation. The All Funds amount includes \$11.5 billion in Federal Funds, \$24.6 billion in Other Funds from all SHF revenue sources, and \$0.1 billion in Other Funds from the Texas Mobility Fund.
- Funding recommendations provide \$2.1 billion in All Funds for debt service payments and other financing costs associated with TxDOT borrowing programs, including \$1.3 billion in Other Funds from SHF revenue sources, \$0.7 billion in Other Funds from the Texas Mobility Fund, and \$110.1 million in Federal Funds from Build America Bond interest payment subsidies.

BEHAVIORAL HEALTH

- Funding recommendations for non-Medicaid/Children’s Health Insurance Program (CHIP) behavioral health services provide \$6.3 billion in All Funds, including \$5.3 billion from General Revenue Funds and General Revenue–Dedicated Funds. Funding supports programs at 29 agencies across seven articles and includes the following areas: funding for inpatient client services at state hospitals and community hospitals; outpatient services provided through local mental health authorities and local behavioral health authorities; substance abuse prevention, intervention, and treatment services for adults and children; mental healthcare and substance abuse treatment for incarcerated offenders; mental healthcare services for veterans; and other services.
- Medicaid expenditures for behavioral health services are estimated to total \$3.6 billion in All Funds for the 2026–27 biennium. CHIP expenditures are estimated to total \$48.1 million in All Funds. These amounts include projected cost growth that is not included in recommendations. Total behavioral health-related funding recommendations, including estimated Medicaid and CHIP expenditures, are estimated at \$9.9 billion from All Funds for the biennium.
- Funding for non-Medicaid and CHIP behavioral health services decreased by \$2.7 billion in All Funds from 2024–25 biennial spending levels, including \$1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. The decrease is due primarily to decreases at the Health and Human Services Commission (HHSC) for onetime construction projects and certain capital repair and renovation projects at state-funded inpatient mental health facilities (\$2.0 billion from General Revenue; \$14.7 million from Federal Funds; \$150.7 million from Other Funds). These decreases are offset partially by an increase of \$165.9 million from General Revenue Funds, 630.6 full-time-equivalent (FTE) positions in fiscal year 2026, and 1,964.8 FTE positions in fiscal year 2027 for operation of expanded capacity at certain state-owned hospitals; and an increase of \$40.0 million from General Revenue Funds at HHSC for youth mobile crisis outreach teams.

CHILD PROTECTIVE SERVICES

- Funding of \$4.1 billion in All Funds, including \$2.7 billion in General Revenue Funds, is recommended for all Child Protective Services (CPS) functions at the Department of Family and Protective Services. This amount is an increase of \$76.5 million in All Funds, including \$151.5 million in General Revenue Funds, from the 2024–25 biennium.
- CPS funding recommendations include \$1.7 billion in All Funds, including \$916.7 million in General Revenue Funds, for client services programs, including foster care, adoption subsidies, permanency care assistance payments, relative caregiver payments, and day care.
- Funding recommendations include \$2.0 billion in All Funds, including \$1.5 billion in General Revenue Funds, for CPS direct delivery staff, including services provided through Community-based Care (CBC). This amount includes increased funding to biennialize CBC expansion that occurred during fiscal year 2024 for Stage II in Regions 8B, 4, and 5 and Stage I in Regions 8A, 6A, and 6B. This amount also provides funding to expand CBC into Stage II in Regions 6A, 6B, 7A, and 8A and Stage I in Regions 7A, 7B, 11A, and 11B.
- Funding recommendations include \$5.0 million in General Revenue Funds to provide grant funding related to crisis pregnancy services, foster care outreach, and community services.

HIGHER EDUCATION FORMULA FUNDING

- Higher education formulas are supported by \$10.5 billion in General Revenue Funds and \$1.6 billion in General Revenue–Dedicated Funds. Included in these recommended amounts are increases of \$413.7 million in General Revenue Funds and \$199.5 million in General Revenue–Dedicated Funds, primarily for statutory tuition.
- Funding for the general academic institutions (GAI) Instruction and Operations (I&O) formula is recommended at \$60.67 per weighted semester credit hour, maintaining General Revenue funding from the 2024–25 biennium. Funding for the GAI Infrastructure formula increased the 2024–25 biennial rate of \$5.94 per predicted square foot to maintain General Revenue Funds from the 2024–25 biennium. Funding for the formulas for health-related institutions (HRI) I&O, Infrastructure Support, Graduate Medical Education, and HRI Research Enhancement is comparable to 2024–25 biennial rates.

TEACHER RETIREMENT AND HEALTH BENEFITS

- Funding of \$6.4 billion in All Funds is recommended for the state contribution to retirement benefits of the Teacher Retirement System of Texas (TRS), including \$6.3 billion in General Revenue Funds and \$82.4 million in General Revenue–Dedicated Funds. Funding amounts represent a state contribution rate of 8.25 percent of employee payroll for fiscal years 2026 and 2027. Retiree health insurance funding totals \$1.2 billion in General Revenue Funds to provide a statutorily required state contribution to TRS-Care of 1.25 percent of public education payroll. Funding levels are anticipated to be sufficient to reduce current TRS-Care premiums and maintain benefits for the 2026–27 biennium.
- Funding recommendations for TRS assume 5.0 percent annual payroll growth for public education retirement, 7.9 percent annual payroll growth for higher education retirement, and 5.0 percent annual payroll growth for TRS-Care.

ADULT CORRECTIONS AND JUVENILE JUSTICE

- Funding of \$9,581.3 million in All Funds, including \$9,420.4 million in General Revenue Funds, is recommended for the incarceration, probation, and parole of adult offenders in the Texas Department of Criminal Justice, which includes housing, security, classification, food and necessities, healthcare, and treatment services for offenders, and agency administration. Recommended funding for correctional managed healthcare (CMHC) totals \$1,860.9 million. Total All Funds recommendations increased by \$884.7 million from the 2024–25 biennium, which consists of the following increases in General Revenue Funds:
 - \$330.6 million to provide a 10.0 percent correctional officer pay raise;
 - \$313.0 million to resume services at previously idled units and to fund per diem rate increases at contracted facilities;

- \$409.0 million to address rising costs in CMHC and operations;
 - \$124.5 million to biennialize state employee salary increase provided during the 2024–25 biennium;
 - \$32.9 million to fund basic supervision and parole supervision at levels projected by the Legislative Budget Board in July 2024 and fiscal year 2025 cost per day;
 - \$32.0 million to provide a 15.0 percent parole officer pay raise;
 - \$25.0 million to increase funding for pretrial diversion programs; and
 - \$15.6 million to address rising Data Center Services costs.
- These increases are offset by a \$328.1 million decrease in General Revenue Funds and an \$85.4 million decrease in General Revenue–Dedicated Funds to remove onetime funding for major repair and construction projects, vehicles, body scanners, and capital equipment; a decrease of \$27.3 million in Federal Funds to account for an anticipated reduction in grant awards; a decrease of \$30.7 million in Other Funds to remove onetime funding and adjust anticipated Interagency Contracts according to agency projections; and an \$11.6 million decrease in General Revenue Funds to transfer funding for education to Windham School District.
 - In addition to the amounts specified previously, recommendations include \$4,605.5 million in General Revenue Funds to offset a corresponding \$4,605.5 million decrease in Federal Funds related to COVID-19 pandemic relief.
 - Funding recommendations for the Texas Juvenile Justice Department for the 2026–27 biennium total \$950.2 million in All Funds, which represents an All Funds decrease of \$81.6 million, or 7.9 percent. The decrease is attributable primarily to the removal of \$200.0 million in onetime funding for the construction of new facilities, which is offset by salary increases totaling \$43.3 million and \$47.0 million in funding to align with July 2024 population projections.

BORDER SECURITY

- Funding recommendations include \$6,511.9 million in All Funds for border security efforts at 13 state agencies across several articles of government. Most of the recommended border security funding is appropriated to three agencies: \$2,888.7 million to the Office of the Governor (OOG); \$2,265.5 million to the Texas Military Department (TMD); and \$1,194.6 million to the Department of Public Safety (DPS).
- The Eighty-eighth Legislature, Regular and Called Sessions, 2023, appropriated funding for Operation Lone Star (OLS) to 13 agencies, including \$5,031.6 million in the General Appropriations Act (GAA), 2024–25 Biennium, and \$1,540.0 million in Senate Bill 3, Fourth Called Session. The total 2024–25 biennial budgeted amount for border security was \$6,571.7 million.
- Funding recommendations maintain spending at levels comparable to spending for the 2024–25 biennium. The \$59.8 million decrease is due to the removal of onetime costs, including \$36.0 million from the Office of the Attorney General for the Landowner Compensation Fund and \$40.0 million transferred to DPS from OOG for increased patrols in Colony Ridge, which is offset by an increase of \$16.3 million for the Department of Motor Vehicles (DMV) based on the anticipated distribution of grants awarded in the border region.
- Recommendations for the 2026–27 biennium continue 2024–25 biennial spending levels at \$2,265.5 million in General Revenue Funds for border security at TMD. The State Guard and National Guard supports OLS by maintaining security points, conducting mobile land and river patrols, and constructing temporary fencing and barriers along the Texas–Mexico border.
- At DPS, border security funding recommendations maintain support for staffing at full deployment levels. Funding recommendations include \$1,194.6 million in General Revenue Funds for OLS and other agency border security efforts. This base funding provides for salary and wages for troopers deployed in the border region, a 50.0-hour work week, human trafficking prevention, anti-gang activities, cameras, and equipment.

- Funding recommendations for the OOG border security activities total \$2,888.7 million in General Revenue Funds for Border Security for the 2026–27 biennium, which maintains 2024–25 biennial spending levels. This amount includes funding for border prosecution grants, border wall construction, anti-gang programs, and border processing centers.
- Other agencies recommended to receive significant border security appropriations for the 2026–27 biennium include recommendations of \$33.6 million to the Texas Parks and Wildlife Department, \$44.8 million to the Office of Court Administration, \$25.9 million to the Texas Department of Criminal Justice, \$25.1 million to DMV, and \$16.4 million to the Department of State Health Services.
- The introduced General Appropriations Bill, 2026–27 Biennium, Article IX, Section 7.10, Border Security, provides a complete list of border security agencies, appropriation amounts, and reporting requirements.

STATE EMPLOYEE RETIREMENT, HEALTH BENEFITS, SOCIAL SECURITY, AND FULL-TIME-EQUIVALENT POSITIONS

- Funding recommendations of \$1.8 billion in All Funds, including \$1.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, provide for the state contribution to the Employees Retirement System of Texas (ERS) retirement program. This amount is an increase of \$184.8 million in All Funds, and an increase of \$350.1 million in General Revenue Funds and General Revenue–Dedicated Funds, for state employees’ retirement benefits, due to assuming 0.93 percent annual payroll growth for fiscal years 2026 and 2027. Funding recommendations provide for a 9.5-percent state contribution rate for each fiscal year of the 2026–27 biennium. Funding recommendations also continue the additional retirement contribution from all general state agencies of 0.5 percent of the total base wages and salaries for each eligible employee, for a total combined state contribution rate of 10.0 percent, the maximum pursuant to the Texas Constitution, Article XVI, Section 67(b)(3).
- Senate Bill 321, Eighty-seventh Legislature, Regular Session, 2021, requires the state to make legacy payments in the amount necessary to amortize ERS’ unfunded actuarial liability no later than fiscal year 2054. The funding recommendations include \$1,020.0 million in All Funds, including \$916.0 million in General Revenue Funds and \$104.0 million from State Highway Fund 6, for the legacy payments.
- Funding recommendations of \$4.7 billion in All Funds, including \$3.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, provides for the state contribution for group insurance benefits (GBP) for general state employees, retirees, and their dependents. The funding recommendation is an increase of \$810.8 million in All Funds, including \$995.4 million in General Revenue Funds and General Revenue–Dedicated Funds, prompted by assumed active and retired member growth and an 8.0 percent increase in GBP premiums in each year of the biennium.
- Funding recommendations of \$150.0 million in General Revenue Funds provide for health insurance contributions for local community supervision and correction department employees, retirees, and dependents who also participate in the GBP. The funding provides an increase of \$13.6 million in General Revenue Funds, which includes an 8.0 percent increase in premiums in each year of the biennium.
- Funding recommendations of \$2.6 billion in All Funds, including \$2.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, provide for the state contribution for Social Security payroll taxes for employees of state agencies and institutions of higher education, which is an increase of \$241.9 million in All Funds, including \$428.6 million in General Revenue Funds and General Revenue–Dedicated Funds. The funding recommendation is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. Funding recommendations assume 0.93 percent annual payroll growth for state agency employees in fiscal years 2026 and 2027, and 5.5 percent and 5.6 percent annual payroll growth, respectively, for higher education employees in fiscal years 2026 and 2027.
- Funding recommendations provide for 224,618.1 full-time-equivalent (FTE) positions for fiscal year 2026, and 224,514.8 FTE positions for fiscal year 2027. The number of FTE positions for fiscal year 2027 is a decrease of 55.2 positions from fiscal year 2025 budgeted levels.

DEBT SERVICE

- Funding recommendations for the 2026–27 biennium fully fund debt service and total \$4.6 billion in All Funds. This recommended amount is a decrease of \$131.1 million from the 2024–25 biennium. Funding recommendations provide for debt service for General Obligation and revenue debt issued, or expected to be issued, by the Texas Public Finance Authority, the Texas Facilities Commission, the Texas Water Development Board, the Texas Department of Transportation, and the Office of the Governor. Funding recommendations also provide for reimbursement of debt service payments for Capital Construction Assistance Projects issued by various institutions.

COVID-19 PANDEMIC-RELATED STIMULUS FUNDS

As of August 31, 2024, Texas state agencies have reported a total of \$85.8 billion in Federal Funds related to the COVID-19 pandemic that have been awarded across six supplemental appropriations bills enacted during fiscal years 2020 and 2021. Included in this total is \$15.8 billion from the Coronavirus State Fiscal Recovery (CSFR) Fund, which was authorized pursuant to the federal American Rescue Plan Act of 2021. CSFR funds may be used to replace lost public-sector revenue, respond to the public health and negative economic effects caused by the pandemic, provide premium pay for essential workers, and build infrastructure for sewer, water, and broadband communications.

States were required to obligate all CSFR funds no later than December 31, 2024; thus, the 2024–25 GAA, Article IX, Section 18.01, appropriated all unobligated CSFR funds to the Texas Department of Criminal Justice (TDCJ), estimated at enactment to be \$5.4 billion. During the 2024–25 biennium, TDCJ has used CSFR funds to pay for salaries and wages, employee benefits, and correctional managed healthcare, costs that otherwise would have been funded mainly with General Revenue Funds. The agency estimates that it will expend the remaining CSFR funds fully during fiscal year 2025. Recommendations for the 2026–27 biennium increase General Revenue Funds for TDCJ to offset the decrease in the onetime CSFR Federal Funds appropriated during the 2024–25 biennium.

SUPPLEMENTAL APPROPRIATIONS, 2024–25 BIENNIUM

In addition to appropriations made in the General Appropriations Bill for the 2026–27 biennium, it is the intent of the Legislature to provide funding in the supplemental appropriations bill to fully fund fiscal year 2025 for Medicaid at the Health and Human Services Commission (estimated at \$750.0 million), Foundation School Program at the Texas Education Agency (estimated at \$389.0 million), and operational expenses at the Texas Department of Criminal Justice (estimated at \$409.0 million), and the following additional purposes:

- Water Development Board: \$2,500.0 million for water infrastructure and supply, contingent on the enactment of legislation by the Eighty-ninth Legislature, 2025;
- Employees Retirement System of Texas: \$1,000.0 million for a onetime legacy payment to the system's unfunded actuarial liabilities to reduce long-term interest costs;
- Texas Department of Criminal Justice: \$515.8 million, which includes \$301.0 million to construct expansion dorms to be colocated with existing facilities and \$214.8 million for major repair and restoration projects at agency facilities;
- Texas Department of Transportation: \$350.0 million to administer a grant program to fund local rail grade-crossing separation;
- Department of State Health Services: \$328.3 million to expand laboratory capacity;
- Texas Division of Emergency Management: \$315.0 million for emergency operations centers and resource storage and staging areas;
- Texas Forest Service: \$194.0 million for the purchase of aircraft for wildfire suppression;
- Texas Historical Commission: \$100.0 million for the Courthouse Grant Program for restorations and other emergency and planning projects;

- Comptroller of Public Accounts: \$68.0 million for deposit to the Unemployment Insurance Trust Fund;
- Health and Human Services Commission: \$10.0 million for the design and planning of a mental health facility in Brazoria County; and
- cross-article: \$339.0 million for vehicle replacement.

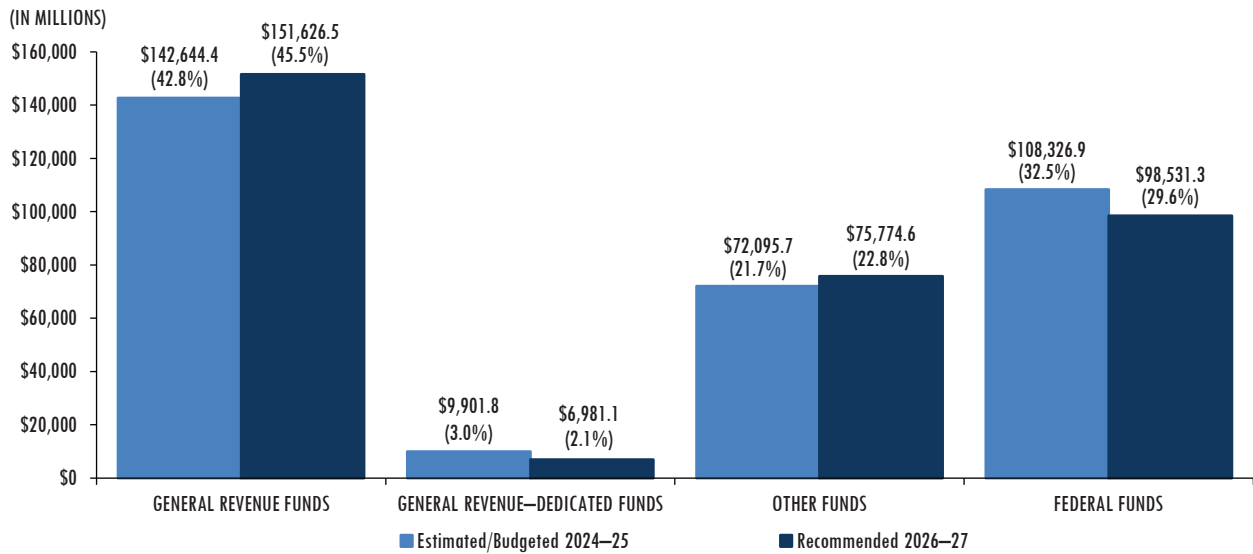
STRATEGIC FISCAL REVIEW

- Four state agencies are subject to Strategic Fiscal Review (SFR) in preparation for the Eighty-ninth Legislature, 2025. SFR provides an in-depth analysis of programs conducted by state agencies subject to review, which are noted as such in this summary. Senate Bill 68, Eighty-sixth Legislature, 2019, formalized the SFR process and applied it to the agencies currently subject to Sunset Advisory Commission review, with an exception for agencies that are not subject to the legislative appropriations process. Legislative Budget Board staff analysis resulting from SFR is available to the members of the Legislature to aid in their budget and policy deliberations.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 15 shows a comparison of biennial amounts for each of the four funding sources in the state budget. These sources are referred to as methods of finance. Estimated and budgeted amounts for the 2024–25 biennium refer to agency-estimated expenditures for fiscal year 2024 and agency-budgeted amounts for fiscal year 2025. Recommendations refer to biennial amounts contained in this summary’s version of the 2026–27 General Appropriations Bill. Percentage amounts represent the percentage of the entire biennial budget represented by that method of finance.

FIGURE 15
BIENNIAL COMPARISON BY FUND SOURCE OF 2024–25 ESTIMATED/BUDGETED AND 2026–27 RECOMMENDED AMOUNTS



NOTE: Other Funds excludes Interagency Contracts.
 SOURCE: Legislative Budget Board.

APPROPRIATED, ESTIMATED, AND BUDGETED FUNDS COMPARISON

Each biennium, circumstances result in variances to state agency expenditures (i.e., estimated and budgeted amounts) from the amounts appropriated by the Legislature. Typically, these changes result from shifts in population, client demands, or unforeseen events such as natural disasters, changes to federal formulas, grant requirements, or additional or reduced available revenue or balances supporting legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General Appropriations Act, and do not require legislative action. However, some expenditure changes require further action by the Legislature in the form of a supplemental appropriations bill.

Projected estimated and budgeted amounts for the 2024–25 biennium are estimated to increase by approximately \$11.3 billion in All Funds. This amount consists of a decrease of \$1.6 billion in General Revenue Funds, and a net increase of \$12.9 billion in other funding sources (i.e., General Revenue–Dedicated Funds, Federal Funds, and Other Funds). The most significant non-General Revenue Funds increase occurs in Federal Funds (\$6.0 billion) and consists mainly of increases for Trusteed Programs in the Office of the Governor. Other Funds increased by approximately \$3.9 billion. **Figure 16** shows the most significant assumed General Revenue Funds changes and the purpose for each.

FIGURE 16
RECONCILIATION OF THE 2024–25 APPROPRIATIONS TO 2024–25 ESTIMATED/BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS
Appropriations as published in <i>Fiscal Size-Up, 2024–25 Biennium</i>	\$144,279.2
BUDGET ADJUSTMENTS	
General Government	
Fiscal Programs within the Comptroller of Public Accounts: an increase in estimated appropriations for unclaimed property	\$84.0
Fiscal Programs within the Comptroller of Public Accounts: a transfer from the General Revenue Fund to the Broadband Infrastructure Fund	(\$1,500.0)
Trusteed Programs within the Office of the Governor: unexpended balance authority from fiscal year 2023	\$866.0
Texas Facilities Commission: unexpended balance authority from fiscal year 2023 for the Permian Basin Behavioral Health Center and Texas State Library and Archives Commission archives	\$296.7
Texas Historical Commission: unexpended balance authority from fiscal year 2023	\$219.8
State Preservation Board: unexpended balance authority from fiscal year 2023	\$139.2
Health and Human Services	
Health and Human Services Commission (HHSC): projected difference in Medicaid client services from appropriated levels, including projected supplemental need, program-generated income and other revenue and appropriations transferred to other programs and agencies	(\$1,861.0)
HHSC: projected difference in Children’s Health Insurance Program (CHIP) client services from appropriated levels, including program-generated income and other revenue and appropriations transferred to other programs and agencies	(\$186.6)
HHSC: increase of General Revenue Funds (\$676.9 million) and Federal Funds (\$716.9 million) for non-Medicaid/CHIP response to the COVID-19 pandemic; other disaster-related response; and administrative needs and program shortfalls, primarily for state-owned facility operations	\$676.9
HHSC: a decrease from General Revenue Funds (\$63.5 million) and Federal Funds (\$126.6 million) for adjustments to non-Medicaid client services programs for Women’s Health, Temporary Assistance for Needy Families cash assistance, Early Childhood Intervention, and certain behavioral health programs; excludes appropriations transferred to or from other programs and agencies; partially offset by an increase from Other Funds (\$0.2 million)	(\$63.5)
Department of Family and Protective Services: a decrease in General Revenue Funds (\$93.8 million) and increase in Federal Funds (\$20.5 million) for adjustments to client services programs for day care, adoption subsidy and permanency care assistance payments, relative caregiver payments, and foster care	(\$93.8)

FIGURE 16 (CONTINUED)
RECONCILIATION OF THE 2024–25 APPROPRIATIONS TO 2024–25 ESTIMATED/BUDGETED AMOUNTS

(IN MILLIONS)

BUDGET ADJUSTMENTS	GENERAL REVENUE FUNDS
Public and Higher Education	
Texas Education Agency (TEA): estimated Foundation School Program appropriations funded with General Revenue Funds increased by \$389.3 million through the operation of entitlement formulas, primarily attributable to weighted student growth, increased facilities funding following the enactment of Senate Bill 2, Eighty-eighth Legislature, Second Called Session, 2023, and a \$3,208.1 million decrease in estimated recapture payments. General Revenue Funds increases are offset partially by increases of \$451.9 million in estimated appropriations from the Property Tax Relief Fund and \$543.0 million in estimated appropriations from the Tax Reduction and Excellence in Education Fund	\$389.3
TEA: unexpended balance authority from fiscal year 2023	\$1,401.9
Teacher Retirement System: actual appropriations exceeded estimates	\$225.5
Texas Tech University Health Sciences Center : unexpended balance authority for the comprehensive cancer center	\$65.0
University of Texas at Austin: unexpended balance authority from fiscal year 2023 for Texas Memorial Museum (\$8.0 million) and Institute of Electronics (\$440.0 million)	\$448.0
Texas A&M University System: unexpended balance authority from fiscal year 2023 for quantum and artificial-intelligence chip fabrication	\$200.0
Public Safety and Criminal Justice	
Department of Public Safety: unexpended balance authority from fiscal year 2023 for vehicles, driver license services, an equine facility, and aircraft	\$140.1
Texas Department of Criminal Justice (TDCJ): unexpended balance authority from fiscal year 2023 for construction of a new training center, vehicles, deferred maintenance, transportation surveillance systems, vocational education, and education and recreation program receipts	\$148.6
TDCJ: a decrease in General Revenue Funds through salary adjustments with the Coronavirus Relief Fund	(\$314.0)
Natural Resources	
Texas Parks and Wildlife Department (TPWD): a transfer from the General Revenue Fund to the Centennial Parks Fund	(\$1,000.0)
TPWD: unexpended balance authority from fiscal year 2023	\$125.0
TPWD: actual appropriations exceeded estimates	\$47.2
Business and Economic Development	
Texas Department of Transportation: a transfer from the General Revenue Fund to the Ship Channel Improvement Fund	(\$400.0)
State Contributions for Employee Benefits	
State contributions for employee retirement, health insurance, Social Security, and benefit replacement pay	\$188.1
Various Other Adjustments	
Non-triggered contingent appropriations	(\$4,546.1)
Other adjustments	\$2,668.9
Subtotal, Adjustments	(\$1,634.7)
Total, Estimated/Budgeted Funds for the 2024–25 Biennium	\$142,644.4

NOTE: Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

EXCEPTIONS TO THE 2026–27 BIENNIAL BASELINE FUNDING

In July 2024, the Office of the Governor, Lieutenant Governor, and Speaker of the House of Representatives provided guidance to state agencies and institutions of higher education on preparing their Legislative Appropriations Requests. As a starting point for budget deliberations, an agency’s baseline request for General Revenue Funds and General Revenue–Dedicated Funds could not exceed the sum of amounts estimated for fiscal year 2024 and budgeted for fiscal year 2025. Authorized exceptions to this restriction include amounts necessary to fund certain entitlement and other programs, debt service, and employee benefits. **Figure 17** shows the 2026–27 biennial recommended amounts for those program exceptions identified in the July correspondence and subsequent Legislative Appropriation Request instructions.

FIGURE 17
PROGRAMMATIC EXCEPTIONS TO THE 2026–27 BASELINE FUNDING
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY

(IN MILLIONS)

BUDGET ADJUSTMENTS	ESTIMATED/ BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Health and Human Services				
Medicaid	\$25,769.7	\$28,195.5	\$2,425.8	9.4%
Children’s Health Insurance Program	\$290.9	\$318.6	\$27.7	9.5%
Foster Care	\$575.0	\$588.5	\$13.5	2.3%
Adoption Subsidies	\$228.8	\$219.4	(\$9.4)	(4.1%)
Permanency Care Assistance	\$45.7	\$46.4	\$0.7	1.6%
Public Education				
Foundation School Program	\$31,731.4	\$39,660.1	\$7,928.7	25.0%
Employer Contributions for State Pension Systems (Teacher Retirement System of Texas (TRS) – pension only)	\$5,912.3	\$6,394.1	\$481.8	8.1%
Employer Contributions for State Pension Systems (TRS – healthcare benefits only)	\$1,054.6	\$1,179.8	\$125.2	11.9%
Public Safety and Criminal Justice				
Public Safety Equipment and Operations, including Border Security	\$3,493.7	\$3,493.7	\$0.0	0.0%
State Employee Benefits				
Employer Contributions for State Pension Systems (2)	\$1,946.6	\$1,431.8	(\$514.8)	(26.4%)
Employer Contributions to Employee Health Insurance (3)	\$2,415.2	\$3,424.1	\$1,008.9	41.8%
Legacy Payments	\$916.0	\$916.0	\$0.0	0.0%
Employer Contributions to Social Security	\$1,674.8	\$2,103.4	\$428.6	25.6%
Benefit Replacement Pay	\$3.1	\$2.1	(\$1.1)	(33.6%)
State Employee and Public Safety Death Benefits (4)	\$109.2	\$126.8	\$17.6	16.1%
Biennialize Salary Increases				
Costs to biennialize salary increases from the 2024–25 biennium	\$0.0	\$384.8	\$384.8	N/A

FIGURE 17 (CONTINUED)
PROGRAMMATIC EXCEPTIONS TO THE 2026–27 BASELINE FUNDING
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY

(IN MILLIONS)

BUDGET ADJUSTMENTS	ESTIMATED/ BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Debt Service Payments				
General Obligation Bonds (Public Finance Authority)	\$681.3	\$747.7	\$66.4	9.7%
General Obligation Bonds (Water Development Board)	\$62.4	\$62.0	(\$0.4)	(0.6%)
Revenue Bonds (Public Finance Authority)	\$259.8	\$206.9	(\$52.9)	(20.4%)
Capital Construction Assistance Project Bonds (CCAP) (formerly Tuition Revenue Bonds) (Higher Education)	\$1,387.5	\$1,342.9	(\$44.6)	(3.2%)
Master Lease Purchase Plan (Public Finance Authority)	\$27.0	\$55.5	\$28.5	105.6%
Total, Programmatic Exceptions to Baseline Funding	\$78,584.9	\$90,900.1	\$12,315.2	15.7%

NOTES:

- (1) Amounts include only General Revenue Funds and General Revenue–Dedicated Funds amounts and exclude funds that are not subject to the baseline limitations. Totals may not sum due to rounding.
- (2) Employer Contributions to State Pension System totals include state contributions for Employees Retirement System retirement, Law Enforcement and Custodial Officer Supplemental retirement, and Judicial Retirement System plans I and II.
- (3) Employer Contributions to Employee Health Insurance totals include state contributions for local Community Supervision and Corrections Departments.
- (4) State Employee and Public Safety Death Benefits include public safety death benefits and retiree death benefits.

SOURCE: Legislative Budget Board.

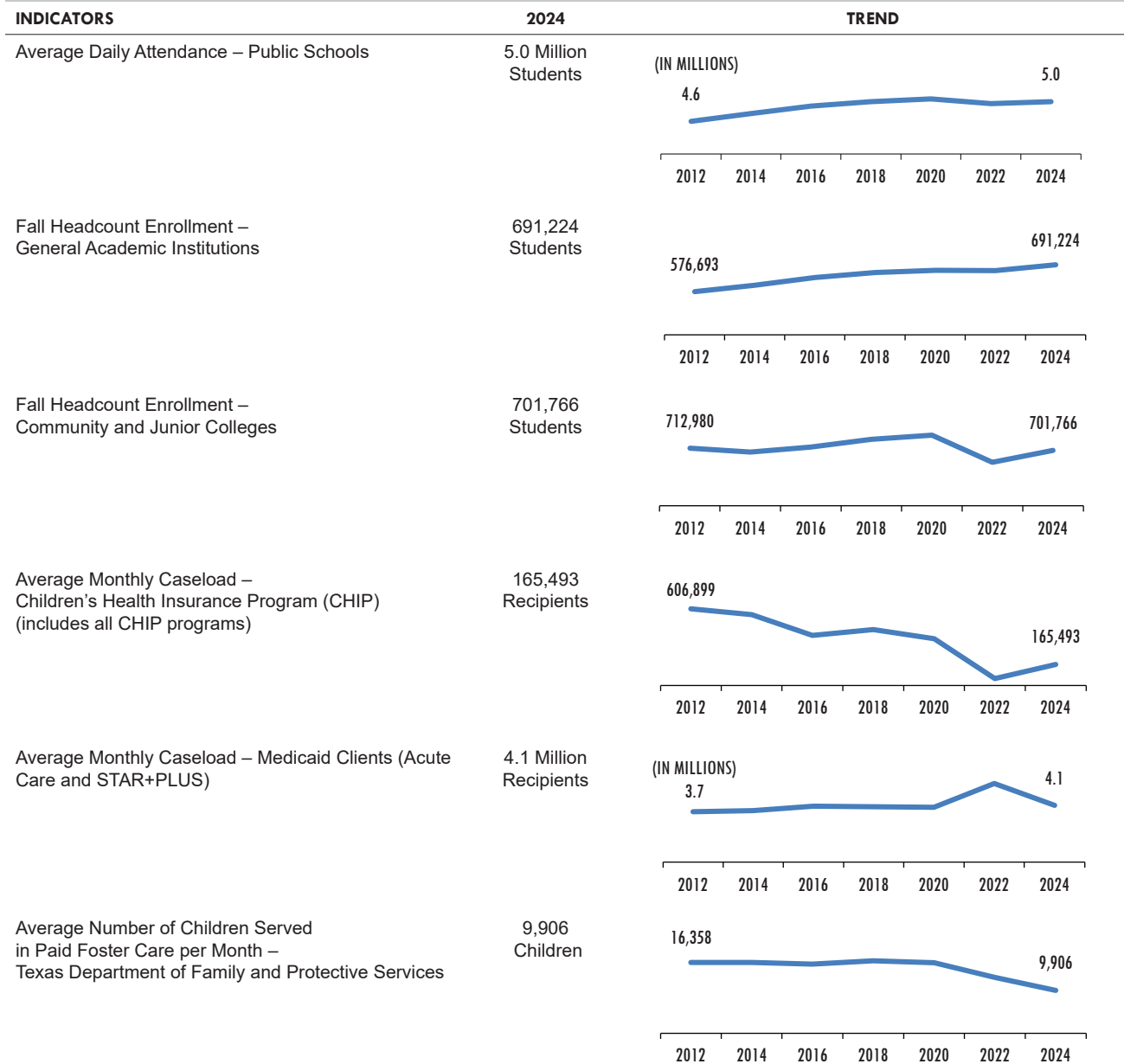
FACTORS AFFECTING THE STATE BUDGET

Significant factors affecting the state budget can be divided into two categories: changes in the population served, and the cost of that service. Population-based budget drivers include Medicaid, the Children’s Health Insurance Program (CHIP), children in foster care, public and higher education enrollment, adult and juvenile institutional and probation populations, and retirement system enrollment.

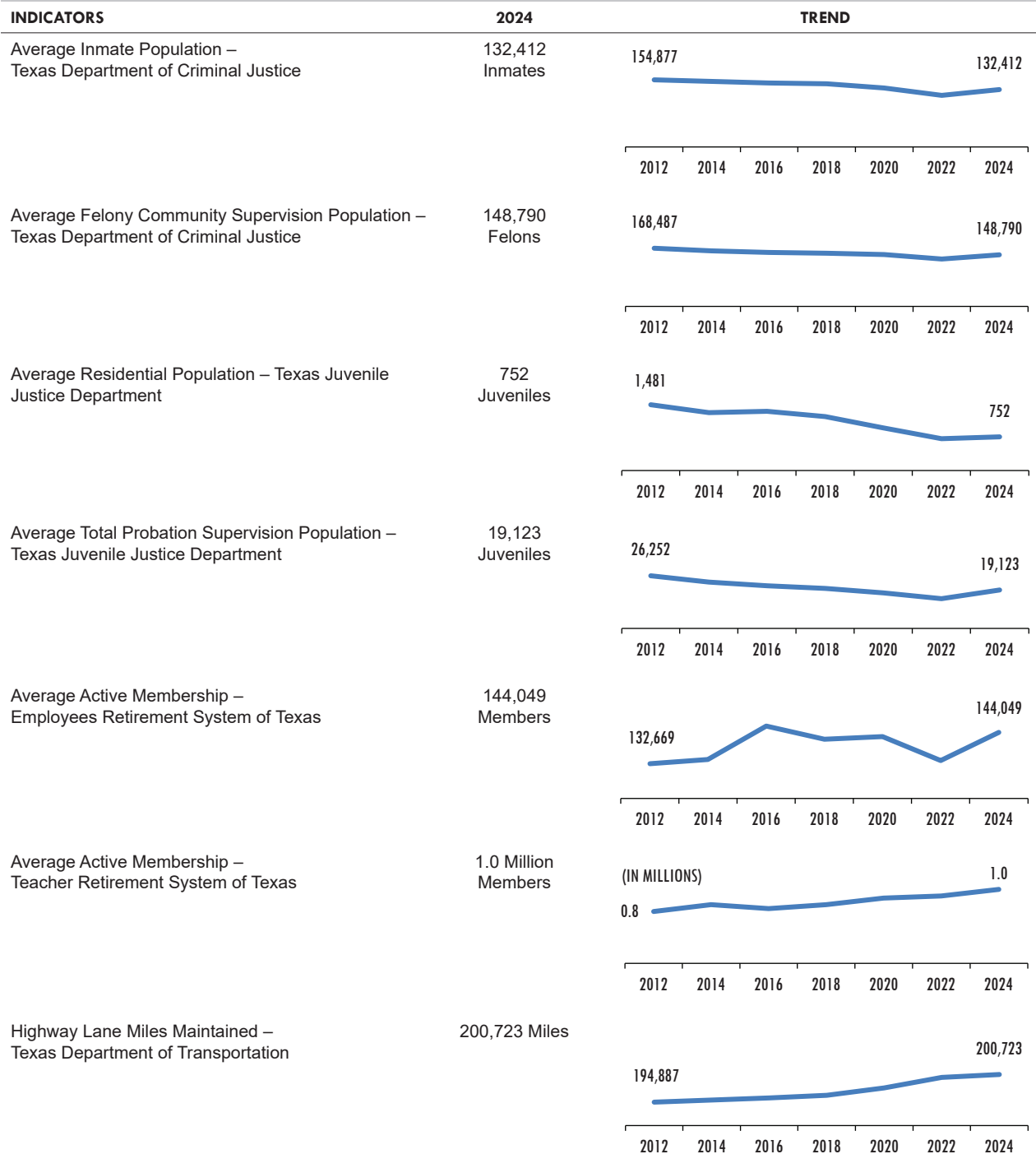
Population change is one element that helps explain the growth in the budget. Cost-related factors can have an equal or greater effect on growth. For example, medical inflation affects not only Medicaid and CHIP, but also inmate healthcare costs and state employee and teacher healthcare costs. Statutory requirements also may affect cost.

Figure 18 shows the population-based indicators that affect a large portion of the state budget.

FIGURE 18
POPULATION-BASED INDICATORS
FISCAL YEARS 2012 TO 2024



**FIGURE 18 (CONTINUED)
POPULATION-BASED INDICATORS
FISCAL YEARS 2012 TO 2024**



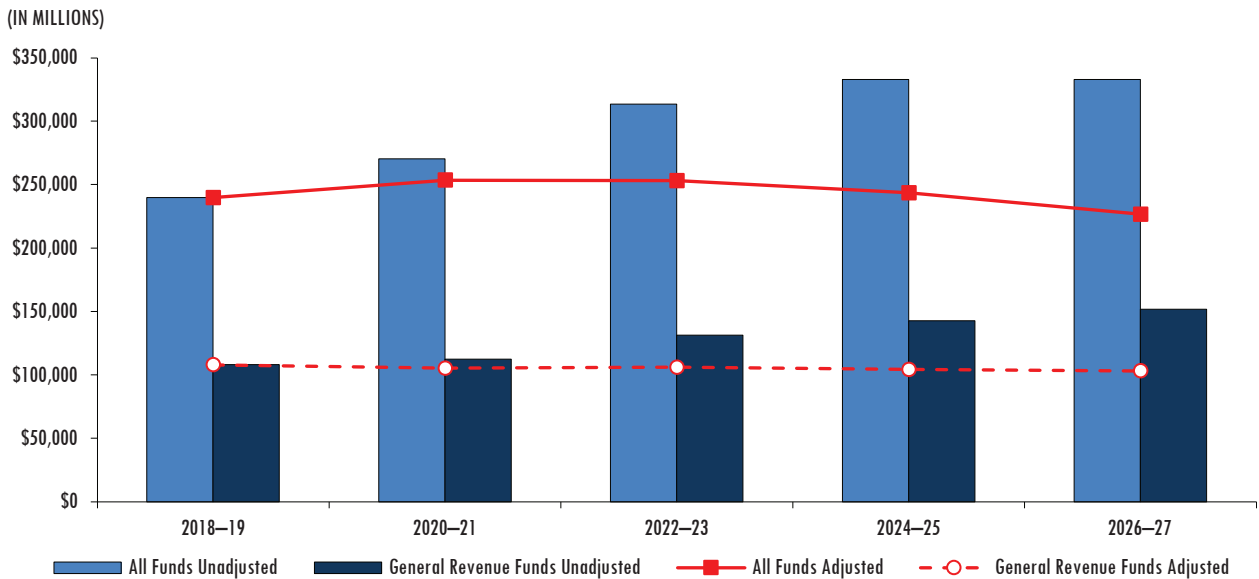
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

Figure 19 shows biennial All Funds and General Revenue Funds expenditures/appropriations since the 2018–19 biennium. Figure 19 also shows current and historical expenditure/appropriation totals adjusted into 2018–19 biennial dollars and population based on compounded population and inflation growth. All Funds expenditures increased by 38.8 percent from the 2018–19 to 2026–27 biennia but decreased 5.5 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 40.4 percent during the same period and decreased by 4.4 percent when adjusted.

FIGURE 19
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2026–27 BIENNIAL RECOMMENDATIONS

FISCAL BIENNIUM	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
2018–19	\$239,797.5	N/A	\$239,797.5	N/A	\$107,986.3	N/A	\$107,986.3	N/A
2020–21	\$270,340.5	12.7%	\$253,594.2	5.8%	\$112,268.1	4.0%	\$105,313.6	(2.5%)
2022–23	\$313,349.6	15.9%	\$253,124.4	(0.2%)	\$131,189.7	16.9%	\$105,975.3	0.6%
2024–25	\$332,968.8	6.3%	\$243,538.8	(3.8%)	\$142,644.4	8.7%	\$104,332.5	(1.6%)
2026–27	\$332,913.6	(0.0%)	\$226,663.5	(6.9%)	\$151,626.5	6.3%	\$103,234.6	(1.1%)



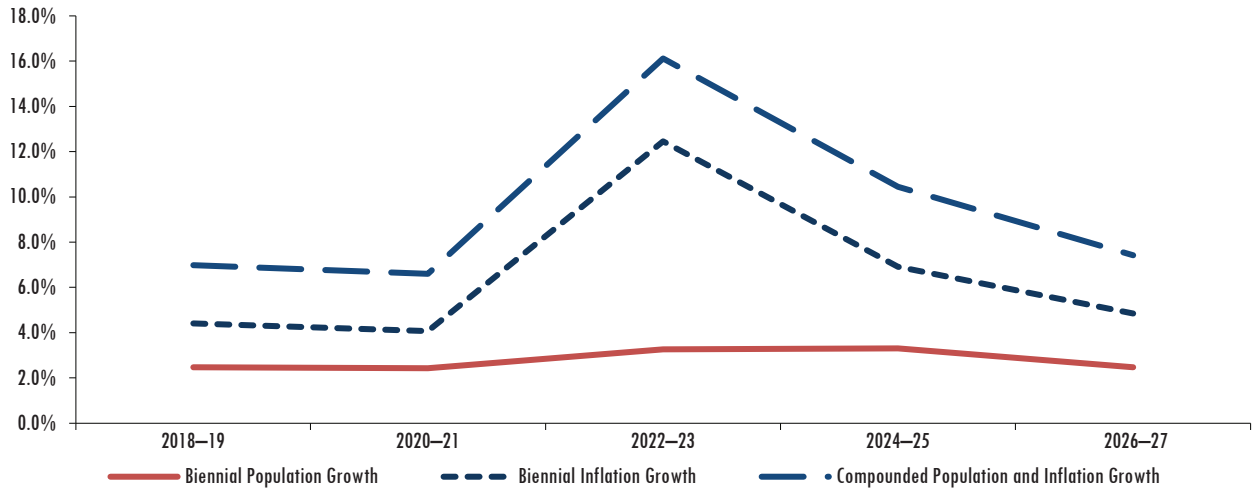
SOURCE: Legislative Budget Board.

Tools such as population and inflation compare budget growth; however, they do not tie directly to government budget drivers. For example, the Consumer Price Index (CPI) tracks the increased price of goods and services purchased by a typical family, such as groceries, clothing, housing, and private healthcare. Inflation of goods and services purchased by state government, such as education, public healthcare, and infrastructure, tend to grow faster than the price of goods and services purchased by consumers.

The compounded population and CPI growth shown in Figure 20 is based on data in the Comptroller of Public Accounts’ Fall 2024 State Economic Forecast, as published in the 2025 Biennial Revenue Estimate and which included a biennial growth rate of 10.4 percent from the 2022–23 to 2024–25 biennia and 7.4 percent from the 2024–25 to 2026–27 biennia, for an

average of 8.93 percent. Population and inflation growth estimates averaged over the same two periods submitted to the Legislative Budget Board in anticipation of adopting the spending limit growth rates ranged from 8.93 percent to 9.87 percent.

FIGURE 20
BIENNIAL POPULATION AND INFLATION GROWTH FROM THE 2018–19 TO 2026–27 BIENNIA



SOURCE: Comptroller of Public Accounts.

The 2024–25 and 2026–27 biennial expenditure/recommendation totals shown in **Figure 19** include the net effect of the 2026–27 recommendations and 2024–25 base adjustments.

RESTRICTED APPROPRIATIONS

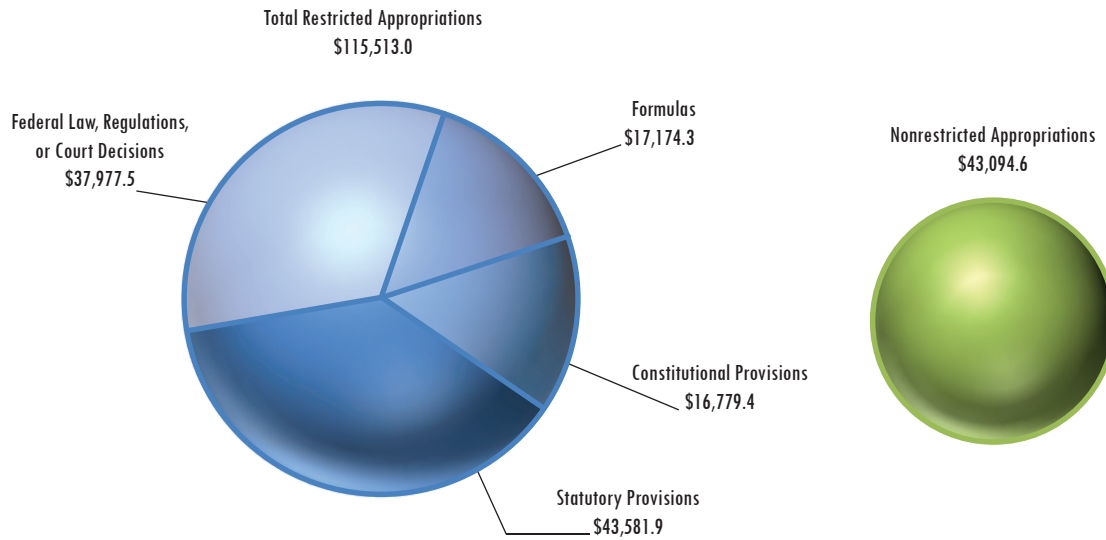
The 2026–27 biennial appropriations from General Revenue Funds and General Revenue–Dedicated Funds total \$158.6 billion, of which \$115.5 billion is restricted by pre-existing constitutional provisions, statutory provisions, federal law, federal regulations, court decisions, and funding formulas. The Legislature maintains some discretion over a portion of the restricted budget, but in many cases it would need to revise statutes outside of the appropriations process to change the restrictions. **Figure 21** shows examples of the largest restrictions by category.

The remaining \$43.1 billion, 27.2 percent, is appropriated by the Legislature without restriction. This nonrestricted portion of the budget is larger than the 2024–25 biennial level of 29.0 percent.

FIGURE 21
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS
2026–27 BIENNIUM

(IN MILLIONS)

TOTAL=\$158,607.6



TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2026–27 BIENNIUM

(IN MILLIONS)	2026–27 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Constitutional Provisions	\$16,779.4	10.6%
Foundation School Program (Available School Fund)	\$5,706.8	
Teacher Retirement System of Texas	\$6,394.1	
Public Education (Instructional Materials)	\$1,569.5	
Appropriations Restricted by Statutory Provisions	\$43,581.9	27.5%
Public Education (Foundation School Program)	\$33,431.5	
Teacher Retirement System of Texas, Health Insurance Programs for Public School Retiree Health Insurance	\$1,179.8	
Bond Debt Service	\$1,332.9	
Appropriations Restricted by Federal Law, Regulations, or Court Decisions	\$37,977.5	23.9%
Medicaid Programs	\$32,141.0	
Social Security Match	\$2,104.0	
Children’s Health Insurance Program	\$318.5	

FIGURE 21 (CONTINUED)
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS
2026–27 BIENNIUM

TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2026–27 BIENNIUM		
(IN MILLIONS)	2026–27 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Formulas	\$17,174.3	10.8%
Higher Education Formulas	\$12,053.4	
Group Health Insurance (General State Employees)	\$3,274.1	
Group Health Insurance (Higher Education Employees)	\$1,846.7	
Total Restricted Appropriations	\$115,513.0	72.8%
Nonrestricted Appropriations	\$43,094.6	27.2%
Texas Department of Criminal Justice	\$9,416.4	
Department of Public Safety	\$3,433.7	
Texas Higher Education Coordinating Board	\$3,037.9	
Texas Juvenile Justice Department	\$904.6	
Total, General Revenue Funds and General Revenue–Dedicated Funds Appropriations	\$158,607.6	100.0%

NOTES:

- (1) Appropriations shown are selected examples and are not intended to total to specific restricted appropriation.
(2) Totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

LIMITS ON APPROPRIATIONS

Texas has four constitutional limits on spending: the balanced budget limit, which is commonly referred to as the pay-as-you-go limit; the limit on the rate of growth of appropriations from certain state taxes, commonly referred to as the tax spending limit; the limit on welfare spending; and the limit on tax-supported debt. In addition, Texas has a statutory limit on the growth of consolidated General Revenue appropriations (CGR), commonly referred to as the CGR limit.

The pay-as-you-go, tax spending, and CGR limits all restrict appropriations, but in different ways. The pay-as-you-go limit prohibits the General Revenue Fund budget from exceeding available revenue. The tax spending limit prohibits appropriations funded with tax revenues that are not dedicated by the Texas Constitution from growing faster than the state's economy. The tax spending limit does not apply to appropriations funded with non-tax revenues or appropriations funded with tax revenues if the constitution requires the tax revenue to be spent for a specific purpose. The CGR limit prohibits General Revenue Funds and General Revenue–Dedicated Funds appropriations from growing faster than the compounded growth of Texas population and monetary inflation. Appropriations to pay for tax relief or costs associated with recovery from a disaster declared by the Governor are excluded from the CGR limit.

The 2026–27 biennial General Revenue Funds recommendations total \$151.6 billion. This amount is \$12.4 billion less than the pay-as-you-go limit, based on the 2025 Biennial Revenue Estimate (BRE) from the Comptroller of Public Accounts (CPA), as shown in **Figure 22**. General Revenue Funds are \$6.9 billion less than the General Revenue Funds capacity in accordance with the tax spending limit. The 2026–27 biennial Consolidated General Revenue Funds recommendations total \$158.6 billion. This amount is \$14.2 billion less than the CGR limit. This analysis includes anticipated supplemental appropriations in fiscal year 2025 for the Foundation School Program, Medicaid, and programs identified in Article IX, Section 17.15 of the introduced General Appropriations Bill. Any change to the fiscal year 2025 appropriations beyond what is assumed in this analysis will change the 2026–27 limits and spending authority subject to the limits. The tax spending limit is the controlling limit because General Revenue spending authority is lower than for the other two limits.

FIGURE 22
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Pay-as-you-go Limit	\$12.4
Tax Spending Limit	\$6.9
Consolidated General Revenue Limit	\$14.2

SOURCE: Comptroller of Public Accounts, Legislative Budget Board.

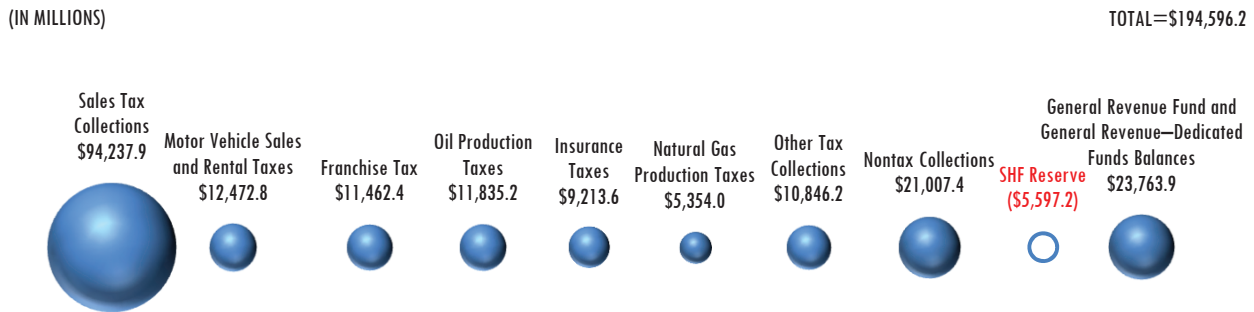
ARTICLE III, SECTION 49a, PAY-AS-YOU-GO LIMIT

The Texas Constitution, Article III, Section 49a, sets the so-called pay-as-you-go limit. The constitution requires that bills making appropriations are sent to the CPA for certification that the appropriations are within estimates of available revenue.

CPA identifies the pay-as-you-go limit for General Revenue Funds appropriations as \$194.6 billion in the Biennial Revenue Estimate (BRE). This total includes estimated 2026–27 biennial General Revenue Funds revenue collections of \$176.4 billion, less the amount of \$5.6 billion in General Revenue Funds deposits reserved for transfer to the State Highway Fund. This total also includes the beginning 2026–27 General Revenue Fund balance and General Revenue–Dedicated Funds account balances available for certification, which totals \$23.8 billion as shown in **Figure 23**. Legislative actions increasing or decreasing revenue collections could change the total amount of revenue available.

By contrast, the amount of revenue available for the Eighty-eighth Legislature, Regular Session, 2023, in accordance with the pay-as-you-go limit identified in the 2023 BRE was \$188.2 billion.

FIGURE 23
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2026–27 BIENNIUM



NOTE: Figure shows General Revenue Funds portion.
SOURCE: Legislative Budget Board.

The \$194.6 billion in available revenue applies to 2026–27 biennial General Revenue Funds appropriations and to fiscal year 2025 supplemental General Revenue Funds appropriations. Consequently, any increase in supplemental General Revenue Funds appropriations for fiscal year 2025 will decrease General Revenue Funds spending capacity proportionately for the 2026–27 biennium; conversely a decrease in 2025 appropriations will increase 2026–27 General Revenue Funds spending capacity.

ARTICLE VIII, SECTION 22, LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS

The Texas Constitution, Article VIII, Section 22, prohibits appropriations funded with state tax revenues not dedicated by the constitution from growing faster than the estimated rate of growth of the state’s economy. Consequently, the revenue source funding appropriations determines whether the appropriations are subject to the spending limit. Appropriations funded with tax revenues are subject to the spending limit unless the constitution dedicates the tax revenue for a specific purpose. The spending limit does not apply to appropriations funded with nontax revenues or appropriations funded with tax revenues if the constitution requires the tax revenue to be spent for a specific purpose.

The 2026–27 biennial spending limit equals total 2024–25 biennial appropriations funded with tax revenues not dedicated by the constitution of \$111.2 billion, grown by the adopted growth rate of 8.93 percent. The 2026–27 biennial spending limit is estimated to be \$121.1 billion after adjusting for revenue estimates in the CPA’s 2025 Biennial Revenue Estimate and updating the 2024–25 biennial base to include estimated supplemental appropriations. The 2026–27 biennial appropriations subject to the spending limit total \$114.7 billion, \$6.3 billion less than the spending limit, as shown in **Figure 24**. The 2024–25 biennial appropriations subject to the spending limit, including supplemental appropriations assumed for this analysis, total \$111.2 billion, \$9.4 billion below the spending limit for that biennium, which would yield maximum additional 2024–25 General Revenue appropriations of \$10.5 billion. Any changes to supplemental appropriations beyond the assumptions in this analysis will change the estimate of the 2026–27 biennial spending limit and available spending capacity.

FIGURE 24
SPENDING LIMIT COMPARED TO THE RECOMMENDED GENERAL APPROPRIATIONS BILL
2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Spending Limit	\$121.1
Appropriations Subject to the Spending Limit	(\$114.7)
Total Less Than the Spending Limit	\$6.3

SOURCE: Legislative Budget Board.

Because revenue deposits to the General Revenue Fund also include revenue not subject to the spending limit, the maximum 2026–27 biennial General Revenue Funds appropriations associated with the \$121.1 billion limit is \$158.5 billion, leaving \$6.9 billion in remaining General Revenue Funds spending capacity less than the spending limit, as shown in **Figure 25**.

FIGURE 25
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE RECOMMENDED GENERAL APPROPRIATIONS BILL, 2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Maximum General Revenue Funds Appropriations Pursuant to the Spending Limit	\$158.5
Recommended General Revenue Funds Appropriations	(\$151.6)
Total Less Than the Maximum General Revenue Fund Appropriations	\$6.9

SOURCE: Legislative Budget Board.

THE TEXAS GOVERNMENT CODE, SECTION 316.001, CONSOLIDATED GENERAL REVENUE LIMIT

The Texas Government Code, Chapter 316, Subchapter A, restricts the rate of growth of consolidated General Revenue appropriations (CGR) and is referred to as the CGR limit. CGR appropriations are defined as the sum of General Revenue Funds and General Revenue–Dedicated Funds appropriations. In each biennium, the growth of CGR appropriations is limited to no more than the compounded rate of Texas population growth and monetary inflation growth, averaged over the current and upcoming biennium. However, the statute excludes from the computation of this limitation appropriations for a purpose that provides tax relief or appropriations to pay costs associated with recovery from a disaster declared by the Governor.

The 2026–27 biennial CGR limit is estimated to total \$148.8 billion. Consolidated General Revenue Fund recommendations total \$158.6 billion, of which \$24.0 billion are excluded from the limitation, as discussed above. After combining these amounts, \$14.2 billion of CGR spending capacity remains under the 2026–27 biennial CGR limit.

ARTICLE III, SECTION 49-j, DEBT LIMIT

The Texas Constitution, Article III, Section 49-j, provides that the Legislature may not authorize additional state debt if in any fiscal year the resulting maximum annual debt service payable from the General Revenue Fund, excluding revenues constitutionally dedicated for purposes other than payment of state debt, exceeds 5.0 percent of the average annual unrestricted General Revenue for the previous three years. To monitor where the state stands in relation to the constitutional debt limit (CDL), the Bond Review Board (BRB) calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2024, the BRB reported that the issued debt ratio is 0.92 percent. The second debt ratio is the debt service on outstanding debt plus estimated debt service for authorized but unissued bonds. For this ratio, the BRB has reported that the state is at 1.70 percent of unrestricted General Revenue Funds at the end of fiscal year 2024. The latter calculation represents a 0.25 percentage-point decrease from the 1.95 percent calculated for outstanding and authorized but unissued debt for fiscal year 2023. The BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt. However, the CDL ratio could be affected by changes to any of the following factors: the three-year average of unrestricted General Revenue Funds, the amount of debt outstanding and unissued debt authorizations, and actual and assumed interest rates.

ARTICLE III, SECTION 51-a, WELFARE SPENDING LIMIT

The Texas Constitution, Article III, Section 51-a, requires that the amount paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers not exceed 1.0 percent of the state budget in any biennium.

The 2026–27 biennial budget defined in the Texas Human Resources Code, Section 31.053, is \$332.9 billion. Therefore, the welfare spending limit is \$3.3 billion. The biennial amount appropriated in the Legislative Budget Board recommendations for the 2026–27 biennium that is subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is \$45.9 million, which is \$3.3 billion less than the 1.0 percent limit.

TEXAS ECONOMIC OUTLOOK

Economic conditions and demographic trends influence the level of state appropriations and the revenue used to support those appropriations. As the economy expands, more revenue is available for appropriation. Some spending demands are lessened by a growing economy, and others are increased. For example, a growing economy can decrease pressure on Medicaid enrollment, but it also increases migration into Texas, which increases the demand for public education and other services. Furthermore, healthcare and higher education inflation rates tend to outpace other types of inflation. This section provides a high-level look at the economic conditions expected to prevail during the upcoming biennium. All economic forecasts are provided by the Texas Comptroller of Public Accounts (CPA).

INDUSTRIAL OUTLOOK

The Texas economy, as measured by Real Gross State Product (GSP), recorded strong growth during the first half of the current biennium, increasing by an estimated 4.7 percent in fiscal year 2024. GSP growth is forecast to continue to increase, although at a slower pace than the long-run historical average, growing by 2.5 percent for fiscal year 2025, 2.6 percent in fiscal year 2026, and 2.5 percent in fiscal year 2027.

EMPLOYMENT

The Texas unemployment rate is forecast to increase slightly during the upcoming biennium, rising from 4.1 percent in fiscal year 2025 to 4.3 percent by fiscal year 2027. Nonfarm payroll jobs in Texas are expected to increase by 1.7 percent for fiscal year 2025, 1.0 percent for fiscal year 2026, and 0.9 percent for fiscal year 2027.

PERSONAL INCOME

Along with the Texas economy, personal income growth is expected to continue to grow during the next three fiscal years. Personal income in the state is projected to grow by 5.6 percent, reaching \$2.2 trillion in fiscal year 2025. Personal income is expected to further increase by 6.2 percent for fiscal year 2026 and by 5.7 percent for fiscal year 2027.

Figure 26 shows key economic indicators from fiscal years 2018 to 2027. All forecasted data for fiscal years 2024 to 2027 is from the CPA’s 2025 Biennial Revenue Estimate.

**FIGURE 26
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2018 TO 2027 (1)**

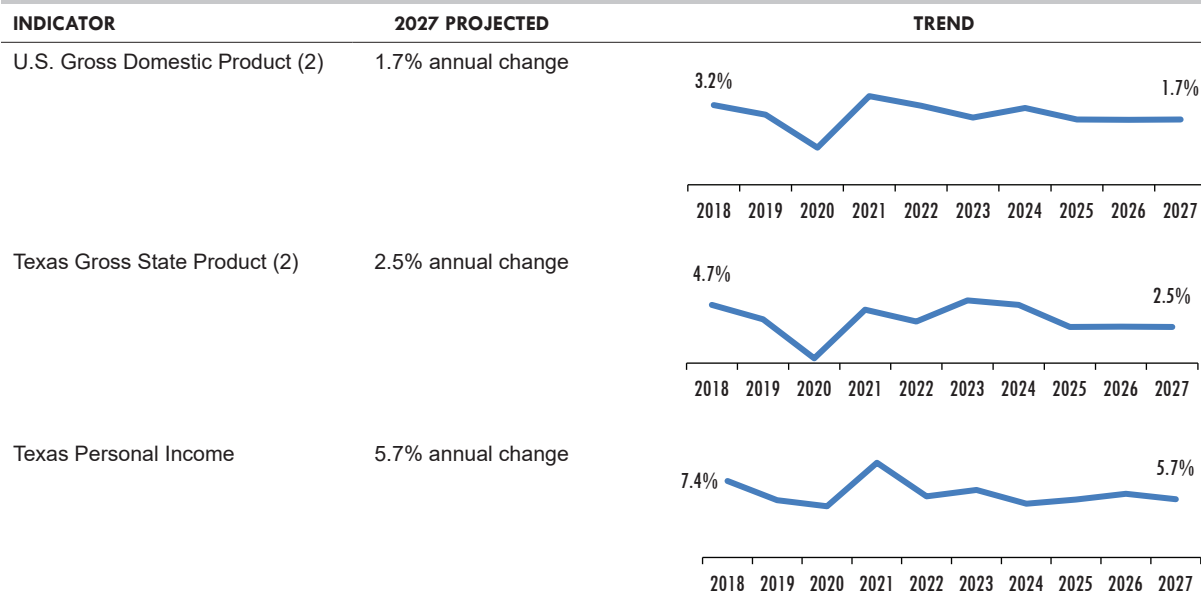
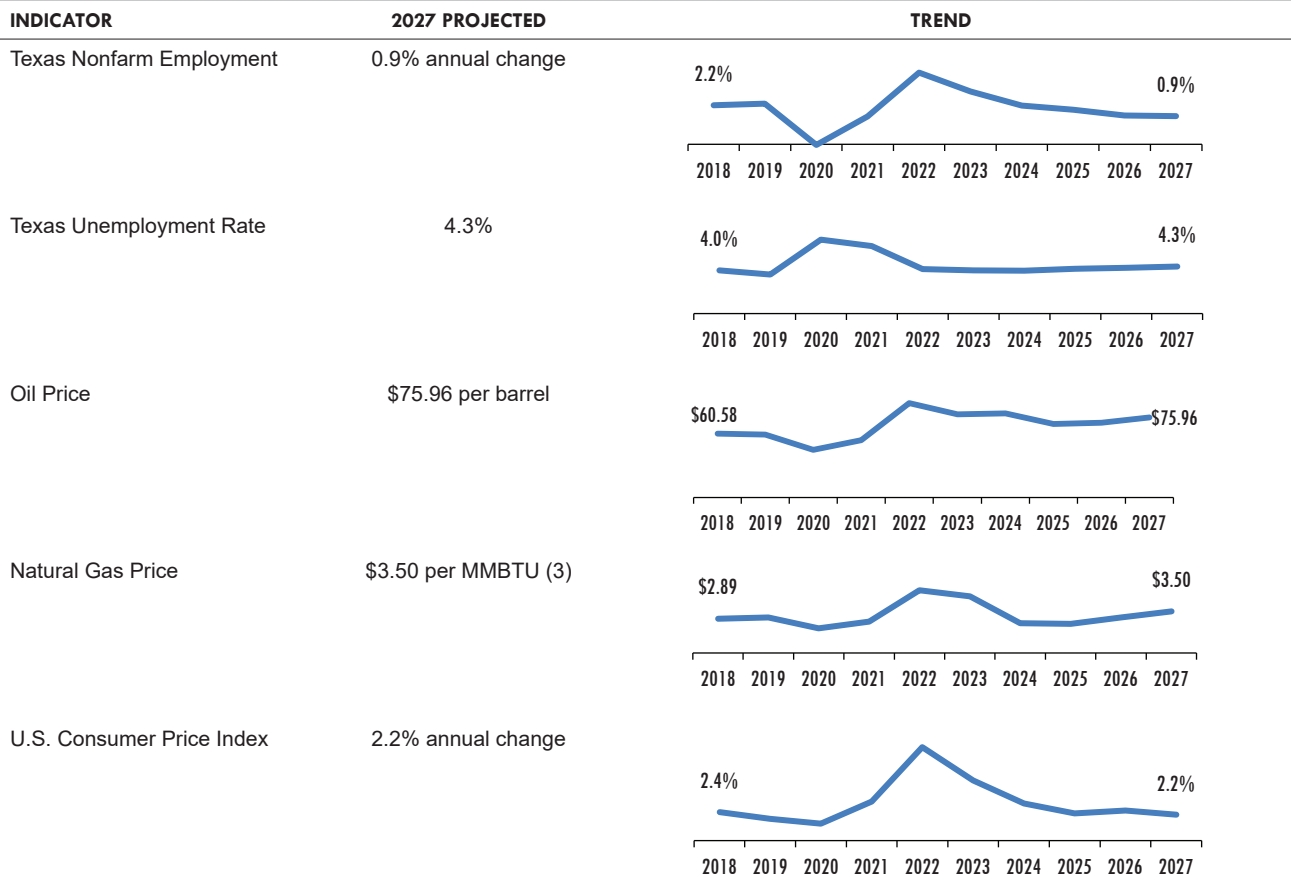


FIGURE 26 (CONTINUED)
ECONOMIC-BASED INDICATORS, FISCAL YEARS 2018 TO 2027 (1)



NOTES:

- (1) Trends for fiscal years 2024 to 2027 are based on projections from the Comptroller of Public Accounts' 2025 Biennial Revenue Estimate.
- (2) Amounts for the U.S. Gross Domestic Product and the Texas Gross State Product are based on 2017 dollars.
- (3) MMBTU=million British Thermal Units.

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

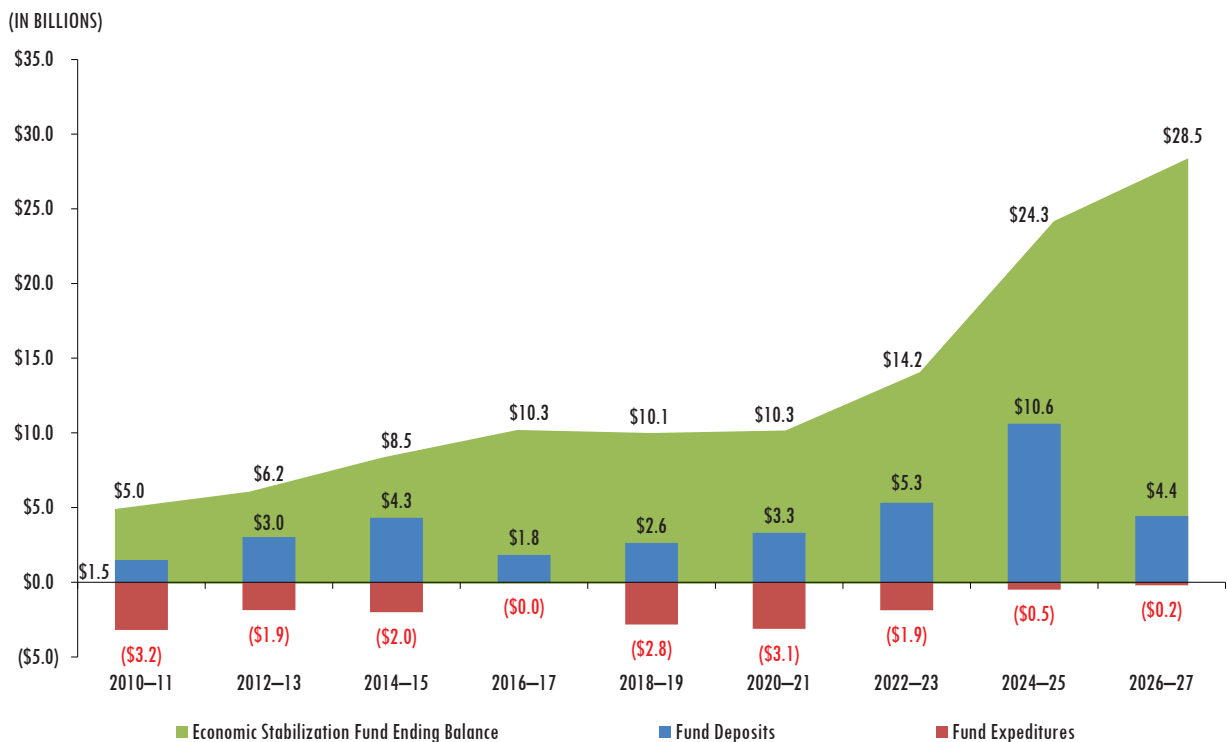
ECONOMIC STABILIZATION FUND

The Texas Constitution, Article III, Section 49-g, established the Economic Stabilization Fund (ESF). Appropriations may be made from the fund within certain fiscal conditions with a three-fifths vote of each legislative chamber. Appropriations also may be made for any purpose with a two-thirds vote of each legislative chamber. House Bill 903, Eighty-fourth Legislature, 2015, directed the Comptroller of Public Accounts (CPA) to invest a portion of the cash balance of the ESF in assets outside of the Treasury pool, with the goal of obtaining a higher rate of return. Beginning September 1, 2015, CPA established the Texas Economic Stabilization Investment Fund (TESTIF) to invest a portion of the ESF pursuant to this legislation.

CPA forecasts the 2026–27 biennial ending cash balance of the ESF plus the total asset value of the TESTIF to be \$28.5 billion, reaching its constitutional maximum balance during fiscal year 2026. The 2026–27 biennial recommendations contain no appropriations from the fund; however the Texas Constitution, Article III, Section 49-g(p) appropriates \$210.2 million during the 2026–27 biennium to the CPA for deposit to the Texas University Fund.

Figure 27 shows the history of ESF deposits, expenditures, and balances from the 2010–11 to 2026–27 biennia.

FIGURE 27
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, INVESTMENTS AND FUND BALANCE
2010–11 TO 2026–27 BIENNIA

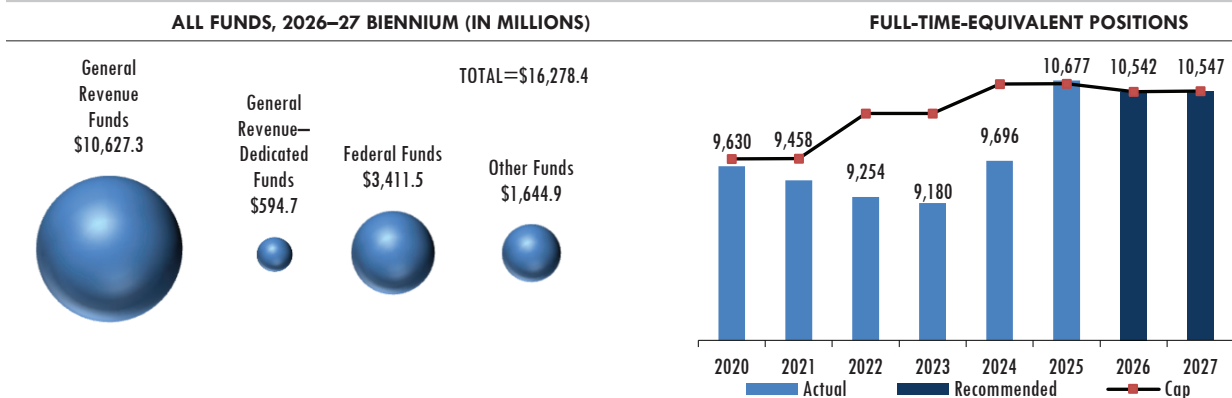


NOTE: Fiscal years 2025 to 2027 are projections based on the Comptroller of Public Accounts' 2025 Biennial Revenue Estimate.
 SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

ARTICLE I – GENERAL GOVERNMENT

FIGURE 28
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$11,040.2	\$10,627.3	(\$412.9)	(3.7%)
General Revenue–Dedicated Funds	\$2,530.5	\$594.7	(\$1,935.8)	(76.5%)
Federal Funds	\$5,583.6	\$3,411.5	(\$2,172.0)	(38.9%)
Other Funds	\$2,484.8	\$1,644.9	(\$839.9)	(33.8%)
Total, All Methods of Finance	\$21,639.1	\$16,278.4	(\$5,360.6)	(24.8%)



NOTES:

- (1) Excludes Interagency Contracts.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE I

All Funds recommendations for the General Government agencies total \$16.3 billion for the 2026–27 biennium, a decrease of \$5.4 billion, or 24.8 percent, from the 2024–25 biennium. General Revenue Funds recommendations total \$10.6 billion, a decrease of \$0.4 billion, or 3.7 percent.

The Texas Ethics Commission and the Department of Information Resources are subject to Strategic Fiscal Review.

HIGHLIGHTS

- Funding recommendations for the **Office of the Attorney General** total \$1.4 billion in All Funds for the 2026–27 biennium, a decrease of \$164.0 million in All Funds, primarily due to a decrease of onetime funding for various projects, including funding for litigation against Google, LLC, information technology projects, and the Landowners Compensation program.
- Funding recommendations for the **Comptroller of Public Accounts** total \$739.4 million in All Funds for the 2026–27 biennium. This amount represents a decrease of \$4.8 million, due primarily to the removal of unexpended balances carried from the 2022–23 biennium into the 2024–25 biennium and onetime costs associated with the replacement of the Uniform Statewide Accounting System and the Texas Identification Number System, offset by an increase to biennialize the statewide salary adjustments funded during the 2024–25 biennium and the reallocation of the Advanced Tax Compliance function from the Fiscal Programs within the Office of the Comptroller of Public Accounts.

- Funding recommendations for the **Fiscal Programs within the Comptroller of Public Accounts** total \$5,671.7 million in All Funds for the 2026–27 biennium, an increase of \$1,525.0 million from the 2024–25 biennium. The increase is related to an increase in federal grant funding through the Broadband Equity, Access, and Deployment program, offset by a decrease in planned expenditures from the Broadband Infrastructure Fund. Recommendations also include a rider appropriation of \$1.3 billion in contingent General Revenue Funds for transfer to the Texas University Fund to provide additional funds to ensure stable funding for institutions of higher education that meet eligibility requirements pursuant to the Texas Education Code, Chapter 62.
- Funding recommendations for the **Employees Retirement System of Texas**, across all articles, total \$7,974.9 million for the 2026–27 biennium, including the addition of \$537.2 million in All Funds for the Group Benefits Program and Probation Health Insurance to address increased healthcare costs for state employees.
- Funding recommendations for the **Texas Facilities Commission** total \$387.2 million in All Funds for the 2026–27 biennium, a decrease of \$2,007.8 million from the 2024–25 biennium, related primarily to a decrease of onetime capital funding for border wall and facility construction.
- Funding recommendations for the **Trusted Programs within the Office of the Governor** total \$4.4 billion, a decrease of \$5.3 billion in All Funds from the previous biennium. Decreases in All Funds are associated primarily with the end of funding from the Coronavirus Relief Fund, the expenditure of unexpended balances carried from the 2022–23 biennium to the 2024–25 biennium, the reallocation of border security funding to be appropriated directly to other state agencies involved in border security activities, and reduced agency funding requests for multiple programs.
- Funding recommendations for the **Texas Historical Commission** total \$102.7 million, a decrease of \$243.1 million in All Funds, primarily related to various onetime funding projects, including renovation and construction projects at historic sites, Capitol Complex projects, and Courthouse Preservation Grants. Recommendations include a funding increase of \$21.7 million for historic sites projects and \$2.5 million for the Texas Holocaust, Genocide, and Antisemitism Advisory Commission.
- Funding recommendations for the **Department of Information Resources** total \$1,578.3 million in All Funds for the 2026–27 biennium, which represents a decrease of \$19.7 million from the 2024–25 biennium. The decrease is due primarily to the removal of onetime expenditures and unexpended balances carried from the 2022–23 biennium into the 2024–25 biennium, offset by an increase in customer utilization of agency services.
- Funding recommendations for the **State Preservation Board** total \$35.0 million in All Funds for the 2026–27 biennium, a decrease of \$195.1 million. This decrease is due primarily to the removal of Senate and House Facilities projects and other onetime capital projects.
- Funding recommendations for the **Secretary of State** total \$124.2 million in All Funds for the 2026–27 biennium, a decrease of \$40.3 million from the 2024–25 biennium. This decrease is due primarily to the removal of onetime funding provided for replacement of the Business Entity Secured Transaction system and Federal Funds provided under the Help America Vote Act.

Figure 29 shows the All Funds appropriation for each agency in Article I, and **Figure 30** shows the General Revenue Funds appropriation for each agency. On the subsequent pages in this chapter are more details about funding levels for some of the agencies in Article I.

FIGURE 29
ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Commission on the Arts	\$34.2	\$31.9	(\$2.2)	(6.5%)
Office of the Attorney General	\$1,578.1	\$1,414.1	(\$164.0)	(10.4%)
Bond Review Board	\$2.7	\$2.4	(\$0.4)	(12.8%)
Cancer Prevention and Research Institute of Texas	\$594.9	\$600.1	\$5.2	0.9%
Comptroller of Public Accounts	\$744.2	\$739.4	(\$4.8)	(0.6%)
Fiscal Programs within the Office of the Comptroller of Public Accounts	\$4,146.7	\$5,671.7	\$1,525.0	36.8%
Commission on State Emergency Communications	\$143.5	\$134.9	(\$8.6)	(6.0%)
Texas Emergency Services Retirement System	\$4.2	\$4.2	\$0.0	1.2%
Employees Retirement System of Texas	\$1,046.3	\$1,047.5	\$1.2	0.1%
Texas Ethics Commission	\$8.1	\$7.9	(\$0.2)	(2.7%)
Texas Facilities Commission	\$2,395.0	\$387.2	(\$2,007.8)	(83.8%)
Texas Public Finance Authority	\$4.4	\$4.5	\$0.1	1.9%
Office of the Governor	\$35.7	\$33.3	(\$2.4)	(6.7%)
Trusted Programs within the Office of the Governor	\$9,646.4	\$4,377.3	(\$5,269.1)	(54.6%)
Texas Historical Commission	\$345.8	\$102.7	(\$243.1)	(70.3%)
Department of Information Resources	\$1,598.1	\$1,578.3	(\$19.7)	(1.2%)
Texas State Library and Archives Commission	\$93.3	\$74.7	(\$18.6)	(20.0%)
Pension Review Board	\$2.9	\$2.9	\$0.0	0.2%
State Preservation Board	\$230.1	\$35.0	(\$195.1)	(84.8%)
State Office of Risk Management	\$107.0	\$116.5	\$9.5	8.9%
Secretary of State	\$164.6	\$124.2	(\$40.3)	(24.5%)
Texas Veterans Commission	\$144.8	\$137.2	(\$7.6)	(5.3%)
Subtotal, General Government	\$23,071.0	\$16,628.0	(\$6,443.0)	(27.9%)
Employee Benefits and Debt Service	\$1,099.8	\$1,177.6	\$77.8	7.1%
Less Interagency Contracts	\$2,531.7	\$1,527.2	(\$1,004.5)	(39.7%)
Total, All Functions	\$21,639.1	\$16,278.4	(\$5,360.6)	(24.8%)

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 30
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Commission on the Arts	\$30.7	\$28.7	(\$2.1)	(6.7%)
Office of the Attorney General	\$716.9	\$601.3	(\$115.6)	(16.1%)
Bond Review Board	\$2.7	\$2.4	(\$0.4)	(12.8%)
Cancer Prevention and Research Institute of Texas	\$0.0	\$0.0	\$0.0	N/A
Comptroller of Public Accounts	\$740.2	\$735.5	(\$4.8)	(0.6%)
Fiscal Programs within the Office of the Comptroller of Public Accounts	\$1,788.4	\$3,147.9	\$1,359.6	76.0%
Commission on State Emergency Communications	\$21.3	\$21.3	\$0.0	0.0%
Texas Emergency Services Retirement System	\$1.6	\$1.7	\$0.0	3.1%
Employees Retirement System of Texas	\$942.2	\$943.5	\$1.2	0.1%
Texas Ethics Commission	\$8.1	\$7.9	(\$0.2)	(2.7%)
Texas Facilities Commission	\$704.0	\$210.5	(\$493.5)	(70.1%)
Texas Public Finance Authority	\$2.5	\$2.6	\$0.0	2.0%
Office of the Governor	\$35.7	\$33.3	(\$2.4)	(6.7%)
Trusteed Programs within the Office of the Governor	\$4,250.9	\$3,470.6	(\$780.3)	(18.4%)
Texas Historical Commission	\$323.2	\$95.9	(\$227.3)	(70.3%)
Department of Information Resources	\$100.5	\$57.1	(\$43.4)	(43.2%)
Texas State Library and Archives Commission	\$37.7	\$37.6	(\$0.1)	(0.2%)
Pension Review Board	\$2.9	\$2.9	\$0.0	0.2%
State Preservation Board	\$178.4	\$34.9	(\$143.5)	(80.4%)
State Office of Risk Management	\$0.0	\$0.0	\$0.0	N/A
Secretary of State	\$123.0	\$106.9	(\$16.1)	(13.1%)
Texas Veterans Commission	\$42.1	\$45.5	\$3.4	8.1%
Subtotal, General Government	\$10,053.2	\$9,588.0	(\$465.2)	(4.6%)
Subtotal, Employee Benefits and Debt Service	\$987.0	\$1,039.3	\$52.3	5.3%
Total, All Functions	\$11,040.2	\$10,627.3	(\$412.9)	(3.7%)

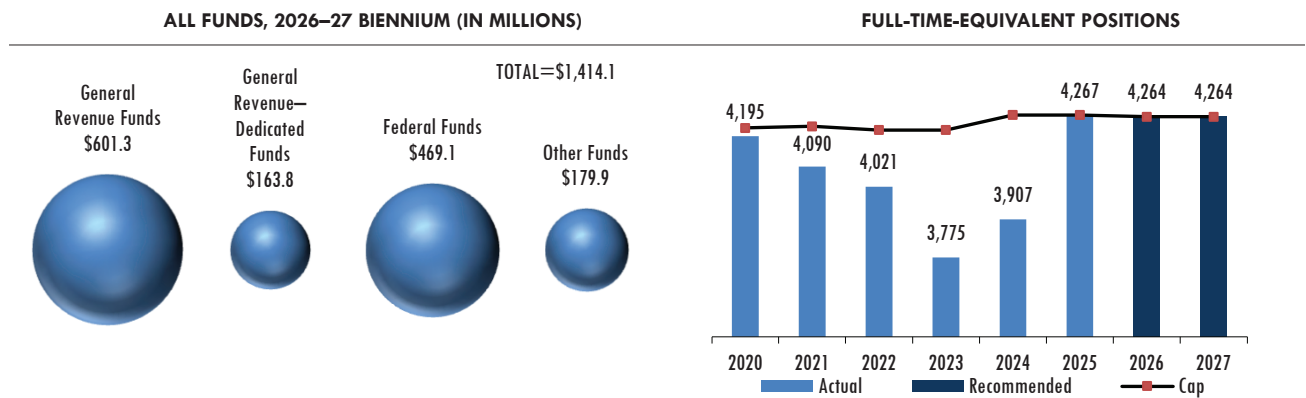
NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

OFFICE OF THE ATTORNEY GENERAL

FIGURE 31
OFFICE OF THE ATTORNEY GENERAL, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$716.9	\$601.3	(\$115.6)	(16.1%)
General Revenue–Dedicated Funds	\$157.6	\$163.8	\$6.2	4.0%
Federal Funds	\$511.2	\$469.1	(\$42.2)	(8.2%)
Other Funds	\$192.3	\$179.9	(\$12.4)	(6.5%)
Total, All Methods of Finance	\$1,578.1	\$1,414.1	(\$164.0)	(10.4%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Recommended funding for the Office of the Attorney General for the 2026–27 biennium totals \$1.4 billion in All Funds, which is a decrease of \$164.0 million in All Funds from the 2024–25 biennium. This decrease is attributed primarily to the decrease of onetime capital projects and for the completion of the Landowners Compensation Program.

HIGHLIGHTS

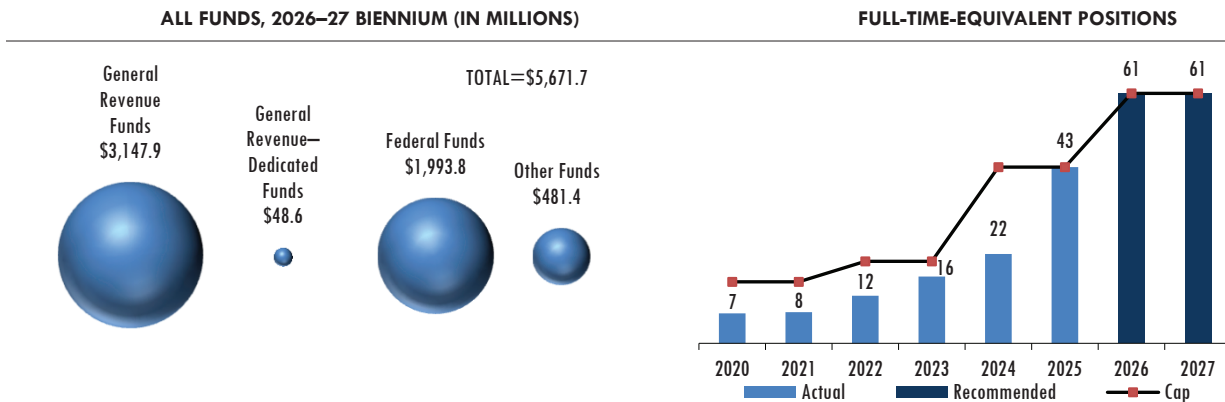
- Funding recommendations include \$297.6 million in All Funds for Legal Services. This amount includes a decrease of \$46.5 million in All Funds from the 2024–25 biennium, primarily for the removal of onetime funding for outside legal counsel for litigation against Google, LLC, and information technology (IT) projects.
- Funding recommendations include \$758.5 million in All Funds for Child Support Enforcement. This amount includes a decrease of \$27.9 million in All Funds, primarily related to a decrease in interest earned on the Child Support Trust Fund 994 and for a decrease in Child Support Retained Collections.
- Funding recommendations include \$192.6 million in All Funds for Crime Victims Compensation, which provides victims of violent crime with financial assistance for certain expenses. This amount represents an increase of \$7.4 million in All Funds from the 2024–25 biennium, primarily due to the addition of funding contingent on enactment of legislation by the Eighty-ninth Legislature relating to compensation for victims of family violence.
- Funding recommendations include \$95.7 million in All Funds for Victims Assistance Grants, representing an increase of \$0.1 million from 2024–25 biennial levels.
- Funding recommendations include a decrease of \$58.4 million in All Funds from the 2024–25 biennium due to the anticipated completion of Phase III of the Child Support IT Modernization project in fiscal year 2025, offset by funding of \$7.1 million for ongoing operational costs.

- Funding recommendations reflect the completion of the Landowners Compensation program, representing a decrease of \$36.0 million in General Revenue Funds from the 2024–25 biennium.

FISCAL PROGRAMS WITHIN THE COMPTROLLER OF PUBLIC ACCOUNTS

FIGURE 32
FISCAL PROGRAMS WITHIN THE COMPTROLLER OF PUBLIC ACCOUNTS, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,788.4	\$3,147.9	\$1,359.6	76.0%
General Revenue–Dedicated Funds	\$939.4	\$48.6	(\$890.8)	(94.8%)
Federal Funds	\$600.2	\$1,993.8	\$1,393.6	232.2%
Other Funds	\$818.8	\$481.4	(\$337.4)	(41.2%)
Total, All Methods of Finance	\$4,146.7	\$5,671.7	\$1,525.0	36.8%



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for Fiscal Programs within the Comptroller of Public Accounts total \$5,671.7 million in All Funds for the 2026–27 biennium, an increase of \$1,525.0 million. The increase is related to anticipated federal funding through the Broadband Equity, Access, and Deployment program, offset by a decrease in Other Funds in planned expenditures from the Broadband Infrastructure Fund. Additionally, funding includes \$1.3 billion in contingent General Revenue Funds for transfer to the Texas University Fund.

HIGHLIGHTS

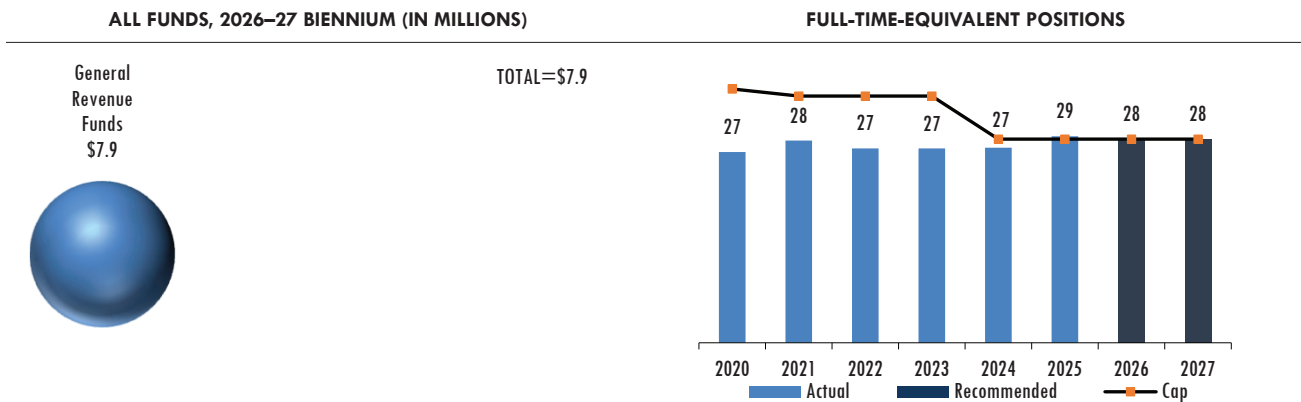
- Funding recommendations include \$731.1 million in General Revenue Funds, an increase of \$95.9 million from the 2024–25 biennium, for mixed-beverage taxes reimbursements to counties and incorporated municipalities to maintain statutorily set minimum disbursement levels of 10.7143 percent of the mixed-beverage gross receipts and sales taxes based on estimated growth in mixed beverage sales.
- Funding recommendations provide \$661.3 million in General Revenue Funds to pay legitimate claims for unclaimed property held by the state. This amount represents a decrease of \$1.8 million in All Funds.
- Funding recommendations provide \$330.8 million in General Revenue Funds for salary assistance grants to sheriffs, prosecutors, and constables in rural counties. This amount maintains the level of appropriations from the 2024–25 biennium.
- Funding recommendations provide \$26.0 million in General Revenue Funds for payments for miscellaneous and wrongful imprisonment claims, based on historical expenditures. This amount represents a decrease of \$16.4 million in All Funds.
- Funding recommendations provide \$79.8 million in All Funds for the State Energy Conservation Office (SECO) to allocate grants and loans to promote energy efficiency. This amount represents an increase of \$18.8 million in Federal Funds from the 2024–25 biennium.

- Funding recommendations provide \$2,419.0 million in All Funds to the Broadband Development Office to expand broadband infrastructure in unserved and underserved areas of the state. This amount represents an increase of \$179.9 million due to new anticipated federal grant funding, offset by a decrease in anticipated expenditures from the Broadband Infrastructure Fund.
- Recommendations include a rider appropriation of \$1.3 billion in contingent General Revenue Funds for transfer to the Texas University Fund to provide additional funds to ensure stable funding for institutions of higher education meeting eligibility requirements pursuant to the Texas Education Code, Chapter 62.
- Recommendations include an additional 18.0 full-time-equivalent positions to administer new federal funding in SECO.

TEXAS ETHICS COMMISSION

FIGURE 33
TEXAS ETHICS COMMISSION, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$8.1	\$7.9	(\$0.2)	(2.7%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	(\$0.0)	(100.0%)
Total, All Methods of Finance	\$8.1	\$7.9	(\$0.2)	(2.7%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Recommended funding for the Texas Ethics Commission (TEC) includes a decrease of approximately \$0.2 million in General Revenue Funds. This decrease is due to the removal of onetime technology funding for the agency’s Electronic Filing system and website, offset by funding to biennialize statewide salary increases provided in the 2024–25 biennium and agency-specific lump sum retirement funding. General Revenue Funds constitute 100.0 percent of the agency’s 2026–27 biennial funding recommendations.

TEC is subject to Strategic Fiscal Review.

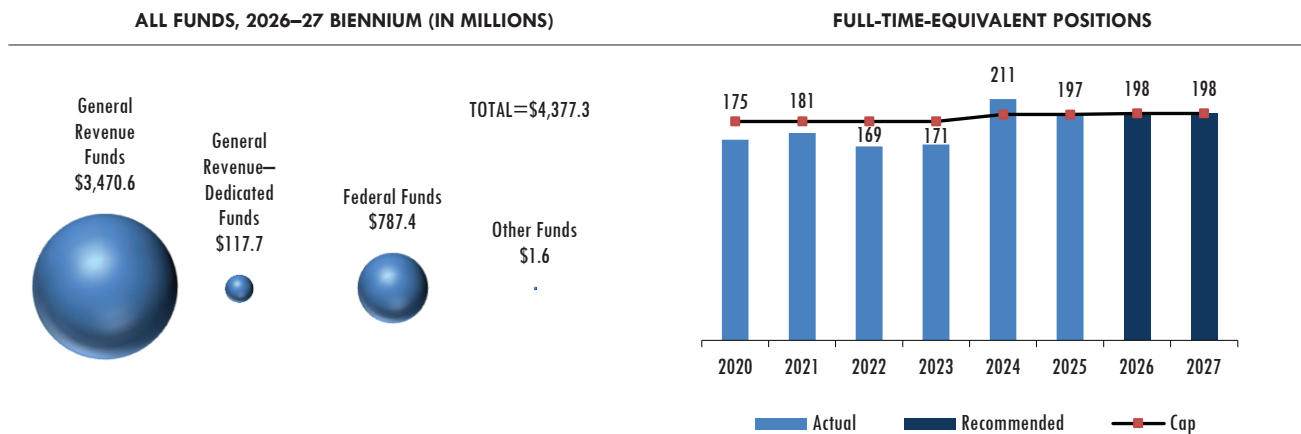
HIGHLIGHTS

- Funding recommendations include a decrease of \$0.3 million for the 2026–27 biennium in onetime funding for enhancements to the agency’s Electronic Filing System, which is used to process statutory filings.
- Funding recommendations include a decrease of \$0.2 million in onetime funding for website improvements.
- Funding recommendations include \$0.1 million for biennialization of statewide salary adjustments and \$0.1 million for lump-sum retirement payments.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

FIGURE 34
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$4,250.9	\$3,470.6	(\$780.3)	(18.4%)
General Revenue–Dedicated Funds	\$1,173.4	\$117.7	(\$1,055.7)	(90.0%)
Federal Funds	\$4,219.8	\$787.4	(\$3,432.3)	(81.3%)
Other Funds	\$2.4	\$1.6	(\$0.8)	(33.8%)
Total, All Methods of Finance	\$9,646.4	\$4,377.3	(\$5,269.1)	(54.6%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Trusted Programs Within the Office of the Governor total \$4.4 billion in All Funds for the 2026–27 biennium, a decrease of \$5.3 billion from the 2024–25 biennium. This decrease is due primarily to the end of funding from the Coronavirus Relief Fund, the expenditure of unexpended balances carried forward from the 2022–23 biennium to the 2024–25 biennium, the reallocation of border security funding to be appropriated directly to other state agencies involved in border security activities, and reduced agency funding requests for multiple programs.

HIGHLIGHTS

- Significant funding decreases are related to the removal of onetime funding items from the 2024–25 biennium, including the following amounts:
 - a recommended decrease of \$1,164.0 million in General Revenue Funds and General Revenue–Dedicated Funds related to unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium;
 - a recommended decrease of \$22.0 million in General Revenue Funds related to onetime funding during the 2024–25 biennium for a regional law enforcement training facility and closed circuit televisions for a neighborhood safety project;
 - a recommended decrease of \$698.3 million in General Revenue–Dedicated Funds related to the Texas Semiconductor Innovation Fund provided through supplemental funding appropriated pursuant to Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023; and
 - a recommended decrease of \$3,465.0 million in Federal Funds from the Coronavirus State and Local Fiscal Recovery Funds pursuant to Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021, for crime victims assistance,

tourism grants, an updated information technology case-management system, and funding for the State Small Business Credit Initiative.

- Funding recommendations include \$127.5 million in Hotel Occupancy Tax Deposits for tourism programs for the 2026–27 biennium, a decrease of \$50.6 million from the 2024–25 biennium.
- Funding recommendations include \$115.2 million in General Revenue Funds for victim assistance programs for the 2026–27 biennium to offset declining federal Crime Victims Assistance grants.
- Funding recommendations for border security activities include \$2,888.7 million in General Revenue Funds for border security for the 2026–27 biennium. This amount includes funding for border prosecution grants, border wall construction, anti-gang programs, and border processing centers.

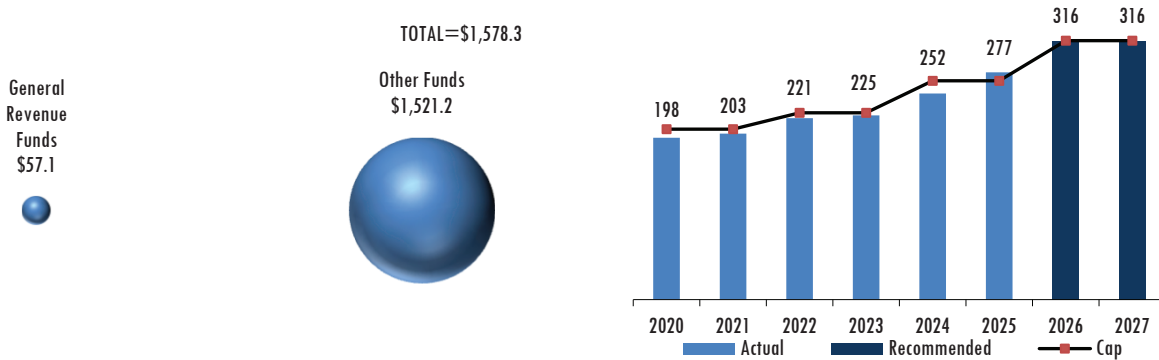
DEPARTMENT OF INFORMATION RESOURCES

FIGURE 35
DEPARTMENT OF INFORMATION RESOURCES, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$100.5	\$57.1	(\$43.4)	(43.2%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.3	\$0.0	(\$0.3)	(100.0%)
Other Funds	\$1,497.3	\$1,521.2	\$23.9	1.6%
Total, All Methods of Finance	\$1,598.1	\$1,578.3	(\$19.7)	(1.2%)

ALL FUNDS, 2026–27 BIENNium (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Department of Information Resources (DIR) totals \$1,578.3 million in All Funds for the 2026–27 biennium, primarily in Other Funds from Interagency Contracts and Appropriated Receipts. This amount represents a decrease of \$19.7 million, primarily due to a decrease in General Revenue Funds for onetime cybersecurity funding and the removal of unexpended balances carried from the 2022–23 biennium into the 2024–25 biennium, offset by an increase in Other Funds for increased consumption of Telecommunications services and for operation of the Texas.gov website.

DIR is subject to Strategic Fiscal Review.

HIGHLIGHTS

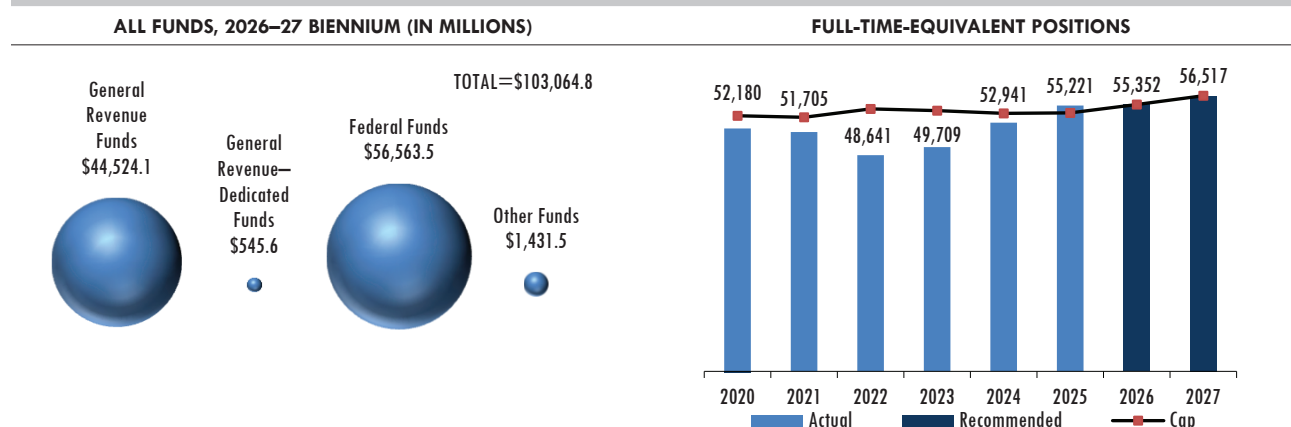
- Funding recommendations include \$1,388.7 million in Other Funds for payments to service providers of telecommunications and Data Center Services (DCS) for cost of services for which the agency directly bills customers and for payments to service providers for operation of Texas.gov. This amount is a decrease of \$10.3 million from 2024–25 biennial funding levels for the following services:
 - Telecommunications, including Capitol Complex Telephone System and Texas Agency Network – recommended funding provides \$231.9 million in Other Funds, representing an increase of \$11.9 million due to a projected increase in consumption of telecommunications services, primarily due to network connectivity needs of new state buildings;
 - DCS – recommended funding provides \$1,048.4 million in Other Funds, representing a decrease of \$33.7 million based on anticipated usage of DCS by customer agencies. Costs represent amounts to maintain current service levels and projects initiated during the 2024–25 biennium, including fully supported cloud services, upgrading data systems, website upgrades, data management, and data governance; and

- Texas.gov – recommended funding provides \$108.4 million in Other Funds for estimated payments to service providers for payment processing, application development, and customer services through the Texas.gov portal. This amount is an increase of \$11.5 million from the 2024–25 biennium due to application maintenance and development and procurement activities.
- Funding provides \$57.1 million in General Revenue Funds for cybersecurity services and related policy development. Funding changes include a decrease of \$43.4 million due to onetime cybersecurity expenses and the development of an interagency reportable conduct search engine, and the removal of unexpended balances carried from the 2022–23 biennium to the 2024–25 biennium.

ARTICLE II – HEALTH AND HUMAN SERVICES

FIGURE 36
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$43,571.5	\$44,524.1	\$952.6	2.2%
General Revenue–Dedicated Funds	\$545.3	\$545.6	\$0.3	0.1%
Federal Funds	\$55,995.3	\$56,563.5	\$568.2	1.0%
Other Funds	\$1,539.1	\$1,431.5	(\$107.6)	(7.0%)
Total, All Methods of Finance	\$101,651.3	\$103,064.8	\$1,413.5	1.4%



NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE II

All Funds recommendations for the Health and Human Services agencies total \$103.1 billion, an increase of \$1.4 billion from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds recommendations total \$45.1 billion, an increase of \$1.0 billion from the 2024–25 biennium.

Appropriations for Health and Human Services encompass many different programs; however, the net biennial All Funds increase results primarily from the following areas:

- an increase of \$4.3 billion in All Funds associated with Medicaid and \$0.1 billion for Children’s Health Insurance Program (CHIP) client services, primarily due to caseload growth;
- a decrease of \$2.3 billion in All Funds associated with behavioral health, primarily due to decreases for onetime construction projects and certain capital repair and renovation projects at state mental health hospitals and other state-funded inpatient mental health facilities; and
- a decrease of \$0.6 billion in Federal Funds at the Department of State Health Services provided for response to the COVID-19 pandemic.

HIGHLIGHTS

- Recommended funding of \$80.8 billion in All Funds, including \$32.0 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds, is provided at the three Health and Human Services agencies for the Texas

Medicaid program. This amount constitutes an increase of \$4.4 billion in All Funds and \$2.7 billion in General Revenue Funds, including the following amounts:

- \$74.4 billion in All Funds for Medicaid client services, \$2.3 billion in All Funds for programs supported by Medicaid funding, and \$4.2 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net increase in Medicaid funding is due to a \$4.3 billion increase in All Funds in Medicaid client services and a \$0.2 billion increase in All Funds for other programs supported by Medicaid funding, offset by a \$0.1 billion decrease in All Funds in administrative funding.
- a smaller proportion of the program is funded with Federal Funds due to less favorable federal medical assistance percentages. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included; and
- the 2024–25 biennial amounts for Medicaid assume supplemental funding to complete fiscal year 2025 expenditures.
- Funding recommendations for non-Medicaid/CHIP behavioral health services at the three Health and Human Services agencies total \$5.0 billion in All Funds, including \$4.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, which includes funding for community mental health services; mental health services for veterans; inpatient mental health services at state-owned and community hospitals; and substance abuse prevention, intervention, and treatment services. This amount is a decrease of \$2.3 billion in All Funds, primarily due to decreases at the **Health and Human Services Commission** for onetime construction projects and certain capital repair and renovation projects at state mental health hospitals and other state-funded inpatient mental health facilities. This amount is offset partially by an increase of \$165.9 million in General Revenue Funds, 630.6 full-time-equivalent (FTE) positions in fiscal year 2026, and 1,964.8 FTE positions in fiscal year 2027 for operation of expanded capacity at certain state-owned hospitals.
- Funding recommendations for the **Department of Family and Protective Services** provide \$89.6 million in All Funds, including \$84.5 million in General Revenue Funds, to expand Community-based Care into new regions and stages.

Figure 37 shows the All Funds recommendation for each agency in Article II, and **Figure 38** shows the General Revenue Funds recommendation for each agency. Subsequent pages in this chapter provide more details about funding levels for the agencies in Article II.

FIGURE 37
ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$4,879.6	\$4,772.1	(\$107.5)	(2.2%)
Department of State Health Services	\$2,967.2	\$2,297.8	(\$669.4)	(22.6%)
Health and Human Services Commission	\$92,071.4	\$93,966.0	\$1,894.6	2.1%
Subtotal, Health and Human Services	\$99,918.2	\$101,035.9	\$1,117.8	1.1%
Employee Benefits and Debt Service	\$2,447.2	\$2,731.2	\$284.1	11.6%
Less Interagency Contracts	\$714.0	\$702.4	(\$11.7)	(1.6%)
Total, All Functions	\$101,651.3	\$103,064.8	\$1,413.5	1.4%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
(2) Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 38
ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	\$3,132.0	\$3,194.1	\$62.0	2.0%
Department of State Health Services	\$726.2	\$765.3	\$39.2	5.4%
Health and Human Services Commission	\$38,161.1	\$38,800.4	\$639.3	1.7%
Subtotal, Health and Human Services	\$42,019.4	\$42,759.8	\$740.5	1.8%
Employee Benefits and Debt Service	\$1,552.2	\$1,764.3	\$212.1	13.7%
Total, All Functions	\$43,571.5	\$44,524.1	\$952.6	2.2%

NOTES:

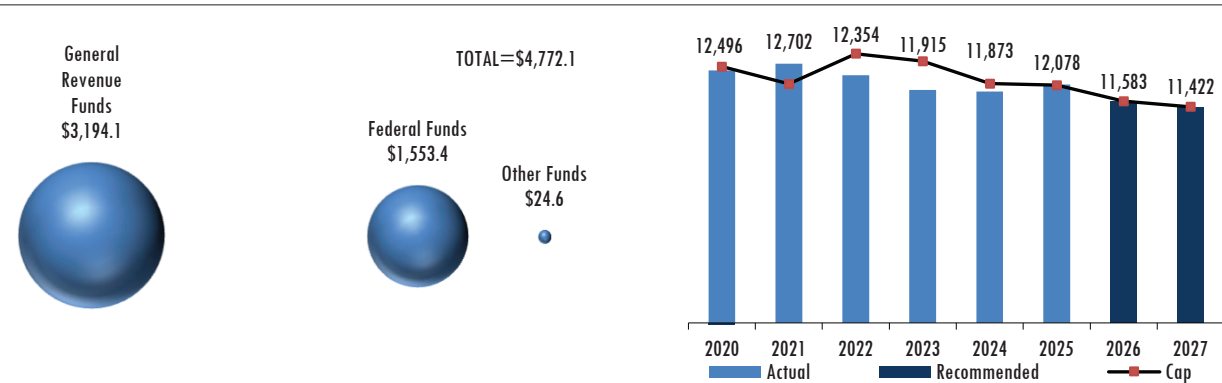
- (1) May include anticipated supplemental spending adjustments.
(2) Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

FIGURE 39
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED	RECOMMENDED	BIENNIAL	PERCENTAGE
METHOD OF FINANCE	2024–25	2026–27	CHANGE	CHANGE
General Revenue Funds	\$3,132.0	\$3,194.1	\$62.0	2.0%
General Revenue–Dedicated Funds	\$4.3	\$0.0	(\$4.3)	(100.0%)
Federal Funds	\$1,718.7	\$1,553.4	(\$165.3)	(9.6%)
Other Funds	\$24.5	\$24.6	\$0.1	0.3%
Total, All Methods of Finance	\$4,879.6	\$4,772.1	(\$107.5)	(2.2%)



NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Department of Family and Protective Services for the 2026–27 biennium total \$4.8 billion in All Funds, including \$3.2 billion in General Revenue Funds. These amounts represent an increase from the 2024–25 biennium of \$62.0 million, or 2.0 percent, in General Revenue Funds and a decrease of \$107.5 million, or 2.2 percent, in All Funds.

HIGHLIGHTS

- Funding recommendations include a total of \$1.7 billion in All Funds and \$916.7 million in General Revenue Funds, an increase of \$3.7 million in All Funds and \$13.8 million in General Revenue Funds from 2024–25 biennial spending levels, for the following client services programs:
 - Funding recommendations include \$965.7 million in All Funds, including \$588.5 million in General Revenue Funds, for Foster Care Payments, including those for Community-based Care (CBC). Funding recommendations include decreases of \$2.8 million in All Funds and \$13.5 million in General Revenue Funds from the 2024–25 biennium. These changes are due primarily to the following factors: an increase of \$10.1 million in General Revenue Funds for network support payments including to biennialize funding in existing regions and stages and to expand CBC in new Stage I Regions 7A, 7B, 11A, and 11B. Funding includes a net decrease of \$10.4 million in All Funds, including \$6.3 million in General Revenue Funds, related to the assumed decrease in the number of children in paid care and the increase in the average daily rate. Funding also includes an increase of \$2.8 million in General Revenue Funds to support 24.0-hour awake supervision; a decrease of \$5.0 million in Federal Funds due to the end of a onetime Family First Transition Act grant; and a decrease of \$7.2 million in Federal Funds offset by an increase

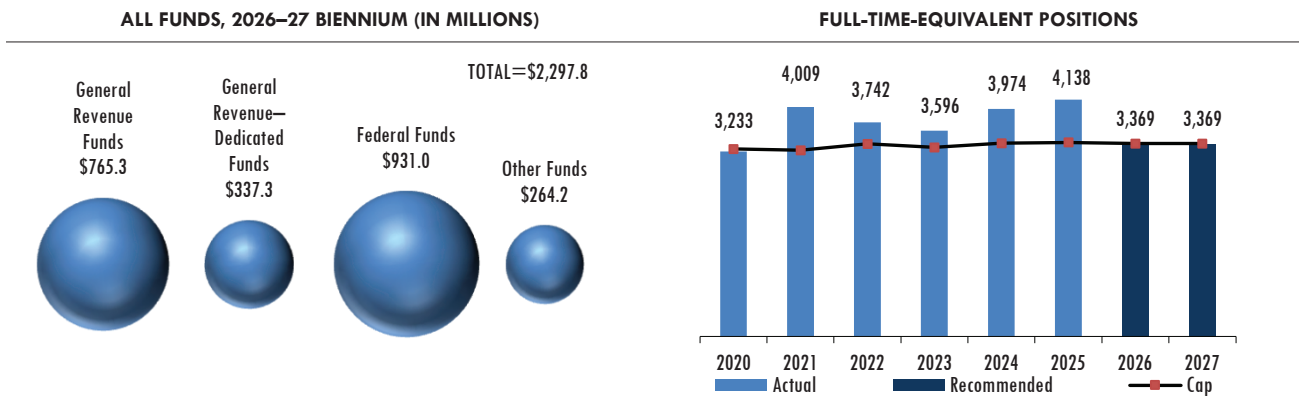
of the same amount in General Revenue Funds for continued changes in Temporary Assistance for Needy Families (TANF) eligibility.

- Funding recommendations include \$574.0 million in All Funds, including \$265.8 million in General Revenue Funds, for Adoption Subsidies and Permanency Care Assistance (PCA) Payments. Funding recommendations include a \$22.1 million decrease in All Funds, including \$8.7 million in General Revenue Funds, from the 2024–25 biennium, due primarily to recent decreases in the number of adoption subsidies resulting in a decrease of \$23.6 million from All Funds, including \$10.3 million in General Revenue Funds, offset by assumed cost growth accounting for an increase of \$1.6 million in All Funds, including \$0.7 million from General Revenue Funds. For PCA, assumed caseload growth in the number of payments accounts for an increase of \$0.1 million in All Funds, including \$0.1 million in General Revenue Funds, with no significant assumptions in cost growth. A decrease in nonrecurring payments results in a decrease of \$0.2 million in All Funds, including \$0.1 million in General Revenue Funds, and declines in federal medical assistance percentage eligibility results in a decrease of \$0.9 million in Federal Funds, offset by an increase of the same amount in General Revenue Funds.
- Funding recommendations include \$118.6 million in All Funds, including \$21.2 million in General Revenue Funds, for Texas Workforce Commission contracted day care services. Funding recommendations include a \$10.4 million increase in All Funds, which represents a \$4.3 million decrease in General Revenue Funds, from the 2024–25 biennium due to projected growth in the average daily cost and administrative costs, which results in an increase of \$11.6 million in All Funds, including \$2.1 million in General Revenue Funds, offset by an assumed decrease in caseloads, which results in a decrease of \$0.7 million in All Funds, including \$0.1 million in General Revenue Funds. Additionally, funding recommendations represent an increase of \$6.2 million in Federal Funds, offset by a decrease of the same amount in General Revenue Funds due to the availability of additional Child Care Development Block Grant federal funding.
- Funding recommendations include \$58.4 million in All Funds, including \$41.2 million in General Revenue Funds, for Relative Caregiver Payments. Funding includes an increase of \$18.2 million in All Funds, including \$13.4 million in General Revenue Funds, from the 2024–25 biennium. Funding changes represent the decrease in the number of care days served, resulting in a decrease of \$3.1 million in All Funds, including \$2.1 million in General Revenue Funds. Additionally, increases in TANF eligibility resulted in an increase of \$0.5 million in Federal Funds offset by a decrease of the same amount in General Revenue Funds.
- Funding recommendations include \$2.0 billion in All Funds, including \$1.5 billion in General Revenue Funds, for Child Protective Services direct delivery staff, including services provided through CBC. This amount includes increased funding to biennialize CBC expansion that occurred during fiscal year 2024 for Stage II in Regions 8B, 4, and 5 and for Stage I in Regions 8A, 6A, and 6B. Funding also includes \$89.6 million in All Funds, including \$84.5 million in General Revenue Funds, to expand CBC into Stage II in Regions 6A, 6B, 7A, and 8A and Stage I in Regions 7A, 7B, 11A, and 11B.
- Funding recommendations include a decrease of \$170.2 million in All Funds, including \$98.3 million in General Revenue Funds, and \$4.3 million in General Revenue–Dedicated Funds, due to the transfer of Prevention and Early Intervention Programs in fiscal year 2025 to the Health and Human Services Commission, pursuant to Senate Bill 24, Eighty-eighth Legislature, Regular Session, 2023.
- Funding recommendations include \$48.4 million in General Revenue Funds to biennialize funding for the state employee salary increase provided during the 2024–25 biennium.
- Funding recommendations include \$3.3 million in All Funds and \$3.2 million in General Revenue Funds to biennialize funding for the Adult Protective Financial Exploitation Units that were established during the 2024–25 biennium.
- Funding recommendations include \$5.0 million in General Revenue Funds to provide grant funding related to crisis pregnancy services, foster care outreach, and community services.

DEPARTMENT OF STATE HEALTH SERVICES

FIGURE 40
DEPARTMENT OF STATE HEALTH SERVICES, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$726.2	\$765.3	\$39.2	5.4%
General Revenue–Dedicated Funds	\$342.2	\$337.3	(\$5.0)	(1.4%)
Federal Funds	\$1,625.7	\$931.0	(\$694.6)	(42.7%)
Other Funds	\$273.1	\$264.2	(\$8.9)	(3.3%)
Total, All Methods of Finance	\$2,967.2	\$2,297.8	(\$669.4)	(22.6%)



NOTE: Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Department of State Health Services (DSHS) for the 2026–27 biennium total \$2.3 billion in All Funds, including \$765.3 million in General Revenue Funds and \$337.3 million in General Revenue–Dedicated Funds. These amounts represent an All Funds decrease of \$669.4 million, or 22.6 percent, and an increase in General Revenue Funds of \$39.2 million, or 5.4 percent.

HIGHLIGHTS

- Funding recommendations include \$250.8 million in Federal Funds related to the COVID-19 pandemic for the 2026–27 biennium, which represents a decrease of \$614.8 million from the 2024–25 biennium. This decrease includes \$20.7 million from onetime Federal Funds appropriated in Senate Bill 8, Eighty-seventh Legislature, Third Called Session, 2021, which is offset partially by an increase of \$9.7 million the agency may utilize for Data Center Services needs to meet obligations determined by the Department of Information Resources (DIR).
- Funding recommendations include \$15.4 million in General Revenue Funds (\$25.1 million in All Funds) for additional estimated Data Center Services needs to meet obligations determined by DIR.
- Funding recommendations include a decrease of \$10.6 million in General Revenue Funds and \$6.5 million in General Revenue–Dedicated Funds from onetime funding appropriated during the 2024–25 biennium.
- Funding recommendations include an increase of \$12.7 million in General Revenue Funds to replace federal funding related to the COVID-19 pandemic to maintain critical information technology systems developed or modernized to manage public health data needs for DSHS, local health departments, and local health authorities.
- Funding recommendations include an increase of \$8.0 million in General Revenue Funds for a Spay and Neuter Pilot Program with a public health focus to reduce the population of cats and dogs at risk for unplanned breeding that may carry infectious diseases.

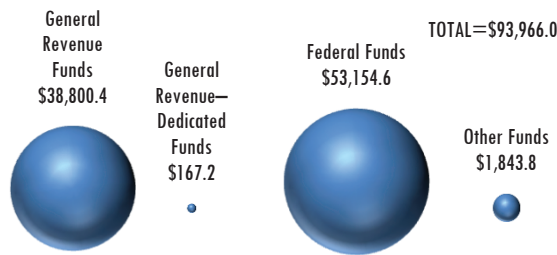
- Funding recommendations include an increase of \$5.6 million in General Revenue Funds, offset by a corresponding decrease in Other Funds from Interagency Contracts transferred from the Cancer Prevention and Research Institute of Texas to DSHS to maintain the cancer registry.
- Funding recommendations include a decrease of \$45.8 million in Other Funds from HIV Vendor Drug Rebates, largely attributable to federal changes to Medicare Part D that will result in a decrease in rebates that DSHS anticipates it will receive. The agency has implemented an insurance purchase model to expand the Texas Insurance Assistance Program, the non-Medicare Part D program, to help alleviate the fiscal impact from the loss of rebates to the HIV Medication Program.
- Funding recommendations include an increase of \$42.0 million in Other Funds from Public Health Medicaid Reimbursements Account and \$6.1 million in General Revenue–Dedicated Funds from Account No. 524, Public Health Services Fee, primarily attributable to expected revenue increases from additional and new testing, including newborn screening.
- Funding recommendations include increases of \$7.8 million in General Revenue Funds and \$1.8 million in General Revenue–Dedicated Funds, which constitutes an All Funds increase of \$9.6 million, to biennialize statewide salary increases provided in the 2024–25 biennium.
- Funding recommendations maintain \$40.0 million in General Revenue Funds for the Federally Qualified Health Center (FQHC) Incubator Program that was appropriated in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023. Funding helps expand available healthcare services provided by FQHCs and FQHC look-alikes and assists nonprofit health centers in becoming FQHCs or FQHC look-alikes.

HEALTH AND HUMAN SERVICES COMMISSION

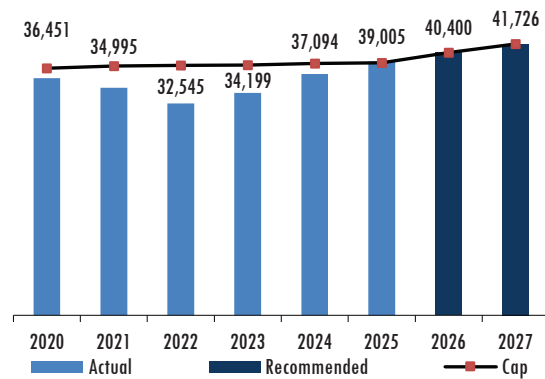
FIGURE 41
HEALTH AND HUMAN SERVICES COMMISSION, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$38,161.1	\$38,800.4	\$639.3	1.7%
General Revenue–Dedicated Funds	\$162.6	\$167.2	\$4.6	2.8%
Federal Funds	\$51,793.9	\$53,154.6	\$1,360.7	2.6%
Other Funds	\$1,953.8	\$1,843.8	(\$110.0)	(5.6%)
Total, All Methods of Finance	\$92,071.4	\$93,966.0	\$1,894.6	2.1%

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Health and Human Services Commission (HHSC) for the 2026–27 biennium total \$94.0 billion in All Funds, which is an increase of \$1.9 billion from the 2024–25 biennium. General Revenue Funds recommendations total \$38.8 billion, an increase of \$0.6 billion from the 2024–25 biennium.

HIGHLIGHTS

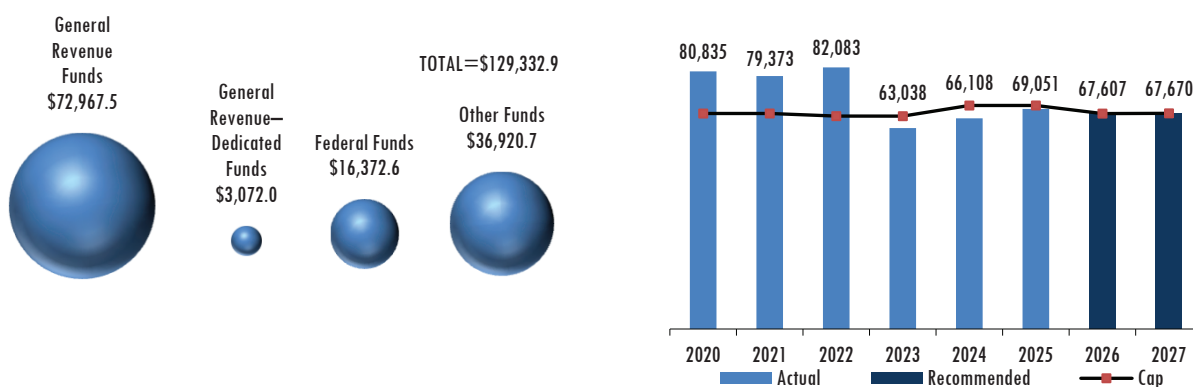
- Funding recommendations for Medicaid client services at HHSC for the 2026–27 biennium include \$74.4 billion in All Funds, including \$29.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. This amount represents an increase of \$4.3 billion in All Funds from 2024–25 biennial spending levels, including an increase of \$2.5 billion in General Revenue Funds. Projected stabilization of caseload growth and a lower proportion of the program being funded with Federal Funds due to less favorable federal medical assistance percentages (FMAP) result in increased demand on General Revenue Funds. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included in recommendations. The 2024–25 biennial spending levels for Medicaid client services assume supplemental funding to complete fiscal year 2025 expenditures.
- Funding recommendations for Children’s Health Insurance Program (CHIP) client services for the 2026–27 biennium include \$1.1 billion in All Funds, including \$0.3 billion in General Revenue Funds, which is an increase of \$0.1 billion in All Funds from 2024–25 biennial spending levels, including an increase of less than \$0.1 billion in General Revenue Funds. The All Funds increase is related primarily to projected caseload increases in the 2026–27 biennium and less favorable enhanced FMAPs, resulting in a decrease in the proportion of the program that is federally funded. Cost growth for CHIP during the 2026–27 biennium is not included.

- Funding recommendations for non-Medicaid/CHIP behavioral health total \$4.9 billion in All Funds, including \$4.0 billion in General Revenue Funds and General Revenue–Dedicated Funds. This amount includes funding for inpatient client services at state and community mental health hospitals; outpatient services provided through local mental health authorities and local behavioral health authorities; substance abuse prevention, intervention, and treatment services for adults and children; mental healthcare services for veterans; and various other services. This amount is a decrease of \$2.3 billion in All Funds, primarily due to decreases related to onetime construction projects and certain capital repair and renovation projects at state mental health hospitals and other state-funded inpatient mental health facilities, including \$2.0 billion in General Revenue Funds; \$14.7 million in Federal Funds; and \$150.7 million from Other Funds, partially offset by an increase of \$165.9 million in General Revenue Funds, 630.6 full-time-equivalent (FTE) positions in fiscal year 2026, and 1,964.8 FTE positions in fiscal year 2027 for operation of expanded capacity at certain state-owned hospitals; and \$40.0 million in General Revenue Funds for youth mobile crisis outreach teams. Behavioral health-related expenditures in Medicaid are estimated at \$3.6 billion in All Funds for the biennium when including cost growth that is not funded, and behavioral health-related expenditures in CHIP are estimated at \$48.1 million in All Funds for the biennium when including cost growth that is not funded. Total behavioral health-related funding at HHSC, including estimated Medicaid and CHIP expenditures, is estimated at \$8.5 billion in All Funds for the biennium.
- Funding recommendations for women’s health programs, including Healthy Texas Women, the Family Planning Program, Breast and Cervical Cancer Services, and Thriving Texas Families, total \$439.1 million in All Funds, including \$331.8 million in General Revenue Funds. This amount is an increase of \$20.4 million in All Funds from 2024-25 biennial spending levels, including an increase of \$15.3 million in General Revenue Funds, and includes the following amounts:
 - an increase of \$24.8 million in All Funds, including an increase of \$19.7 million in General Revenue Funds, primarily related to projected caseloads and spending levels for Healthy Texas Women and Family Planning Program;
 - an increase of \$10.0 million in General Revenue Funds to expand Women’s Preventive Mobile Health Unit services; and
 - a decrease of \$14.4 million in General Revenue Funds related to onetime supplemental funding provided in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, for the Thriving Texas Families program.
- Funding recommendations include an increase of \$117.0 million in All Funds, including \$72.8 million in General Revenue Funds and General Revenue–Dedicated Funds, to biennialize statewide salary increases provided during the 2024–25 biennium.
- Funding recommendations also include an increase of \$142.6 million from All Funds, including \$98.9 million in General Revenue Funds and \$4.3 million in General Revenue–Dedicated Funds due to the transfer of Prevention and Early Intervention Programs during fiscal year 2025 from the Department of Family and Protective Services pursuant to Senate Bill 24, Eighty-eighth Legislature, Regular Session, 2023.

ARTICLE III – EDUCATION

FIGURE 42
ARTICLE III – EDUCATION, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$69,310.6	\$72,967.5	\$3,656.9	5.3%
General Revenue–Dedicated Funds	\$3,287.6	\$3,072.0	(\$215.6)	(6.6%)
Federal Funds	\$15,749.9	\$16,372.6	\$622.8	4.0%
Other Funds	\$33,303.3	\$36,920.7	\$3,617.4	10.9%
Total, All Methods of Finance	\$121,651.4	\$129,332.9	\$7,681.5	6.3%



NOTES:

- (1) Excludes Interagency Contracts.
- (2) Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE III

Public Education funding recommendations, excluding the Teacher Retirement System, the Optional Retirement Program, and end-of-article benefits, totals \$89.0 billion in All Funds for the 2026–27 biennium, an increase of \$12.3 billion, or 16.0 percent, from the 2024–25 biennium. General Revenue Funds recommendations total \$43.5 billion, an increase of \$7.6 billion, or 21.2 percent, from the 2024–25 biennium. Other Funds recommendations total \$31.8 billion for the 2026–27 biennium, an increase of \$3.7 billion, or 13.3 percent, which is attributable primarily to increasing from \$12.3 billion to \$15.3 billion the transfer from the General Revenue Fund to the Property Tax Relief Fund to support new property tax relief for the 2026–27 biennium, as directed by the introduced General Appropriations Bill, Article III, Texas Education Agency, Rider 76. Federal Funds recommendations total \$13.7 billion, an increase of \$1.0 billion, or 7.6 percent, from the 2024–25 biennium.

Most Public Education funding consists of state aid for school districts and charter schools provided through the Foundation School Program (FSP). FSP funding is driven by statutory formulas, amounts specified in the General Appropriations Act, and projected enrollment and district property value amounts, including the following areas:

- FSP funding for the 2026–27 biennium includes \$39.7 billion in General Revenue Funds and \$71.3 billion in All Funds. This amount represents a biennial increase of \$7.9 billion, or 25.0 percent, in General Revenue Funds, and an All Funds increase of \$11.7 billion, or 19.6 percent, from the 2024–25 biennium.
- Recommended funding for the FSP fully funds requirements in current law and includes an estimated \$1.7 billion in All Funds to represent changes in student population projections; \$4.7 billion in All Funds savings due to district property value growth; \$6.0 billion from the General Revenue Fund and Property Tax Relief Fund for additional state

aid related to property tax relief, \$3.0 billion of which is contingent upon actions of the Eighty-ninth Legislature, 2025; \$4.9 billion in General Revenue Funds for increased public education funding, contingent upon actions of the Eighty-ninth Legislature, 2025; \$0.4 billion in General Revenue Funds for increases to the school safety allotment, contingent upon actions of the Eighty-ninth Legislature, 2025; and \$0.8 billion in All Funds related to an increase in the golden penny yield.

- Non-FSP program and administration funding for the 2026–27 biennium includes \$3.8 billion in General Revenue Funds, a decrease of \$331.8 million from the 2024–25 biennium. The net decrease is due primarily to the removal of \$1.1 billion in onetime grant funding for school district safety and facility enhancements and the exclusion of \$233.1 million in onetime unexpended balances for the Instructional Materials and Technology Allotment, offset in part by an increase of \$1.0 billion contingent on the enactment of an Education Savings Account program in fiscal year 2027. Non-FSP funding for the 2026–27 biennium includes \$17.4 billion in All Funds, an increase of \$624.5 million that is attributable primarily to an increase of \$971.2 million in various Federal Funds estimates and the \$15.0 million decrease due to the expiration of Interagency Contracts.

Funding for public and higher education retirement benefits includes \$6.4 billion in All Funds for the state contribution to retirement benefits of the Teacher Retirement System of Texas (TRS). Retiree health insurance funding totals \$1.2 billion in General Revenue Funds for the statutorily required state contribution to TRS-Care of 1.25 percent of public education payroll.

Funding for **Higher Education**, excluding end-of-article benefits, totals \$28.8 billion in All Funds for the 2026–27 biennium, a decrease of \$768.0 million, or 2.6 percent, from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$21.3 billion, a decrease of \$5.8 million, or less than 0.1 percent, from the 2024–25 biennium. Most of the Higher Education funding provided from General Revenue Funds and General Revenue–Dedicated Funds consists of formula funding into the general academic institutions, Lamar State Colleges, Texas State Technical Colleges, health-related institutions, and public community and junior colleges, including the following areas:

- Higher education formulas are supported by \$10.5 billion in General Revenue Funds and \$1.6 billion in statutory tuition in General Revenue–Dedicated Funds. Included in these amounts are increases of \$413.7 million in General Revenue Funds and \$199.5 million in General Revenue–Dedicated Funds. Formula funding rates from the 2024–25 biennium for health-related institutions largely are maintained in recommendations for the 2026–27 biennium; however formulas for the general academic institutions (GAI) include the following adjustments:
 - an increase in the GAI Instruction and Operations formula rate, from \$59.08 to \$60.67 per semester credit hour;
 - an increase in the GAI Infrastructure formula rate, from \$5.75 to \$5.94 per predicted square foot; and
 - an increase in the Texas State Technical College returned value rate, from 35.9 percent to 46.4 percent.
- Funding for nonformula support items at all institutions for the 2026–27 biennium totals \$1.0 billion in General Revenue Funds, a decrease of \$1.4 billion from the 2024–25 biennium. This decrease is due primarily to reductions in onetime funding and a reduction of \$423.1 million in Institutional Enhancement funding for the GAIs.
- Funding of \$850.0 million for the creation of a Texas State Technical College (TSTC) endowment fund for support of TSTC capital projects contingent upon the enactment of related legislation or a joint resolution.
- Funding for Higher Education Employee Group Insurance Contributions totals \$1.8 billion in General Revenue and General Revenue–Dedicated Funds, an increase of \$251.4 million from the 2024–25 biennium due in part to an increase in the monthly premium rate, as was adopted for general state employees.
- Funding for the 2026–27 biennium for Capital Construction Assistance Projects revenue bond debt service totals \$1.3 billion in General Revenue Funds, a decrease of \$44.5 million from the 2024–25 biennium.
- Funding for the Texas Higher Education Coordinating Board provides \$409.7 million in funding for the Texas Research Incentive Program contingent on the enactment by the Eighty-ninth Legislature of legislation repealing the program.

- Funding for the Texas Higher Education Coordinating Board provides a total of \$304.4 million in All Funds for Graduate Medical Education Expansion. This amount includes \$282.4 million in General Revenue Funds, an increase of \$71.3 million from 2024–25 biennial appropriated funding levels, and \$22.0 million in distributions from the Permanent Fund Supporting Graduate Medical Education (Other Funds).

Figure 43 shows the All Funds appropriation for each agency in Article III, and **Figure 44** shows the General Revenue Funds appropriation for each agency. Subsequent pages in this chapter provide more details about funding levels for some of the agencies in Article III.

FIGURE 43
ARTICLE III – EDUCATION BY AGENCY OR GROUP, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Public Education				
Texas Education Agency	\$76,459.2	\$88,766.6	\$12,307.4	16.1%
Texas Permanent School Fund Corporation	\$115.6	\$102.7	(\$12.9)	(11.2%)
Texas School for the Blind and Visually Impaired	\$68.4	\$72.9	\$4.5	6.6%
Texas School for the Deaf	\$83.1	\$84.9	\$1.8	2.2%
Subtotal, Public Education	\$76,726.3	\$89,027.0	\$12,300.7	16.0%
Public Higher Education				
General Academic Institutions	\$10,102.2	\$8,601.0	(\$1,501.2)	(14.9%)
Health-related Institutions	\$4,144.1	\$4,112.2	(\$31.9)	(0.8%)
Texas A&M University System Agencies	\$4,484.9	\$4,011.4	(\$473.5)	(10.6%)
Texas Higher Education Coordinating Board	\$3,027.8	\$3,363.2	\$335.4	11.1%
Higher Education Funds	\$5,022.9	\$4,904.8	(\$118.2)	(2.4%)
Article III, Special Provisions	\$0.0	\$850.0	\$850.0	N/A
Two-year Institutions				
Public Community/Junior Colleges	\$2,312.8	\$2,473.7	\$160.8	7.0%
Lamar State Colleges	\$152.2	\$152.7	\$0.5	0.3%
Texas State Technical Colleges	\$288.4	\$298.2	\$9.8	3.4%
Subtotal, Two-year Institutions	\$2,753.5	\$2,924.6	\$171.1	6.2%
Subtotal, Public Higher Education	\$29,535.3	\$28,767.0	(\$768.3)	(2.6%)
Teacher Retirement System of Texas	\$13,099.7	\$8,572.4	(\$4,527.3)	(34.6%)
Optional Retirement Program	\$316.4	\$322.5	\$6.1	1.9%
Higher Education Employees Group Insurance Contributions	\$1,595.4	\$1,846.7	\$251.4	15.8%
Retirement and Group Insurance	\$135.6	\$159.1	\$23.6	17.4%
Social Security and Benefit Replacement Pay	\$829.0	\$921.8	\$92.8	11.2%
Subtotal, Employee Benefits	\$15,975.9	\$11,822.5	(\$4,153.4)	(26.0%)
Bond Debt Service Payments	\$9.4	\$6.6	(\$2.8)	(29.5%)
Lease Payments	\$0.0	\$8.9	\$8.9	N/A
Subtotal, Debt Service	\$9.4	\$15.5	\$6.2	65.7%
Less Interagency Contracts	\$595.6	\$299.2	(\$296.4)	(49.8%)
Total, All Functions	\$121,651.4	\$129,332.9	\$7,681.5	6.3%

NOTE: Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 44
ARTICLE III – EDUCATION BY AGENCY OR GROUP, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$35,827.9	\$43,424.9	\$7,596.9	21.2%
Texas Permanent School Fund Corporation	\$0.0	\$0.0	\$0.0	N/A
Texas School for the Blind and Visually Impaired	\$50.8	\$56.3	\$5.5	10.8%
Texas School for the Deaf	\$48.9	\$56.1	\$7.2	14.7%
Subtotal, Public Education	\$35,927.6	\$43,537.3	\$7,609.6	21.2%
Public Higher Education				
General Academic Institutions	\$7,619.4	\$6,252.5	(\$1,366.9)	(17.9%)
Health-related Institutions	\$3,625.6	\$3,726.3	\$100.7	2.8%
Texas A&M University System Agencies	\$611.5	\$779.9	\$168.4	27.5%
Texas Higher Education Coordinating Board	\$2,546.4	\$3,002.4	\$455.9	17.9%
Higher Education Funds	\$1,138.7	\$1,002.4	(\$136.4)	(12.0%)
Article III, Special Provisions	\$0.0	\$850.0	\$850.0	N/A
Two-year Institutions				
Public Community/Junior Colleges	\$2,312.8	\$2,473.7	\$160.8	7.0%
Lamar State Colleges	\$142.8	\$139.0	(\$3.8)	(2.6%)
Texas State Technical Colleges	\$280.1	\$279.6	(\$0.5)	(0.2%)
Subtotal, Two-year Institutions	\$2,735.7	\$2,892.3	\$156.6	5.7%
Subtotal, Higher Education	\$18,277.3	\$18,505.7	\$228.4	1.2%
Teacher Retirement System of Texas	\$12,477.2	\$7,941.5	(\$4,535.7)	(36.4%)
Optional Retirement Program	\$267.3	\$273.6	\$6.3	2.4%
Higher Education Employees Group Insurance Contributions	\$1,589.2	\$1,839.5	\$250.3	15.7%
Retirement and Group Insurance	\$88.8	\$103.9	\$15.2	17.1%
Social Security and Benefit Replacement Pay	\$673.9	\$750.5	\$76.6	11.4%
Subtotal, Employee Benefits	\$15,096.3	\$10,909.0	(\$4,187.3)	(27.7%)
Bond Debt Service Payments	\$9.4	\$6.6	(\$2.8)	(29.5%)
Lease Payments	\$0.0	\$8.9	\$8.9	N/A
Subtotal, Debt Service	\$9.4	\$15.5	\$6.2	65.7%
Total, All Functions	\$69,310.6	\$72,967.5	\$3,656.9	5.3%

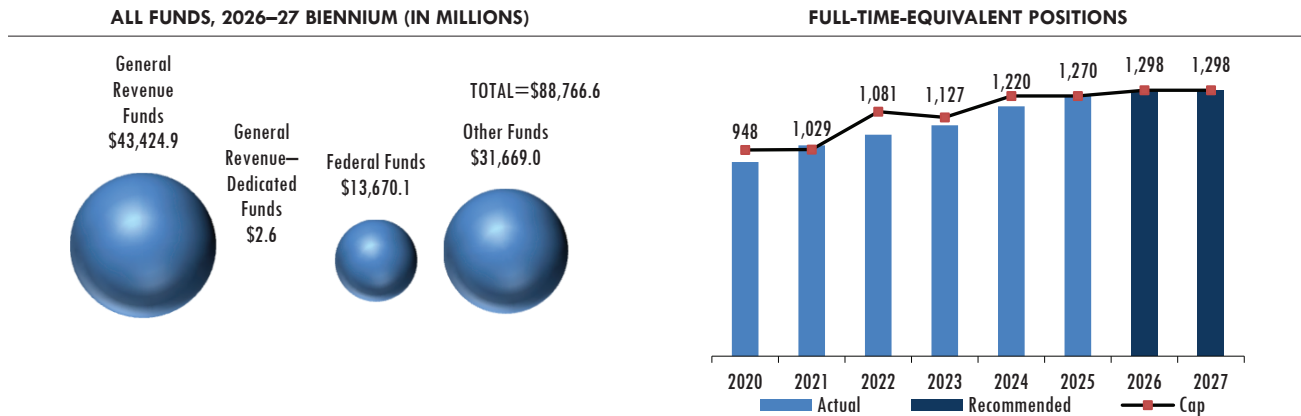
NOTE: Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

TEXAS EDUCATION AGENCY

FIGURE 45
TEXAS EDUCATION AGENCY, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$35,827.9	\$43,424.9	\$7,596.9	21.2%
General Revenue–Dedicated Funds	\$2.6	\$2.6	\$0.0	0.0%
Federal Funds	\$12,698.9	\$13,670.1	\$971.2	7.6%
Other Funds	\$27,929.8	\$31,669.0	\$3,739.2	13.4%
Total, All Methods of Finance	\$76,459.2	\$88,766.6	\$12,307.4	16.1%



NOTE: Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Education Agency (TEA) for the 2026–27 biennium total \$88.8 billion in All Funds, an increase of \$12.3 billion, or 16.1 percent, from the 2024–25 biennium. This increase is due primarily to an increase of \$11.7 billion in Foundation School Program (FSP) funding, most of which is attributable to increases of \$6.0 billion in General Revenue Funds and Other Funds from the Property Tax Relief Fund for property tax relief, \$3.0 billion of which is contingent upon actions of the Eighty-ninth Legislature, 2025; \$4.9 billion for public education funding increases, contingent upon actions of the Eighty-ninth Legislature, 2025; and \$400.0 million for school safety, contingent upon actions of the Eighty-ninth Legislature, 2025.

HIGHLIGHTS

- Funding of \$71.3 billion in All Funds is recommended for state aid to school districts and charter schools through the FSP, which represents a \$11.7 billion increase from the 2024–25 biennium. General Revenue Funds appropriations for the FSP total \$39.7 billion, which represents an increase of \$7.9 billion from the 2024–25 biennium.
- Recommendations for tax relief include an estimated total of \$51.0 billion for the 2026–27 biennium to maintain property tax relief provided since the enactment of House Bill 3, Eighty-sixth Legislature, 2019; provide new property tax relief during the 2026–27 biennium pursuant to House Bill 3, and provide new tax relief contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025. Of the \$51.0 billion, \$500.0 million is in addition to amounts appropriated to TEA and is intended to be used to provide tax relief for businesses.
- Recommendations for new tax relief include \$6.0 billion in increased funding from the General Revenue Fund and the Property Tax Relief Fund and a reduction of \$1.1 billion in recapture payments. Estimated costs of district property tax compression required by current law during the 2026–27 biennium total \$3.0 billion in General Revenue Funds.

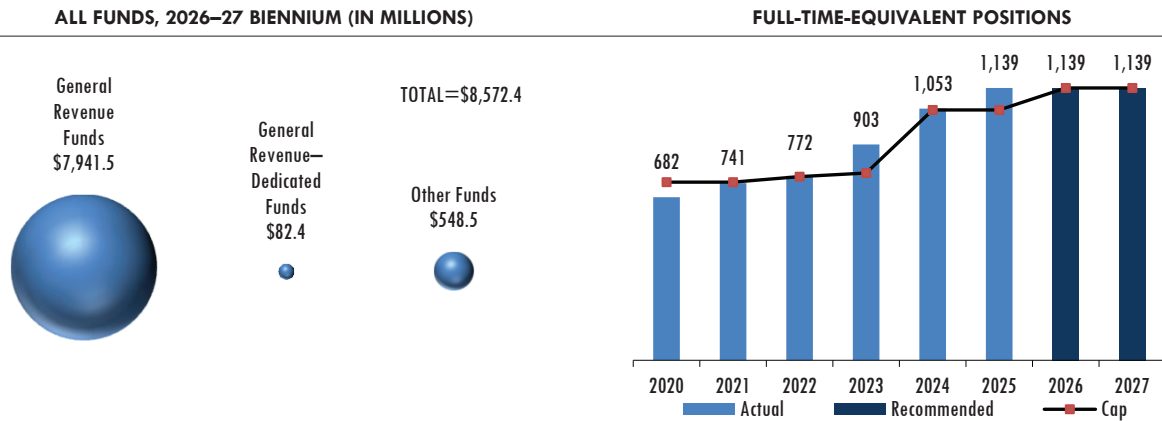
Of this amount, \$2.0 billion in General Revenue Funds is due to property tax compression pursuant to the Texas Education Code, Sections 48.2551 and 48.2552(a) and (b), and \$1.0 billion is required to reduce the state compression percentage pursuant to the Texas Education Code, Section 48.2552(c). Additionally, recommendations transfer \$15.3 billion from the General Revenue Fund to the Property Tax Relief Fund and provide \$3.0 billion from the Property Tax Relief Fund to increase the homestead exemption pursuant to the Texas Tax Code, Section 11.13(b), from \$100,000 to \$140,000, contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025, and as directed by the introduced General Appropriations Bill (GAB), 2026–27 Biennium, Article III, TEA, Rider 76. In addition to amounts appropriated to TEA, \$500.0 million in General Revenue Funds is intended to be used to provide tax relief to businesses. Any decreases to recapture payments related to the \$3.0 billion in contingent appropriations and intended funding currently are not represented in recommendations.

- Recommended funding for the FSP fully funds requirements in current law and includes an estimated \$1.7 billion in All Funds to reflect changes in student population projections; \$4.7 billion in All Funds savings due to district property value growth; \$4.9 billion in General Revenue Funds for increased public education funding, contingent upon actions of the Eighty-ninth Legislature, 2025; \$0.4 billion in General Revenue Funds for increases to the school safety allotment, contingent upon actions of the Eighty-ninth Legislature, 2025; and \$0.8 billion in All Funds related to an increase in the golden penny yield.
- Recommended funding from Other Funds for the FSP includes an estimated increase of \$3.8 billion, which is attributable primarily to increasing from \$12.3 billion to \$15.3 billion the transfer from the General Revenue Fund to the Property Tax Relief Fund to support new property tax relief in the 2026–27 biennium, as directed by the introduced 2026–27 GAB, Article III, TEA, Rider 76. Recommended funding for the FSP also includes increases of \$506.5 million in recapture payments and \$327.6 million from the Tax Reduction and Excellence in Education Fund.
- Instructional materials and technology funding is \$1.0 billion in General Revenue Funds, which represents 21.8 percent of the total anticipated distributions from the Permanent School Fund to the Available School Fund during the 2026–27 biennium. This funding level constitutes a decrease of \$234.8 million from 2024–25 biennial appropriations due to \$232.1 million in unexpended balances carried from fiscal year 2023 to the 2024–25 biennium and an administrative reduction of \$2.7 million for EMAT, the state’s online ordering system.
- Recommendations include \$1.0 billion in General Revenue Funds contingent upon the enactment of an Education Savings Account (ESA) program by the Eighty-ninth Legislature, 2025.
- Excluding the funding for instructional materials and the ESA program, funding recommendations for non-FSP programs and administration total \$15.4 billion in All Funds, a decrease of \$143.5 million from the 2024–25 biennium. The All Funds decrease includes an increase in Federal Funds estimates of \$971.2 million, offset by a net General Revenue Funds decrease of \$1.1 billion. The decrease in General Revenue Funds is due to an increase of \$47.2 million to biennialize implementation costs of House Bill 1605, Eighty-eighth Legislature, Regular Session, 2023, offset by the elimination of onetime funding for the following programs in the 2026–27 recommendations:
 - \$1,078.4 million in General Revenue Funds for a School Safety Facilities program;
 - \$74.6 million in General Revenue Funds for Maintenance of Financial Support obligations pursuant to the Individuals with Disabilities Education Act; and
 - \$33.3 million in General Revenue Funds for onetime funding to the Parent-Directed Special Education Services program to eliminate the waitlist.
- Funding recommendations for TEA administration includes \$299.9 million in General Revenue Funds, representing a decrease of \$14.0 million.
- The agency’s full-time-equivalent position cap is increased from 1,270.0 for fiscal year 2025 to 1,298.0 for fiscal years 2026 and 2027.

TEACHER RETIREMENT SYSTEM OF TEXAS

FIGURE 46
TEACHER RETIREMENT SYSTEM OF TEXAS, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$12,477.2	\$7,941.5	(\$4,535.7)	(36.4%)
General Revenue–Dedicated Funds	\$78.2	\$82.4	\$4.2	5.4%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$544.3	\$548.5	\$4.2	0.8%
Total, All Methods of Finance	\$13,099.7	\$8,572.4	(\$4,527.3)	(34.6%)



NOTE: Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Teacher Retirement System of Texas (TRS) for the 2026–27 biennium total \$8.6 billion in All Funds. This amount represents a decrease of \$4.5 billion, or 34.6 percent, from the 2024–25 biennial base. The decrease is due primarily to the removal of \$5.0 billion in onetime General Revenue Funds for retiree benefit enhancements. The decrease is offset partially by an increase of \$481.8 million in All Funds for projected payroll growth for retirement benefits during the 2026–27 biennium.

Funding recommendations consist of state contributions for public and higher education retirement and retired public education employee healthcare benefits (TRS-Care), based on active member payroll amounts.

HIGHLIGHTS

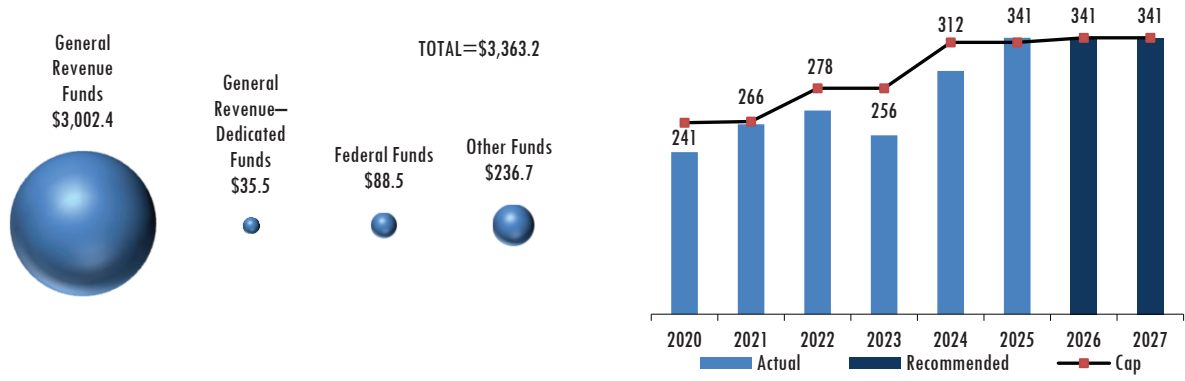
- Funding recommendations for retirement benefits include \$6.3 billion in General Revenue Funds and \$82.4 million in General Revenue–Dedicated Funds. Funding recommendations reflect a state contribution rate of 8.25 percent of active member payroll for retirement benefits for fiscal years 2026 and 2027. Funding recommendations for public education retirement benefits total an estimated \$5.5 billion in General Revenue Funds for the 2026–27 biennium, a 7.1 percent increase from the 2024–26 biennium. Funding recommendations for higher education retirement benefits total an estimated \$851.7 million in All Funds for the 2026–27 biennium, a 13.1 percent increase from the 2024–25 biennium. Increased funding for public and higher education retirement is attributable to the growth of covered payroll, projected to be 5.0 percent for public education and 7.9 percent for higher education each year of the 2026–27 biennium.
- Funding recommendations for statutorily required contributions to TRS-Care for the 2026–27 biennium total \$1.2 million in General Revenue Funds, an increase of \$125.2 million for payroll growth projected to be 5.0 percent each year of the 2026–27 biennium. Funding provides statutorily required contributions to TRS-Care equal to 1.25 percent of payroll.

- Funding recommendations include \$450.0 million in General Revenue Funds for supplemental funding to TRS-ActiveCare during the 2026–27 biennium to limit premium increases to 10.0 percent per fiscal year, a decrease of \$138.5 million compared to supplemental funding for this purpose provided in the previous biennium.
- Funding recommendations for administrative operations, which are supported by Other Funds from the TRS Pension Trust Fund, total \$548.5 million, a 3.5 percent increase from the 2024–25 biennium. The increase for administrative operations relates to several initiatives adopted by the TRS Board through fiduciary findings, including 92.0 additional full-time-equivalent positions added in fiscal year 2025 for customer service, investment management, and information technology; ongoing implementation of the agency’s investment data modernization project; and headquarters relocation and operating costs.

TEXAS HIGHER EDUCATION COORDINATING BOARD

FIGURE 47
TEXAS HIGHER EDUCATION COORDINATING BOARD, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,546.4	\$3,002.4	\$455.9	17.9%
General Revenue–Dedicated Funds	\$179.6	\$35.5	(\$144.1)	(80.2%)
Federal Funds	\$94.5	\$88.5	(\$6.0)	(6.4%)
Other Funds	\$207.2	\$236.7	\$29.5	14.2%
Total, All Methods of Finance	\$3,027.8	\$3,363.2	\$335.4	11.1%



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Higher Education Coordinating Board for the 2026–27 biennium total \$3.4 billion in All Funds, a \$335.4 million, or 11.1 percent, increase from 2024–25 biennial funding levels. Funding includes \$3.0 billion in General Revenue Funds, an increase of \$455.9 million, or 17.9 percent, from 2024–25 biennial funding levels.

HIGHLIGHTS

- Funding recommendations include \$409.7 million in contingency funding for the Texas Research Incentive Program, an increase of \$376.4 million in General Revenue Funds from 2024–25 biennial funding levels.
- Funding recommendations include \$304.4 million in All Funds for Graduate Medical Education Expansion. This amount includes \$282.4 million in General Revenue Funds, an increase of \$71.3 million from 2024–25 biennial funding levels, and \$22.0 million in distributions from the Permanent Fund Supporting Graduate Medical Education (Other Funds) to meet the 1.1 to 1 ratio of first year residency positions for each Texas medical school graduate.
- Funding recommendations provide \$91.0 million in General Revenue Funds for Baylor College of Medicine Undergraduate Medical Education, an increase of \$14.3 million from 2024–25 biennial funding levels.
- Funding recommendations provide \$24.0 million in General Revenue Funds for Baylor College of Medicine Graduate Medical Education, an increase of \$5.9 million from 2024–25 biennial funding levels.
- Funding recommendations reflect a decrease of \$141.1 million in General Revenue–Dedicated Funds in the B-On-Time Student Loan Account. Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, appropriated all balances in the account to eligible institutions in fiscal year 2024.

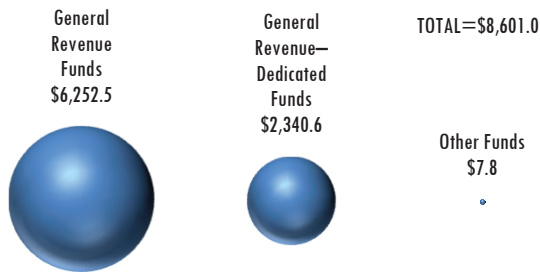
- Funding recommendations represent a decrease of \$6.0 million in Federal Funds due to anticipated decreases in Perkins funds that the agency will receive in the 2026–27 biennium.
- Funding recommendations represent an increase of \$29.5 million in Other Funds, primarily from an anticipated increase of \$36.5 million in transfers from the Texas Education Agency for the Financial Aid for Swift Transfer (FAST) Program. The FAST program increase is offset by other decreases, primarily from aligning funding levels with projected distributions from certain tobacco funds.

GENERAL ACADEMIC INSTITUTIONS

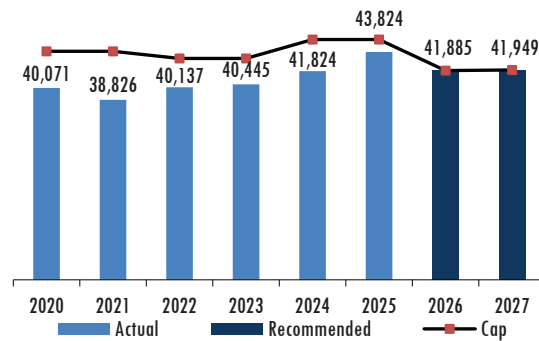
FIGURE 48
GENERAL ACADEMIC INSTITUTIONS, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$7,619.4	\$6,252.5	(\$1,366.9)	(17.9%)
General Revenue–Dedicated Funds	\$2,413.9	\$2,340.6	(\$73.3)	(3.0%)
Federal Funds	\$61.0	\$0.0	(\$61.0)	(100.0%)
Other Funds	\$7.8	\$7.8	(\$0.0)	(0.1%)
Total, All Methods of Finance	\$10,102.2	\$8,601.0	(\$1,501.2)	(14.9%)

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the general academic institutions and university system offices for the 2026–27 biennium totals \$8.6 billion in All Funds. This constitutes a decrease of \$1.5 billion from the 2024–25 biennium due primarily to the expenditure of onetime supplemental funding appropriated in Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, and reductions of Institutional Enhancement nonformula support item funding. Included in this funding is \$6.3 billion in General Revenue Funds, which is a decrease of \$1.4 billion, or 17.9 percent, from the 2024–25 biennium. Funding recommendations for the Lamar State Colleges and the Texas State Technical Colleges for the 2026–27 biennium, which do not appear in **Figure 48**, total \$450.9 million in All Funds, an increase of \$10.3 million from the 2024–25 biennium. Included in this total is \$418.6 million in General Revenue Funds, a decrease of \$4.2 million from the 2024–25 biennium.

HIGHLIGHTS

- Funding recommendations provide \$4.2 billion in General Revenue Funds for the Instruction and Operations and the Infrastructure Support formulas. Funding maintains formula funding General Revenue appropriated amounts from the 2024–25 biennium, providing an All Funds Instruction and Operations Formula rate of \$60.67 per weighted semester credit hour, and an Infrastructure Formula rate of \$5.94 per predicted square foot.
- Funding recommendations include \$84.8 million in General Revenue Funds for the Instruction and Administration formula at the Lamar State Colleges. This is an increase of \$11.7 million in General Revenue Funds from the 2024–25 biennial appropriated amounts, and it maintains the funding rate per contact hour per year at \$8.16.
- Funding recommendations include \$190.2 million in General Revenue Funds for the Texas State Technical Colleges (TSTC) Instruction and Operations formula, which maintains General Revenue Funds from the 2024–25 biennium and increases the returned value funding rate from 35.9 percent to 46.4 percent. This increase is due to recommendations adjusting the base wage used to compare former TSTC student wages from the federal minimum wage to the mean wage for high school graduates in Texas with no postsecondary attainment.

- Funding recommendations for the 2026–27 biennium include \$170.2 million in General Revenue Funds appropriations to the University of Texas at Austin and Texas A&M University through the Texas Research University Fund (TRUF). Recommended TRUF funding maintains the funding rate per research expenditure and constitutes an increase of \$13.3 million in General Revenue Funds compared to the 2024–25 biennial appropriated amounts.
- Funding recommendations provide state support for the eight emerging research universities through: (1) \$409.7 million in General Revenue Funds for the Texas Research Incentive Program (TRIP); (2) \$189.7 million in General Revenue Funds for the National Research Support Fund (NRSF); and (3) \$274.0 million in Other Funds for the Texas University Fund (TUF). Appropriations for TRIP are made to the Texas Higher Education Coordinating Board and are awarded to the institutions based on the receipt of private donations. Funding for NRSF is appropriated directly to four of the emerging research universities within their respective bill patterns. Appropriations for TUF are estimated within a separate bill pattern for the other four emerging research universities. Recommended NRSF funding maintains the funding rate per research expenditure and constitutes an increase of \$14.7 million in General Revenue Funds from the 2024–25 biennium.
- Funding recommendations provide for \$37.1 million in General Revenue Funds for the Comprehensive Research Fund (CRF) to support research at general academic institutions, excluding the University of Texas at Austin, Texas A&M University, and the eight emerging research universities. Recommended CRF funding maintains the funding rate per research expenditure and is an increase of \$6.1 million in General Revenue Funds from the 2024–25 biennium.
- Funding recommendations provide for \$71.5 million in General Revenue Funds for the performance-based funding for Comprehensive Regional Universities to support funding for at-risk students, which maintains 2024–25 biennial funding and an increased rate of \$1,921 per at-risk student.
- Nonformula support item funding totals \$628.0 million, a decrease of \$1.3 billion in General Revenue Funds for nonformula support items at general academic institutions and university system offices. This decrease is due primarily to reductions in onetime funding and a reduction of \$423.1 million in Institutional Enhancement funding.
- Funding recommendations include \$925.7 million in General Revenue Funds for Capital Construction Assistance Projects revenue bond debt service for previously authorized projects for the general academic institutions and system offices, and \$61.1 million for TSTCs and Lamar State Colleges.

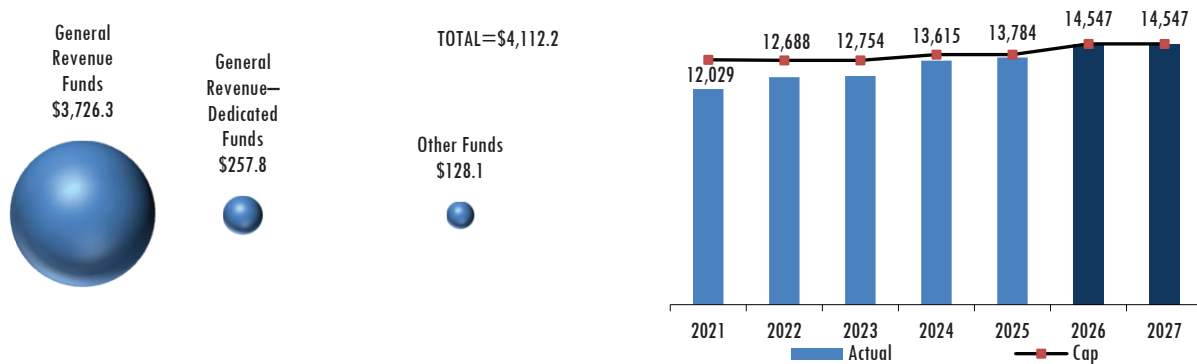
HEALTH-RELATED INSTITUTIONS

FIGURE 49
HEALTH-RELATED INSTITUTIONS, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,625.6	\$3,726.3	\$100.7	2.8%
General Revenue–Dedicated Funds	\$284.6	\$257.8	(\$26.9)	(9.4%)
Federal Funds	\$35.7	\$0.0	(\$35.7)	(100.0%)
Other Funds	\$198.1	\$128.1	(\$70.0)	(35.3%)
Total, All Methods of Finance	\$4,144.1	\$4,112.2	(\$31.9)	(0.8%)

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated from actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the health-related institutions (HRI) for the 2026–27 biennium total \$4.1 billion in All Funds, a decrease of \$31.9 million from the 2024–25 biennium. Of this funding, \$3.7 billion consists of General Revenue Funds, an increase of \$100.7 million from the 2024–25 biennium. The increase in General Revenue Funds primarily is due to increases in formula funding to maintain 2024–25 biennial rates and methodologies across all formulas.

HIGHLIGHTS

- Recommended funding for the HRIs includes appropriations to 15 institutions. Appropriations to Baylor College of Medicine appear in the bill pattern for the Texas Higher Education Coordinating Board but are included in formula amounts, which are discussed in the following sections.
- Recommended formula funding provides \$3.1 billion in General Revenue Funds for the primary and mission-specific formulas that were funded in the 2024–25 biennium: the Instruction and Operations (I&O) formula; Infrastructure Support formula; Research Enhancement formula; Graduate Medical Education formula; four Clinical Operations mission-specific formulas (the University of Texas M.D. Anderson’s Cancer Center Operations formula, the University of Texas Health Science Center at Tyler’s Chest Disease formula, the University of Texas Medical Branch at Galveston’s Health Systems Operations formula, and the Texas Tech University Health Sciences Center at El Paso’s Border Health Operations formula); and six Performance Based Research Operations mission-specific formulas at the University of Texas Southwestern Medical Center, the University of Texas Health Science Center at Houston, the University of Texas Health Science Center at San Antonio, the Texas A&M University Health Science Center, the University of North Texas Health Science Center at Fort Worth, and the Texas Tech University Health Sciences Center.
- Funding recommendations for the I&O formula maintain the 2024–25 biennial rate and total \$1.5 billion in General Revenue Funds, which represents an increase of \$107.5 million from 2024–25 appropriated amounts. The I&O formula

includes \$42.7 million in General Revenue Funds for a small-class supplement, which provides additional funding for instructional programs with enrollments of fewer than 200 students at remote locations and for instructional programs at the University of Texas Health Science Center at Tyler’s main campus. Funding recommendations for the Infrastructure Support formula maintain the 2024–25 biennial rate and total \$303.8 million in General Revenue Funds, which represents an increase of \$9.6 million from 2024–25 appropriated amounts.

- Funding recommendations for the Texas Higher Education Coordinating Board maintain the historical methodology for the Baylor College of Medicine’s Undergraduate Medical Education formula and totals \$91.0 million in General Revenue Funds, which represents an increase of \$14.3 million from 2024–25 appropriated amounts. This increase is included in the total I&O formula increase provided previously.
- Recommended funding for the Research Enhancement formula maintains the 2024–25 biennial rate and totals \$111.4 million in General Revenue Funds, which represents an increase of \$6.3 million from 2024–25 appropriated amounts.
- Recommended funding for the Graduate Medical Education formula maintains the 2024–25 biennial rate and totals \$122.3 million in General Revenue Funds appropriated to health-related institutions and Baylor College of Medicine, which represents an increase of \$6.1 million from 2024–25 appropriated amounts.
- Funding recommendations vary for the four Clinical Operations mission-specific formulas. Recommendations for the Cancer Center Operations formula for the University of Texas M.D. Anderson Cancer Center and the Chest Disease Center Operations formula for the University of Texas Health Science Center at Tyler increase funding by 7.1 percent to align with the growth in the I&O formula, which results in \$324.8 million and \$71.9 million in General Revenue Funds for each school, respectively. Recommendations maintain General Revenue Funds for the Health Systems Operations formula for the University of Texas Medical Branch at Galveston at \$331.2 million. Recommendations for the Border Health Operations formula for Texas Tech University Health Sciences Center at El Paso decrease funding by \$1.2 million due a decrease in patient encounters conducted by the institution. Total funding for the four Clinical Operations mission-specific formulas represents an increase of \$25.1 million from 2024–25 appropriated amounts.
- Funding recommendations maintain the dynamic base rate match methodology for the Performance Based Research Operations mission-specific formulas for the University of Texas Southwestern Medical Center, the University of Texas Health Science Center at Houston, and the University of Texas Health Science Center at San Antonio. This results in total funding of \$163.6 million in General Revenue Funds for the University of Texas Southwestern Medical Center, \$69.7 million in General Revenue Funds for the University of Texas Health Science Center at Houston, and \$61.0 million in General Revenue Funds for the University of Texas Health Science Center at San Antonio. Total funding increases for these three formulas represent an increase of \$51.2 million from 2024–25 appropriated amounts.
- Funding recommendations for the Performance Based Research Operations mission-specific formulas for the Texas A&M University System Health Science Center, the University of North Texas Health Science Center at Fort Worth, and Texas Tech University Health Science Center are maintained at the base rates for the 2024–25 biennium. This results in total funding of \$52.1 million in General Revenue Funds for the Texas A&M University System Health Science Center, \$39.3 million in General Revenue Funds for the University of North Texas Health Science Center, and \$5.4 million in General Revenue Funds for the Texas Tech University Health Science Center. Total funding increases for these three formulas represent an increase of \$12.0 million from 2024–25 appropriated amounts.
- Funding recommendations include \$24.0 million in General Revenue Funds for Dental Clinical Education in the 2026–27 biennium, an increase of \$13.6 million from 2024–25 appropriated amounts. Recommendations provide \$6.0 million in General Revenue Funds for this purpose to each HRI operating a dental school, which includes the University of Texas Health Science Center at Houston, the University of Texas Health Science Center at San Antonio, the Texas A&M University System Health Science Center, and the Texas Tech University Health Science Center at El Paso.
- Funding recommendations for nonformula support items total \$315.4 million, a decrease of \$64.9 million from 2024–25 biennial General Revenue Funds base funding due primarily to the removal of \$65.0 million in supplemental

funding for the Texas Tech University Health Science Center at El Paso for the construction of the Comprehensive Cancer Center.

- Funding recommendations provide \$363.4 million in General Revenue Funds for Capital Construction Assistance Projects bonds and other debt service, a decrease of \$19.5 million from 2024–25 biennial base funding.

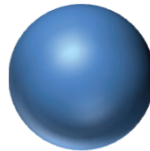
PUBLIC COMMUNITY AND JUNIOR COLLEGES

**FIGURE 50
PUBLIC COMMUNITY AND JUNIOR COLLEGES, BY METHOD OF FINANCE**

(IN MILLIONS) METHOD OF FINANCE	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,312.8	\$2,473.7	\$160.8	7.0%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$2,312.8	\$2,473.7	\$160.8	7.0%

ALL FUNDS, 2026–27 BIENNium (IN MILLIONS)

General Revenue Funds \$2,473.7
TOTAL=\$2,473.7



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

Funding recommendations for public community and junior colleges for the 2026–27 biennium total \$2.5 billion in General Revenue Funds, an increase of \$160.8 million from the 2024–25 biennium.

HIGHLIGHTS

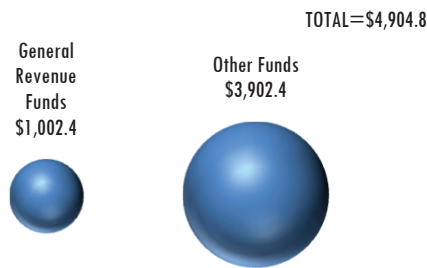
- Recommendations maintain fiscal year 2025 funding rates for both the Base and Performance Tier formulas; recommended funding for the formulas totals \$119.5 million and \$2.3 billion in General Revenue, respectively, constituting increases of \$5.1 million and \$148.5 million from the 2024–25 biennium. Funding adjustments resulting from updated data used to calculate Performance Tier formula funding constitutes \$36.0 million of the recommended increase.
- Funding recommendations for nonformula support items total \$46.9 million in General Revenue Funds, an increase of \$7.3 million from the 2024–25 biennium.
- No information regarding full-time-equivalent positions is included because these positions are not appropriated for public community and junior colleges.

HIGHER EDUCATION FUNDS

**FIGURE 51
HIGHER EDUCATION FUNDS, BY METHOD OF FINANCE**

(IN MILLIONS) METHOD OF FINANCE	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,138.7	\$1,002.4	(\$136.4)	(12.0%)
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$3,884.2	\$3,902.4	\$18.2	0.5%
Total, All Methods of Finance	\$5,022.9	\$4,904.8	(\$118.2)	(2.4%)

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Funding recommendations for the **Available University Fund (AUF)** for the 2026–27 biennium total an estimated \$3.6 billion in Other Funds, which is a decrease of \$119.2 million. The Permanent University Fund (PUF) is a state endowment fund that contributes to the support of most institutions and agencies of the University of Texas (UT) and Texas A&M University systems. Annual distributions are made from the PUF to the AUF as approved by the UT System’s Board of Regents in accordance with the Texas Constitution and Board of Regents’ policy. The estimated \$3.6 billion in AUF appropriations for the 2026–27 biennium are based on the Board of Regents’ annual PUF distribution amounts, which are projected to increase from the fiscal year 2025 amount by a rate equal to the Consumer Price Index plus 2.65 percent, not to exceed the constitutional limits on annual PUF distribution. This anticipated growth in appropriations is offset by a \$462.7 million nonrecurring special distribution from the PUF to the AUF authorized by the Board of Regents in fiscal year 2024.

The **Higher Education Fund (HEF)** is a General Revenue Fund appropriation dedicated by the Texas Constitution to support certain capital costs at institutions of higher education that are not eligible to receive funding from the AUF. Funding for the HEF for the 2026–27 biennium totals \$787.5 million in General Revenue Funds, which maintains funding from the 2024–25 biennium.

Funding recommendations for the **Support for Military and Veterans Exemptions** for the 2026–27 biennium total an estimated \$236.4 million in All Funds, an increase of \$0.5 million in All Funds from the 2024–25 biennium. The All Funds amount includes \$21.5 million in Other Funds from the Permanent Fund Supporting Military and Veterans Exemptions (MVE) and \$214.9 million in General Revenue Funds. The increase in funding is due to anticipated growth of the MVE, as projected by the Texas Treasury Safekeeping Trust Company (TTSTC).

Funding recommendations for the **Available Texas University Fund (ATUF)** for the 2026–27 biennium total \$274.0 million in All Funds. The change in funding is due to a decrease of \$136.4 million in onetime General Revenue Funds appropriations and an increase of \$137.0 million in Other Funds from the ATUF due to anticipated growth of the fund projected by the TTSTC.

HIGHLIGHTS

- The Texas Constitution requires the Legislature to review the HEF formula allocation every 10 years and grants it discretion to adjust the amount and allocation of the HEF appropriation once every five years. Based on recommendations from a methodology study published by the Texas Higher Education Coordinating Board in fiscal year 2018, the annual HEF appropriation of \$393.8 million was maintained for fiscal years 2020 to 2025. The current allocation amounts for HEF-eligible institutions are specified in the Texas Education Code, Chapter 62, Subchapter B. HEF allocations for the upcoming 10-year period, from fiscal years 2026 to 2035, are contingent upon the enactment of legislation by the Eighty-ninth Legislature, 2025.
- The Eighty-third Legislature, Regular Session, 2013, established the MVE to help institutions of higher education offset the waived tuition and fee revenue from the Hazlewood Legacy Program, as defined in the Texas Education Code. TTSTC administers the MVE and determines the amount available for annual distribution and appropriation from the fund in accordance with policy adopted by the Comptroller of Public Accounts. For the 2026–27 biennium, TTSTC projects the distribution rate to be 3.5 percent. In addition to the MVE distributions, the Legislature also has appropriated General Revenue Funds for the Hazlewood Legacy Program. The Eighty-eighth Legislature, 2023, increased General Revenue appropriations for the 2024–25 biennium to \$214.9 million as part of a package related to higher education affordability. Funding recommendations for the 2026–27 biennium maintain General Revenue appropriations at this level.
- The Eighty-eighth Legislature, Regular Session, 2023, redesignated the National Research University Fund as the Texas University Fund (TUF). The distribution of ATUF appropriations and the eligibility requirements are specified in the Texas Constitution, Article VII, Section 20, and the Texas Education Code, Chapter 62, Subchapter G. Currently, the University of Houston, Texas Tech University, Texas State University, and the University of North Texas are eligible to receive TUF appropriations. Another institution may become eligible if the institution is not eligible for the PUF, average research expenditures and doctoral degrees awarded meet certain thresholds, and the Legislature appropriates additional money to the fund to ensure a stable and predictable stream of annual distributions.

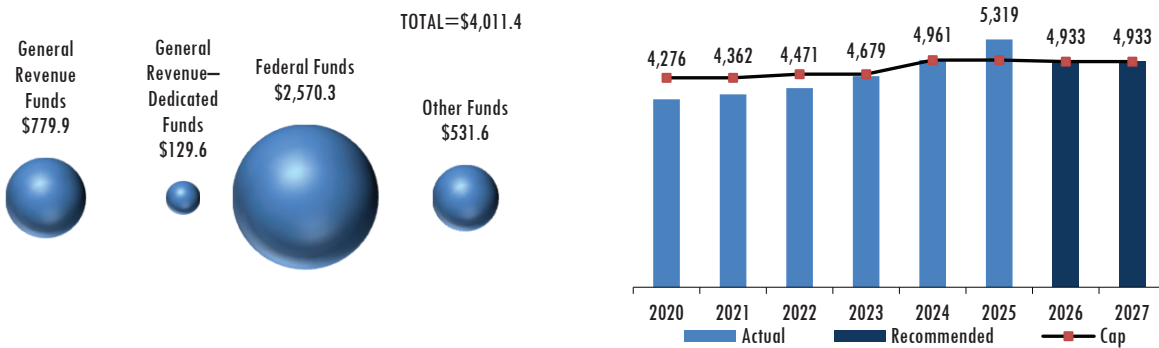
TEXAS A&M UNIVERSITY SYSTEM AGENCIES

FIGURE 52
TEXAS A&M UNIVERSITY SYSTEM AGENCIES, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$611.5	\$779.9	\$168.4	27.5%
General Revenue–Dedicated Funds	\$134.6	\$129.6	(\$5.0)	(3.7%)
Federal Funds	\$2,819.8	\$2,570.3	(\$249.5)	(8.8%)
Other Funds	\$919.1	\$531.6	(\$387.5)	(42.2%)
Total, All Methods of Finance	\$4,484.9	\$4,011.4	(\$473.5)	(10.6%)

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas A&M University (TAMU) System agencies for the 2026–27 biennium total \$4.0 billion in All Funds, a decrease of \$473.5 million from the 2024–25 biennium. Of this funding, \$909.5 million consists of General Revenue Funds and General Revenue–Dedicated Funds, an increase of \$163.4 million from the 2024–25 biennium.

HIGHLIGHTS

- The TAMU System agencies are state agencies that are part of the Texas A&M University System and have a broad statewide mission encompassing research, teaching, and public service. TAMU System agencies include the following: Texas A&M AgriLife Research, Texas A&M AgriLife Extension Service, Texas A&M Engineering Experiment Station (TEES), Texas A&M Engineering Extension Service (TEEX), Texas A&M Transportation Institute (TTI), Texas A&M Forest Service (TFS), Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL), and the Texas Division of Emergency Management (TDEM).
- Funding for Texas A&M AgriLife Research includes a decrease of \$15.0 million in General Revenue Funds for onetime funding to rebuild the Vernon Center resulting from tornado damage.
- Funding for TEES includes a decrease of \$30.0 million in General Revenue Funds for onetime funding to construct a hypersonic wind tunnel; an increase of \$9.0 million in General Revenue Funds offset by a decrease of \$26.4 million in Other Funds due to the transfer of funding for the Center for Microdevices and Systems; a decrease of \$5.0 million in General Revenue Funds for the Rio Grande Valley Advanced Manufacturing Innovation (RAMI) Hub due to its transfer from TEES to TEEX; and an increase of \$9.8 million in Federal Funds offset by a decrease of \$2.2 million in Other Funds due to changes in contracted research from federal and industry sponsors.
- Funding for TTI includes an increase of \$1.8 million in Federal Funds and \$6.2 million in Other Funds due to growth in contracted research from federal, private, state, local, and other sponsors.

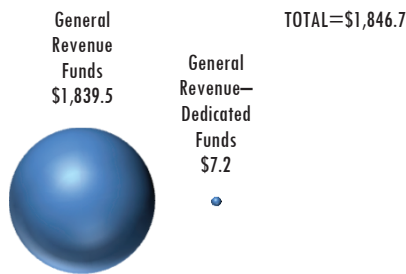
- Funding for TEEEX includes an increase of \$5.0 million in General Revenue Funds due to the transfer of the RAMI Hub from TEES, offset by a corresponding decrease of \$5.9 million in Other Funds.
- Funding for TFS includes an increase of \$192.3 million in General Revenue Funds for unfunded requests for the Rural Volunteer Fire Department Assistance Program; an increase of \$1.0 million in General Revenue Funds for the Columbus Volunteer Fire Department; a decrease of \$2.1 million in General Revenue–Dedicated Account No. 36, Texas Department of Insurance Operating Fund, for onetime vehicle purchases; a decrease of \$1.0 million in General Revenue Funds for one-time funding for the Frelsburg Volunteer Fire Department; and an increase of \$1.3 million in Federal Funds.
- Funding for TVMDL includes a decrease of \$2.0 million in Drug Testing Fee revenue due to the discontinuation of drug testing for pari-mutuel racing and an increase of \$3.0 million in Diagnostic Lab Fee revenue due to anticipated increases in consumable supplies, salaries and wages, and associated benefits.
- Funding for TDEM includes a decrease of \$13.3 million in General Revenue Funds for onetime vehicle purchases, offset by an increase of \$3.5 million in General Revenue Funds for related ongoing full-time- equivalent positions, fuel, and maintenance of vehicles; a decrease of \$5.0 million in General Revenue Funds for onetime funding for the Wilson County Emergency Operations Center; a \$3.9 million decrease in General Revenue–Dedicated Account No. 5181, Disaster Recovery Loan; a decrease of \$262.3 million in Federal Funds, including a \$310.3 million net decrease in funding from the Coronavirus Relief Fund for COVID-19 pandemic response; and a decrease of \$360.2 million in Other Funds, including a \$312.6 million decrease due to onetime Disaster and Deficiency Grants received from the Office of the Governor to support disaster response.
- Funding recommendations for the seven engineering and agricultural agencies include infrastructure support within Brazos County that aligns with the general academic institutions’ Infrastructure Formula rate, which results in a \$4.1 million increase in General Revenue Funds from the 2024–25 biennial appropriated amounts.
- Funding recommendations for all eight TAMU System agencies include an increase of \$24.0 million in General Revenue and General Revenue–Dedicated Funds to biennialize the statewide salary increase provided during the 2024–25 biennium.

HIGHER EDUCATION EMPLOYEES GROUP INSURANCE

FIGURE 53
HIGHER EDUCATION EMPLOYEES GROUP INSURANCE, BY METHOD OF FINANCE

(IN MILLIONS) METHOD OF FINANCE	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$1,589.2	\$1,839.5	\$250.3	15.7%
General Revenue–Dedicated Funds	\$6.2	\$7.2	\$1.1	17.6%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$1,595.4	\$1,846.7	\$251.4	15.8%

ALL FUNDS, 2026–27 BIENNium (IN MILLIONS)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board.

Funding recommendations for Higher Education Employees Group Insurance (HEGI) for the 2026–27 biennium total \$1.8 billion in All Funds, an increase of \$251.4 million, or 15.8 percent, from 2024–25 biennial funding levels due to an overall increase in enrollees at institutions of higher education and community colleges and an Employees Retirement System of Texas (ERS) premium rate increase for 2026–27. Because recommendations maintain rates at the non-community college institutions, and the premium rate for the community colleges is set in statute, funding corresponds to the enrollee headcount changes.

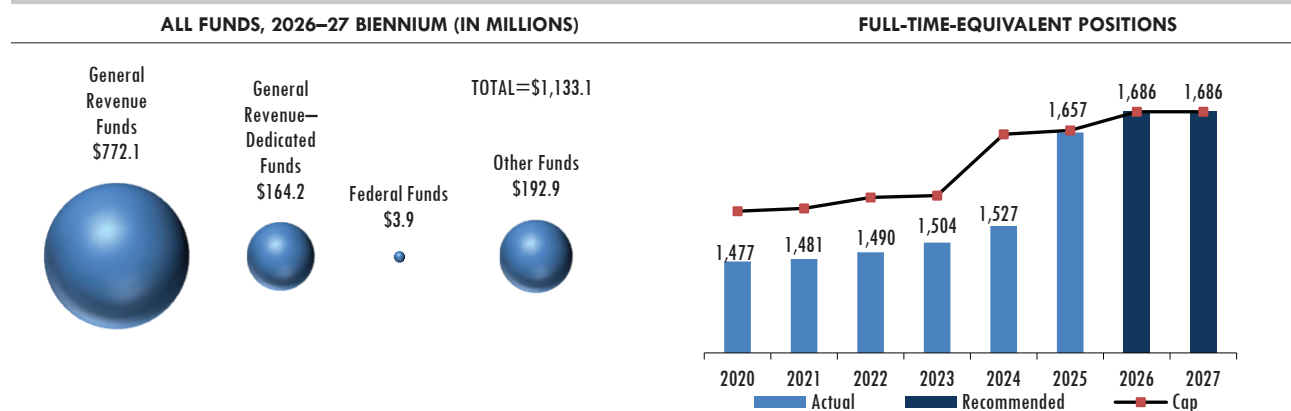
HIGHLIGHTS

- The recommended proration percentage of the full ERS premium rate is 88.6 percent for the non-community college institutions.
- The proration percentage for community college districts is set in statute at 50.0 percent of the full ERS premium rate.
- The estimated number of HEGI-funded employees and retirees at the institutions of higher education and community colleges totaled 126,418 for fiscal year 2024.
- Funding recommendations hold nine community colleges harmless through the benefits petition process due to decreases in enrollment.

ARTICLE IV – JUDICIARY

FIGURE 54
ARTICLE IV – JUDICIARY, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$850.9	\$772.1	(\$78.8)	(9.3%)
General Revenue–Dedicated Funds	\$172.8	\$164.2	(\$8.6)	(5.0%)
Federal Funds	\$6.3	\$3.9	(\$2.4)	(37.6%)
Other Funds	\$211.2	\$192.9	(\$18.3)	(8.6%)
Total, All Methods of Finance	\$1,241.2	\$1,133.1	(\$108.1)	(8.7%)



NOTES:

- (1) Excludes Interagency Contracts.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE IV

All Funds recommendations for agencies of the Judiciary total \$1.1 billion for the 2026–27 biennium, which is a decrease of \$108.1 million, or 8.7 percent, from the 2024–25 biennium. Recommended General Revenue Funds total \$772.1 million, which is a decrease of \$78.8 million, or 9.3 percent, from the 2024–25 biennium. General Revenue–Dedicated Funds total \$164.2 million, which is a decrease of \$8.6 million, or 5.0 percent, from the 2024–25 biennium.

Funding recommendations for the Judiciary support administration of the Texas court system. This support includes the operations of 17 appellate courts and 73 children’s courts, district judge salaries and county-level judge salary supplements, the judicial retirement system, prosecutor salaries and payments, judicial branch service agencies, indigent defense, basic civil legal services, juror pay, and judicial education.

HIGHLIGHTS

- Recommended funding provides an estimated \$296.4 million in All Funds, an increase of \$5.1 million, for judicial salaries and supplements under the tiered, tenure-based compensation structure established by the Texas Government Code, Section 659.012. The recommended increase includes \$3.7 million for Child Support Court and Child Protection Court associate judge salaries, \$0.8 million for district judge and professional prosecutor salaries, and \$0.6 million for appellate court judge and justice salaries.
- Recommended funding provides \$145.2 million in All Funds for the Texas Indigent Defense Commission to assist counties in establishing, developing, and maintaining cost-effective indigent defense services. This amount is a decrease

of \$20.3 million from 2024–25 biennial spending levels. The decrease includes \$10.0 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense, due to an anticipated decrease in court cost fee revenue and \$10.3 million from the General Revenue Fund due to the expiration of Unexpended Balance Authority provided by Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023, to provide indigent defense associated with Operation Lone Star as required by House Bill 9, Eighty-seventh Legislature, Second Called Session, 2021. In addition, recommended funding continues to provide \$1.2 million distributed among six universities for the Innocence Project at 2024–25 biennial levels.

- Recommended funding includes an estimated \$80.3 million in All Funds, a decrease of \$21.2 million from 2024–25 biennial levels, for the **Supreme Court of Texas** to provide basic civil legal services (BCLS) to eligible recipients. The decrease of \$21.2 million in Other Funds from the Judicial Fund is due to an anticipated decrease in civil penalties recovered and collected by the Office of the Attorney General. Funding recommendations continue \$63.3 million in All Funds to provide BCLS for indigent clients at 2024–25 biennial spending levels, including \$10.0 million to provide BCLS to victims of sexual assault and \$7.0 million to provide BCLS to veterans and their families.
- Recommended funding includes \$63.0 million in General Revenue–Dedicated Funds from Account No. 5157, Statewide Electronic Filing System, to provide for Statewide Electronic Filing System vendor contract payments, maintenance costs for the Uniform Case Management System, and statewide judicial technology projects identified by the **Office of Court Administration** (OCA). This amount includes an increase of \$10.5 million from 2024–25 biennial spending levels due to anticipated increases in revenue from filing fees and court costs paid by individuals convicted of an offense.
- Recommended funding provides \$44.8 million in General Revenue Funds through OCA for border security purposes, which continues 2024–25 biennial spending levels. This recommendation continues funding of \$31.6 million for legal representation for indigent clients, foreign language interpreters for courts, increased staff functions, equipment purchases, and program administration costs. Recommended funding also continues \$13.2 million to provide magistration services, including weekend services; manage hearings conducted by videoconference; and support counties with in-person adjudication of border security cases during the 2026–27 biennium.
- Recommended funding includes \$34.9 million in All Funds for Child Protection Courts and Child Support Courts within the OCA. This amount includes \$15.4 million for 30 Child Protection Courts and \$19.5 million for 43 Child Support Courts.
- Recommended funding provides \$25.8 million in All Funds, which continues 2024–25 biennial spending levels, for the **Court of Criminal Appeals'** Judicial Education grant program to provide legal education and technical assistance to judges, court staff, prosecuting attorneys and their staff, and criminal defense attorneys that regularly represent indigent defendants in criminal matters; and innocence training to law enforcement officers, law students, and other participants.
- Recommended funding provides \$13.6 million in All Funds for the administration of the Business Court, which is an increase of \$3.8 million from 2024–25 biennial spending levels. The increase includes \$3.3 million for unanticipated costs related to establishing the court, including salaries for court reporters and law clerks, purchase of recording equipment, and security. Recommended funding also includes \$0.5 million for salary adjustments.
- Recommended funding provides \$6.4 million in All Funds for the **Fifteenth Court of Appeals**, which is an increase of \$4.0 million from 2024–25 biennial spending levels. The court was established statutorily at the beginning of fiscal year 2025. The increase includes \$2.3 million to biennialize appropriations for salaries and operation, \$1.2 million to build a dedicated courtroom, and \$0.5 million for salary adjustments.

Figure 55 shows the recommended All Funds appropriation for each agency in Article IV, and **Figure 56** shows the recommended General Revenue Funds appropriation for each agency.

FIGURE 55
ARTICLE IV – JUDICIARY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$124.5	\$103.2	(\$21.3)	(17.1%)
Court of Criminal Appeals	\$41.9	\$42.4	\$0.5	1.1%
First Court of Appeals District, Houston	\$11.6	\$11.7	\$0.2	1.7%
Second Court of Appeals District, Fort Worth	\$9.4	\$9.5	\$0.1	1.4%
Third Court of Appeals District, Austin	\$8.0	\$8.1	\$0.1	1.8%
Fourth Court of Appeals District, San Antonio	\$9.2	\$10.1	\$0.9	9.8%
Fifth Court of Appeals District, Dallas	\$16.5	\$16.7	\$0.3	1.6%
Sixth Court of Appeals District, Texarkana	\$4.0	\$4.1	\$0.1	1.6%
Seventh Court of Appeals District, Amarillo	\$5.3	\$5.3	\$0.1	1.4%
Eighth Court of Appeals District, El Paso	\$4.0	\$4.3	\$0.3	7.2%
Ninth Court of Appeals District, Beaumont	\$5.2	\$5.3	\$0.1	2.1%
Tenth Court of Appeals District, Waco	\$4.2	\$4.2	\$0.1	1.4%
Eleventh Court of Appeals District, Eastland	\$4.1	\$4.2	\$0.1	1.3%
Twelfth Court of Appeals District, Tyler	\$4.2	\$4.2	\$0.1	1.4%
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$8.0	\$8.1	\$0.1	1.5%
Fourteenth Court of Appeals District, Houston	\$12.0	\$12.2	\$0.3	2.1%
Fifteenth Court of Appeals District, Austin	\$2.3	\$6.4	\$4.0	173.5%
Office of Court Administration, Texas Judicial Council	\$315.9	\$301.6	(\$14.3)	(4.5%)
Office of Capital and Forensic Writs	\$6.5	\$6.5	\$0.0	0.3%
Office of the State Prosecuting Attorney	\$1.0	\$1.1	\$0.0	3.4%
State Law Library	\$2.7	\$2.7	\$0.0	1.8%
State Commission on Judicial Conduct	\$3.0	\$3.6	\$0.6	21.3%
Judiciary Section, Comptroller's Department	\$401.7	\$406.5	\$4.8	1.2%
Subtotal, Judiciary	\$1,005.2	\$982.4	(\$22.8)	(2.3%)
Employee Benefits and Debt Service	\$260.8	\$174.5	(\$86.3)	(33.1%)
Less Interagency Contracts	\$24.8	\$23.8	(\$1.0)	(4.0%)
Total, All Functions	\$1,241.2	\$1,133.1	(\$108.1)	(8.7%)

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 56
ARTICLE IV – JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$47.5	\$48.5	\$0.9	2.0%
Court of Criminal Appeals	\$16.3	\$16.8	\$0.5	2.9%
First Court of Appeals District, Houston	\$10.9	\$11.1	\$0.2	1.8%
Second Court of Appeals District, Fort Worth	\$8.8	\$9.0	\$0.2	1.7%
Third Court of Appeals District, Austin	\$7.5	\$7.7	\$0.1	1.9%
Fourth Court of Appeals District, San Antonio	\$8.7	\$9.6	\$0.9	10.4%
Fifth Court of Appeals District, Dallas	\$15.5	\$15.8	\$0.3	1.7%
Sixth Court of Appeals District, Texarkana	\$3.9	\$3.9	\$0.1	1.6%
Seventh Court of Appeals District, Amarillo	\$5.0	\$5.1	\$0.1	1.5%
Eighth Court of Appeals District, El Paso	\$3.8	\$4.1	\$0.3	7.6%
Ninth Court of Appeals District, Beaumont	\$4.9	\$5.1	\$0.1	2.2%
Tenth Court of Appeals District, Waco	\$4.0	\$4.1	\$0.1	1.4%
Eleventh Court of Appeals District, Eastland	\$3.9	\$4.0	\$0.1	1.3%
Twelfth Court of Appeals District, Tyler	\$4.0	\$4.0	\$0.1	1.5%
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	\$7.6	\$7.7	\$0.1	1.6%
Fourteenth Court of Appeals District, Houston	\$11.1	\$11.3	\$0.3	2.3%
Fifteenth Court of Appeals District, Austin	\$2.3	\$6.4	\$4.0	173.5%
Office of Court Administration, Texas Judicial Council	\$169.2	\$158.1	(\$11.1)	(6.5%)
Office of Capital and Forensic Writs	\$0.1	\$6.5	\$6.4	4,870.9%
Office of the State Prosecuting Attorney	\$1.0	\$1.0	\$0.0	3.5%
State Law Library	\$2.6	\$2.7	\$0.0	1.8%
State Commission on Judicial Conduct	\$3.0	\$3.6	\$0.6	21.3%
Judiciary Section, Comptroller's Department	\$261.2	\$262.8	\$1.6	0.6%
Subtotal, Judiciary	\$602.8	\$608.6	\$5.8	1.0%
Employee Benefits and Debt Service	\$248.1	\$163.4	(\$84.6)	(34.1%)
Total, All Functions	\$850.9	\$772.1	(\$78.8)	(9.3%)

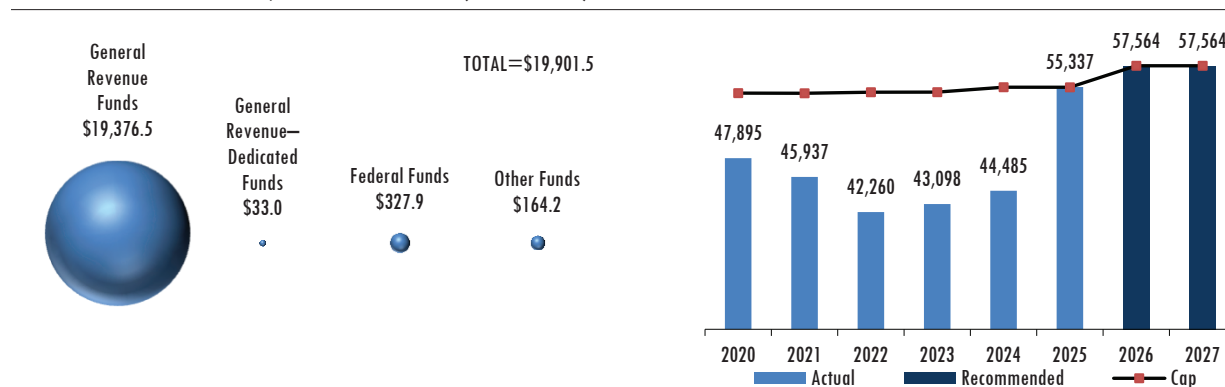
NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE

FIGURE 57
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$13,401.1	\$19,376.5	\$5,975.4	44.6%
General Revenue–Dedicated Funds	\$117.1	\$33.0	(\$84.1)	(71.8%)
Federal Funds	\$5,779.8	\$327.9	(\$5,451.9)	(94.3%)
Other Funds	\$187.3	\$164.2	(\$23.1)	(12.3%)
Total, All Methods of Finance	\$19,485.3	\$19,901.5	\$416.2	2.1%



NOTES:

- (1) Excludes Interagency Contracts.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE V

All Funds recommendations for Public Safety and Criminal Justice agencies for the 2026–27 biennium total \$19,901.5 million, which is an increase of \$416.2 million, or 2.1 percent, from the 2024–25 biennial expenditure levels. Recommended General Revenue Funds for the 2026–27 biennium total \$19,376.5 million, which is an increase of \$5,975.4 million, or 44.6 percent, from the 2024–25 biennium.

Significant increases are primarily for the biennialization of state employee salary increases provided during the 2024–25 biennium, new commissioned law enforcement officers and support staff at the Department of Public Safety (DPS), reopened units at the Texas Department of Criminal Justice (TDCJ), correctional officer and parole officer salary increases at TDCJ, juvenile correctional officer salary increases at the Texas Juvenile Justice Department (TJJD), and major repair projects at the Texas Military Department (TMD).

In the 2026–27 biennial recommendations for TDCJ, \$4,605.5 million in General Revenue Funds offset a corresponding \$4,605.5 million decrease in Federal Funds related to COVID-19 pandemic relief.

TDCJ and the Board of Pardons and Paroles are subject to Strategic Fiscal Review.

HIGHLIGHTS

- Funding recommendations for **DPS** for the 2026–27 biennium total \$3,661.2 million in All Funds, which represents a decrease of \$199.6 million, or 5.2 percent. The decrease is attributable primarily to the removal of onetime funding

for the Williamson County Training Academy Facility (\$381.5 million), vehicle replacements (\$119.5 million), various facility-related projects (\$34.8 million), and the agency’s licensing platform (\$22.5 million), which is offset by additional funding for new commissioned law enforcement officers (\$402.6 million), the biennialization of state employee salary increases provided in the 2024–25 biennium (\$43.5 million), and driver license service improvements (\$28.5 million).

- Funding recommendations for **TDCJ** for the 2026–27 biennium total \$9,581.3 million in All Funds, which represents an All Funds increase of \$884.7 million, or 10.2 percent. The increase is attributable primarily to salary increases for correctional officers (\$330.6 million), resumption of services at previously idled units and to fund per diem rate increases at contracted facilities (\$313.0 million), additional funding for Correctional Managed Health Care (\$259.0 million), additional funding to address rising operational costs (\$150.0 million), and biennialization of state employee salary increases (\$96.6 million), which is offset by the removal of onetime funding for major repair and restoration projects (\$231.2 million), vehicle replacements (\$43.6 million), and capital equipment (\$19.3 million).
- Funding recommendations for **TJJD** for the 2026–27 biennium total \$950.2 million in All Funds, which represents an All Funds decrease of \$81.6 million, or 7.91 percent. The decrease is attributable primarily to the removal of onetime funding for the construction of new facilities (\$200.0 million), which is offset by salary increases (\$43.3 million) and funding to align with July 2024 population projections (\$47.0 million).
- Funding recommendations for **the Texas Commission on Law Enforcement** for the 2026–27 biennium total \$34.9 million in All Funds, which represents an All Funds increase of \$8.0 million, or 29.5 percent. The increase is attributable primarily to funding for information technology modernization efforts (\$4.4 million), improved resources for technical assistance and training (\$3.9 million), and the expansion of the criminal justice career pipeline program (\$2.0 million), which is offset by the removal of onetime funding for vehicle replacements (\$1.8 million), and information technology projects (\$1.9 million).
- Funding recommendations for **TMD** for the 2026–27 biennium total \$2,571.8 million in All Funds, which represents an All Funds increase of \$29.7 million, or 1.2 percent. The increase is attributable primarily to an increase in funding for State of Texas Armory Revitalization (STAR) projects (\$25.0 million), and the biennialization of the statewide salary increase, including for State Active Duty (\$21.7 million), which is offset by the removal of onetime funding for STAR projects (\$20.0 million) and vehicle replacements (\$0.3 million). Funding recommendations also maintain \$2,265.5 million in All Funds for border security.
- Funding recommendations for the **Texas Alcoholic Beverage Commission**, the **Texas Commission on Fire Protection**, and the **Texas Commission on Jail Standards** are comparable to 2024–25 biennial levels.

Figure 58 shows the All Funds recommendations for each agency in Article V, and **Figure 59** shows the General Revenue Funds recommendations for each agency. Subsequent pages in this chapter contain more details about funding levels for some of the agencies in Article V.

**FIGURE 58
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, ALL FUNDS**

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Alcoholic Beverage Commission	\$123.8	\$115.1	(\$8.7)	(7.0%)
Texas Department of Criminal Justice	\$8,696.5	\$9,581.3	\$884.7	10.2%
Texas Commission on Fire Protection	\$6.0	\$5.3	(\$0.7)	(11.1%)
Texas Commission on Jail Standards	\$4.0	\$3.9	(\$0.1)	(2.3%)
Texas Juvenile Justice Department	\$1,031.8	\$950.2	(\$81.6)	(7.9%)
Texas Commission on Law Enforcement	\$26.9	\$34.9	\$8.0	29.5%
Texas Military Department	\$2,542.1	\$2,571.8	\$29.7	1.2%
Texas Department of Public Safety	\$3,860.7	\$3,661.2	(\$199.6)	(5.2%)
Subtotal, Public Safety and Criminal Justice	\$16,291.8	\$16,923.6	\$631.8	3.9%
Employee Benefits and Debt Service	\$3,411.1	\$3,147.2	(\$263.9)	(7.7%)
Less Interagency Contracts	\$217.6	\$169.3	(\$48.3)	(22.2%)
Total, All Functions	\$19,485.3	\$19,901.5	\$416.2	2.1%

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE 59
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, GENERAL REVENUE FUNDS**

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Alcoholic Beverage Commission	\$122.1	\$114.1	(\$7.9)	(6.5%)
Texas Department of Criminal Justice	\$3,786.8	\$9,420.4	\$5,633.7	148.8%
Texas Commission on Fire Protection	\$5.7	\$4.8	(\$0.9)	(15.3%)
Texas Commission on Jail Standards	\$4.0	\$3.9	(\$0.1)	(2.3%)
Texas Juvenile Justice Department	\$987.1	\$904.6	(\$82.5)	(8.4%)
Texas Commission on Law Enforcement	\$25.6	\$33.4	\$7.8	30.6%
Texas Military Department	\$2,380.1	\$2,406.5	\$26.4	1.1%
Texas Department of Public Safety	\$3,545.4	\$3,408.6	(\$136.9)	(3.9%)
Subtotal, Public Safety and Criminal Justice	\$10,856.7	\$16,296.3	\$5,439.7	50.1%
Employee Benefits and Debt Service	\$2,544.4	\$3,080.1	\$535.7	21.1%
Total, All Functions	\$13,401.1	\$19,376.5	\$5,975.4	44.6%

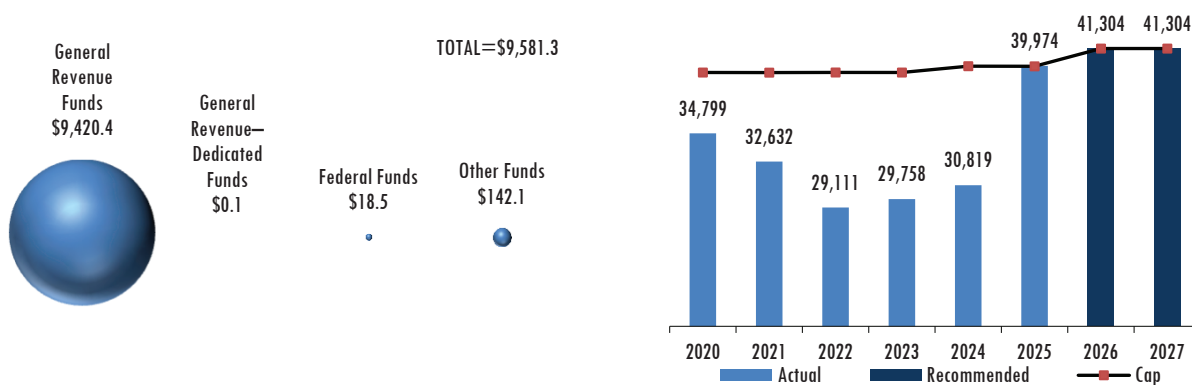
NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

TEXAS DEPARTMENT OF CRIMINAL JUSTICE

FIGURE 60
TEXAS DEPARTMENT OF CRIMINAL JUSTICE, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,786.8	\$9,420.4	\$5,633.7	148.8%
General Revenue–Dedicated Funds	\$85.5	\$0.1	(\$85.4)	(99.8%)
Federal Funds	\$4,651.3	\$18.5	(\$4,632.8)	(99.6%)
Other Funds	\$172.9	\$142.1	(\$30.8)	(17.8%)
Total, All Methods of Finance	\$8,696.5	\$9,581.3	\$884.7	10.2%



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Department of Criminal Justice (TDCJ) for the 2026–27 biennium total \$9,581.3 million in All Funds, which represents an All Funds increase of \$884.7 million, or 10.2 percent, from the 2024–25 biennium. The increase in recommended funding is the net result of several increases and decreases to various budget items, particularly related to salary increases. Funding for the Board of Pardons and Paroles, \$69.7 million, is included within the appropriations for TDCJ.

HIGHLIGHTS

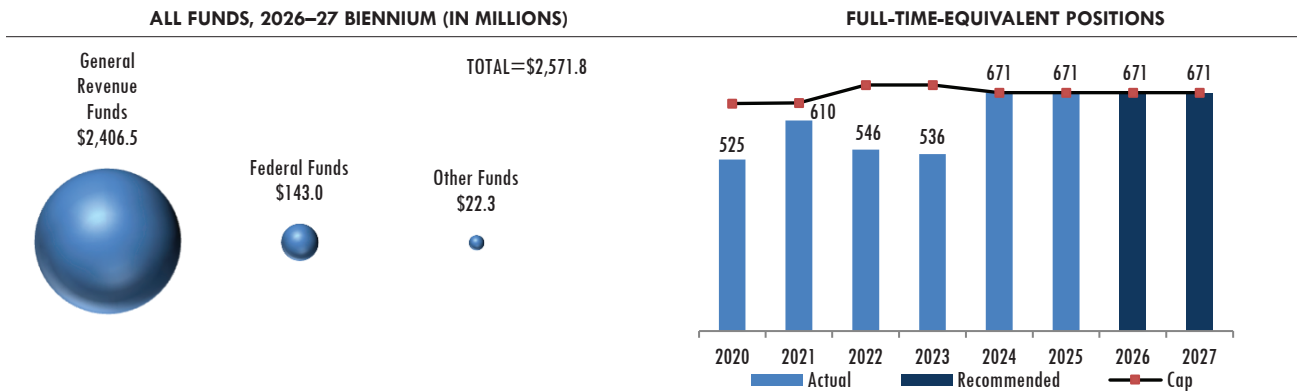
- Funding recommendations include \$8,364.2 million for the incarceration and treatment of adult offenders in state correctional institutions, which represents a net \$750.7 million increase from 2024–25 biennial levels and consists of the following amounts:
 - an increase of \$330.6 million in General Revenue Funds to provide a 10.0 percent correctional officer pay raise;
 - an increase of \$294.9 million in General Revenue Funds to resume services at previously idled units and to fund per diem rate increases at contracted facilities;
 - an increase of \$259.0 million in General Revenue Funds to address increasing costs in Correctional Managed Health Care;
 - an increase of \$150.0 million in General Revenue Funds to address increasing operational costs;
 - an increase of \$96.6 million in General Revenue Funds to biennialize the state employee salary increase provided during the 2024–25 biennium;

- an increase of \$15.6 million in General Revenue Funds to address increasing Data Center Services costs;
- decreases of \$327.4 million in General Revenue Funds and \$85.4 million in General Revenue–Dedicated Funds to remove onetime funding for major repair and construction projects, vehicles, body scanners, and capital equipment;
- a decrease of \$26.8 million in Federal Funds to account for an anticipated decrease in grant awards;
- a decrease of \$16.7 million in Other Funds to align anticipated Interagency Contracts and Appropriated Receipts with agency projections;
- a decrease of \$13.4 million in onetime funding from the Economic Stabilization Fund for the corrections information technology system project; and
- a decrease of \$11.6 million in General Revenue Funds to transfer funding for education to Windham School District.
- Funding recommendations include \$696.2 million for the supervision of adult offenders on community supervision or probation, which represents a \$79.5 million increase from 2024–25 biennial levels and consists of the following amounts:
 - an increase of \$32.8 million in General Revenue Funds to fund basic supervision at levels projected by the Legislative Budget Board (LBB) in July 2024 and fiscal year 2025 cost per day;
 - an increase of \$25.0 million in General Revenue Funds to increase funding for pretrial diversion programs; and
 - an increase of \$21.7 million in General Revenue Funds to biennialize salary increases at local adult probation departments provided during the 2024–25 biennium.
- Funding recommendations include \$520.9 million for the Board of Pardons and Paroles, parole processing, parole supervision, and residential reentry facilities, which represents a net increase of \$54.6 million from 2024–25 biennial levels and consists of the following amounts:
 - an increase of \$32.0 million in General Revenue Funds to provide a 15.0 percent parole officer pay increase;
 - an increase of \$18.1 million in General Revenue Funds to fund per diem rate increases at contracted residential reentry centers and intermediate sanction facilities;
 - an increase of \$6.2 million in General Revenue Funds to biennialize the state employee salary increase provided during the 2024–25 biennium;
 - an increase of \$0.1 million in General Revenue Funds to fund parole supervision at the level of the LBB’s July projections and fiscal year 2025 cost per day;
 - a decrease of \$0.7 million in General Revenue Funds to remove onetime vehicle and office relocation funding from the Board of Pardons and Paroles;
 - a decrease of \$0.6 million in Other Funds to align anticipated Interagency Contracts with agency projections; and
 - a decrease of \$0.5 million in Federal Funds to account for an anticipated decrease in grant awards.
- In addition to these amounts, recommendations include \$4,605.5 million in General Revenue Funds to offset a corresponding \$4,605.5 million decrease in Federal Funds related to COVID-19 pandemic relief.

TEXAS MILITARY DEPARTMENT

FIGURE 61
TEXAS JUVENILE JUSTICE DEPARTMENT, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,380.1	\$2,406.5	\$26.4	1.1%
General Revenue–Dedicated Funds	\$0.0	\$0.0	\$0.0	N/A
Federal Funds	\$150.3	\$143.0	(\$7.3)	(4.9%)
Other Funds	\$11.7	\$22.3	\$10.6	90.4%
Total, All Methods of Finance	\$2,542.1	\$2,571.8	\$29.7	1.2%



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Recommended funding for the Texas Military Department totals \$2,571.8 million in All Funds, which is a net increase of \$29.7 million from the 2024–25 biennial expenditure level.

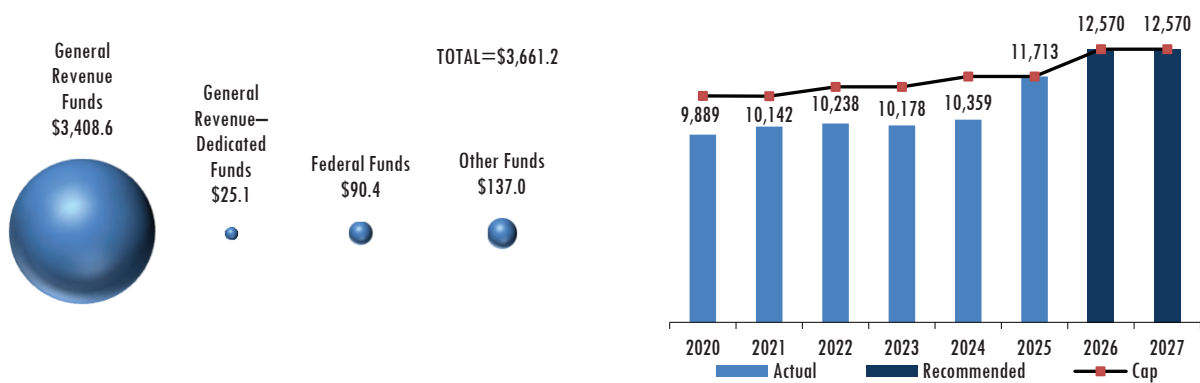
HIGHLIGHTS

- Funding recommendations for the 2026–27 biennium include \$25.0 million in General Revenue Funds for the State of Texas Armory Revitalization program and \$21.7 million in General Revenue Funds to biennialize the state employee salary increase provided during the 2024–25 biennium, including the State Active Duty pay increase. The recommendations also remove \$20.0 million in onetime funding for Camp Bowie.
- Recommendations maintain appropriations for border security at \$2,265.5 million in General Revenue Funds.

DEPARTMENT OF PUBLIC SAFETY

**FIGURE 62
DEPARTMENT OF PUBLIC SAFETY, BY METHOD OF FINANCE**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$3,545.4	\$3,408.6	(\$136.9)	(3.9%)
General Revenue–Dedicated Funds	\$24.7	\$25.1	\$0.5	1.9%
Federal Funds	\$96.2	\$90.4	(\$5.7)	(6.0%)
Other Funds	\$194.4	\$137.0	(\$57.4)	(29.5%)
Total, All Methods of Finance	\$3,860.7	\$3,661.2	(\$199.6)	(5.2%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
 SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Department of Public Safety for the 2026–27 biennium total \$3,661.2 million in All Funds, which is a decrease of \$199.6 million, or 5.2 percent, from the 2024–25 biennium. General Revenue Funds recommendations total \$3,408.6 million, a decrease of \$136.9 million, or 3.9 percent. The net decrease is due primarily to onetime facility projects and vehicle replacements, which is offset by funding for 567.0 full-time-equivalent (FTE) positions for commissioned law enforcement officers.

HIGHLIGHTS

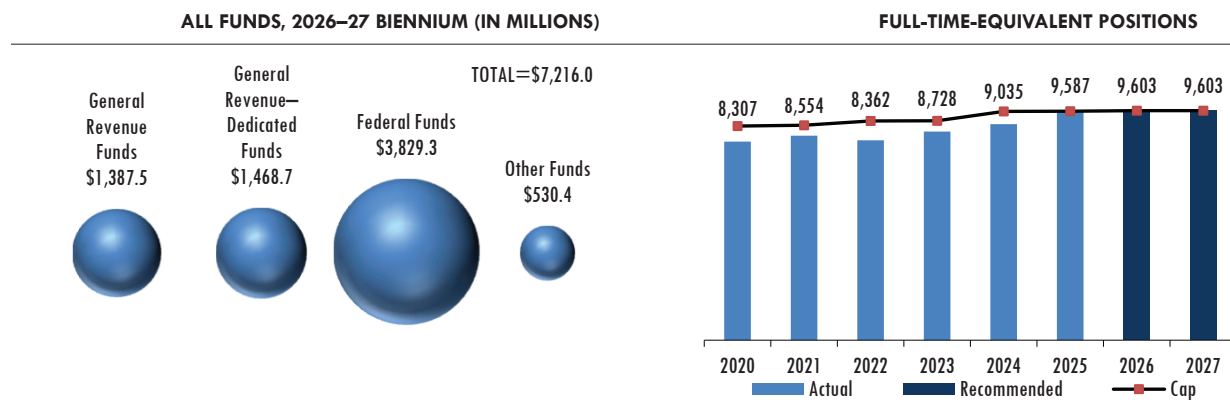
- Funding recommendations include \$3,408.6 million in General Revenue Funds, a net decrease of \$136.9 million. The recommendations include the following significant changes:
 - a decrease of \$415.2 million related to onetime costs for the Williamson County Training Academy Facility, Special Threat Training facility, and preparation for the El Paso Regional Headquarters;
 - an increase of \$402.6 million for 567.0 new commissioned law enforcement officers and 159.5 support FTE positions;
 - a decrease of \$123.4 million for vehicle replacement and onetime aircraft costs;
 - an increase of \$43.5 million to biennialize the state employee salary increase provided in the 2024–25 biennium;
 - a decrease of \$34.8 million for various facility-related projects, including deferred maintenance, generators, security cameras, construction, and rehabilitation items;

- an increase of \$28.5 million and 115.7 FTE positions to expand Driver License Division Customer Service Center staff;
 - a decrease of \$22.5 million for the development of the License to Carry and agency licensing systems;
 - a decrease of \$11.8 million for end-of-life information technology replacements, management software, and mobile virtual reality simulators;
 - a decrease of \$8.4 million for the Forensic Lab Discovery Portal and capital budget equipment to address the forensic toxicology backlog; and
 - a decrease of \$5.3 million for onetime costs for driver license offices.
- Funding recommendations include \$1,194.6 million in All Funds for Operation Lonestar and other agency border security efforts, a decrease of \$40.0 million in Other Funds from Interagency Contracts for onetime costs associated with operations in Colony Ridge. This base funding provides for salary and 50.0-hour work week costs for troopers, human trafficking prevention, anti-gang activities, cameras, and equipment.
 - Funding recommendations also include a net decrease of \$5.7 million in Federal Funds from various federal grants anticipated to be collected in the 2026–27 biennium, a decrease of \$8.0 million in Other Funds from General Obligation Bond Proceeds, a decrease of \$5.0 million in Other Funds from Appropriated Receipts, a decrease of \$4.4 million in Other Funds from Interagency Contracts, and an increase of 0.5 million in General Revenue–Dedicated Funds to biennialize the state employee salary increase.

ARTICLE VI – NATURAL RESOURCES

FIGURE 63
ARTICLE VI NATURAL RESOURCES, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$2,639.9	\$1,387.5	(\$1,252.4)	(47.4%)
General Revenue–Dedicated Funds	\$1,529.2	\$1,468.7	(\$60.5)	(4.0%)
Federal Funds	\$5,601.6	\$3,829.3	(\$1,772.2)	(31.6%)
Other Funds	\$1,285.1	\$530.4	(\$754.7)	(58.7%)
Total, All Methods of Finance	\$11,055.8	\$7,216.0	(\$3,839.8)	(34.7%)



NOTES:

- (1) Excludes Interagency Contracts.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VI

All Funds recommendations for the Natural Resources agencies total \$7.2 billion for the 2026–27 biennium, which is a decrease of \$3.8 billion, or 34.7 percent, from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$2.9 billion, which is a decrease of \$1.3 billion, or 31.5 percent, from the 2024–25 biennium. Federal Funds and Other Funds total \$4.4 billion, which is a decrease of \$2.5 billion, or 36.6 percent from the 2024–25 biennium.

HIGHLIGHTS

Funding recommendations for the **General Land Office and Veterans Land Board** provide the following amounts:

- \$1.3 billion in Federal Funds related to hurricanes, wildfires, floods, and other natural disasters across the state, including \$142.3 million for community housing projects and \$1.1 billion for infrastructure and mitigation projects. This includes a decrease of \$1.4 billion due primarily to spending down remaining Community Development Block Grant (CDBG) and CDBG-Mitigation program funding for these purposes, including sub-recipient grants for Hurricane Harvey, the 2015, 2016, and 2018 floods, and the 2019 disasters.
- \$243.0 million in All Funds for Coastal Management and Coastal Erosion Projects, a decrease of \$753.7 million in All Funds, primarily including:
 - \$549.4 million in General Revenue Funds to provide onetime funding for grants and non-federal matching funds for activities carried out by the Gulf Coast Protection District and for studies and coastal projects conducted by the U.S.

Army Corps of Engineers. Appropriations provide unexpended balance authority to carry forward any unobligated or unexpended balances remaining at the end of fiscal year 2025 into the 2026–27 biennium for the same purpose;

- \$140.3 million in Appropriated Receipts, primarily related to anticipated revenue reductions from the Gulf of Mexico Energy Security Act (GOMESA), RESTORE The Texas Coast, Texas Trustee Implementation Group, Natural Resource Damage Assessment, National Fish and Wildlife Foundation, and Coastal Erosion Planning and Response Act Match projects;
- \$34.8 million in various Federal Funds no longer anticipated to be available; and
- \$14.1 million in General Revenue–Dedicated Coastal Erosion Response Fund No. 176 revenues due to agency anticipated reductions in Hotel Occupancy Tax collections; and
- \$29.7 million in All Funds for the preservation and maintenance of the Alamo and Alamo Complex. This includes a decrease of \$406.8 million primarily due to the removal of onetime costs of \$399.4 million in General Revenue Funds and \$7.4 million in Economic Stabilization Funds in the 2024–25 biennium.

Funding recommendations for the **Texas Water Development Board** provide the following amounts:

- \$97.1 million in Federal Funds, a decrease of \$38.0 million from 2024–25 spending levels. The decrease is due primarily to anticipated reductions in funding for Flood Mitigation Assistance grants. The total funding includes \$76.7 million for this purpose;
- \$80.0 million in Other Funds from the Texas Infrastructure Resiliency Fund (TIRF) for development of the statewide flood plan and flood infrastructure funding. This amount is a decrease of \$402.7 million in flood-related Other Funds from the 2024–25 biennial spending level, including \$27.7 million from the TIRF and \$375.0 million from the Flood Infrastructure Fund;
- \$72.8 million in All Funds, a decrease of \$0.8 million from the 2024–25 biennial spending level, for debt service on Economically Distressed Areas Program bonds; and
- \$3.0 million in Other Funds from the Rural Water Assistance Fund (RWAFF), a decrease of \$0.2 million from the 2024–25 biennial spending level, for interfund debt service payments on RWAFF bonds.

Funding recommendations for the **Texas Department of Agriculture** include the following amounts:

- \$1.5 billion in All Funds for the Child and Adult Nutrition programs, an increase of \$20.2 million from 2024–25 biennial spending levels. This amount primarily includes a decrease of \$14.2 million from the Coronavirus Relief Fund, which is offset by other projected Federal Funds anticipated to be available to the program for the 2026–27 biennium;
- \$40.1 million in General Revenue Funds for the Texans Feeding Texans program, which maintains 2024–25 biennial spending levels. This includes \$19.9 million for Home Delivered Meals and \$20.2 million for the Surplus Agricultural Products Grant Program;
- \$7.0 million in General Revenue Funds to operate regional agricultural entry point inspection stations established in the 2024–25 biennium, which is a net decrease of \$0.1 million from 2024–25 spending levels. Plants entering Texas are inspected to prevent the spread of certain plant pests and diseases that threaten the state’s agricultural industry; and
- \$6.6 million in General Revenue Funds to provide free school breakfast for students that qualify for reduced-price breakfast.

Funding recommendations for the **Texas Parks and Wildlife Department** provide the following amounts:

- \$423.5 million in General Revenue Funds from Sporting Goods Sales Tax transfers, which maintains 2024–25 biennial appropriation levels, for the operation and administration of state historic sites, state natural areas, and state parks;

- \$303.3 million in All Funds, which is an increase of \$30.9 million from the 2024–25 biennial spending level, primarily in operating costs, to provide for state park operations, minor repairs, and support for 88 state parks, historic sites, and natural areas anticipated to be open to the public during the 2026–27 biennium;
- \$143.3 million in All Funds for wildlife and fisheries conservation, management, and research operations. This is a decrease of \$33.0 million from 2024–25 biennial spending levels due to primarily agency estimated decreases in Federal Funds and Appropriated Receipts that are not anticipated to be available in the 2026–27 biennium; and
- \$129.0 million in Federal Funds, which is a decrease of \$230.5 million, or 64.0 percent, from the 2024–25 biennium. The decrease does not represent a decrease in Federal Funds available to the agency. Instead, the decrease is related to the agency's expenditure of federal grant allotments from previous years during the 2024–25 biennium, pandemic-related funding that is not anticipated to be available in the 2026–27 biennium, and the agency's appropriation estimation practices. The agency receives funding from various federal sources for wildlife and fisheries conservation and management, developing outdoor recreation opportunities, law enforcement, and outreach and education efforts.

Funding recommendations for the **Texas Commission on Environmental Quality** (TCEQ) include the following:

- authority for TCEQ to draw needed funds from General Revenue–Dedicated Account No. 5071 (Account No. 5071), Texas Emissions Reduction Plan, for the Texas Emissions Reduction Plan (TERP) program operations and maintenance costs at the beginning of the 2026–27 biennium due to the Texas Emissions Reduction Plan Trust (TERP Trust) fund being statutorily required to begin each biennium with a zero balance. TCEQ is required to reimburse Account No. 5071 using TERP Trust fund revenues in an amount that equals expenditures for this purpose during the biennium;
- \$181.5 million in Federal Funds, an increase of \$69.1 million from 2024–25 biennial spending levels, or 62.0 percent, across various programs. This increase is due primarily to \$64.8 million from the U.S. Department of Energy's Texas Voluntary Marginal Conventional Well Plugging Program to administer new grants for plugging marginal conventional wells and an increase of \$11.2 million in Infrastructure Investment and Jobs Act (IIJA) across various programs; and
- \$56.2 million in General Revenue–Dedicated Hazardous and Solid Waste Remediation Fees Account No. 550 to provide for the regulation and management of solid or hazardous waste facilities. This is a net decrease of \$8.1 million, or 12.6 percent, from 2024–25 spending levels due primarily to the removal of onetime costs; and
- \$9.4 million in Leaking Water Wells Fund No. 308, an increase of \$8.8 million from 2024–25 spending levels, to continue the implementation of the requirements of House Bill 4256, Eighty-eighth Legislature, Regular Session, 2023, by providing grants to plug leaking water wells.

Funding recommendations for the **Railroad Commission of Texas** include the following amounts:

- \$153.8 million in General Revenue–Dedicated Account No. 5155, Oil and Gas Regulation and Cleanup, which is a decrease of \$8.8 million from 2024–25 biennial spending levels due primarily to onetime funding reductions; and
- an estimated \$108.6 million in various Federal Funds, which includes a decrease of \$34.4 million due primarily to reductions in IIJA funding for the plugging of orphaned oil and gas wells.

Funding recommendations for the **Texas State Soil and Water Conservation Board** include the following amounts:

- \$94.9 million in All Funds, which includes \$51.0 million in General Revenue Funds and \$43.9 million in Federal Funds, to address the structural repair, operation, and maintenance of earthen flood-control dams. This includes a decrease of \$11.6 million in General Revenue Funds for the removal of onetime costs for unexpended balances carried forward from fiscal year 2023 into the 2024–25 biennium;
- \$22.7 million in All Funds, a net increase of \$9.7 million from 2024–25 biennial spending levels, for the On-the-Ground Conservation Program established by Senate Bill 1118, Eighty-seventh Legislature, Regular Session, 2021. Through the program, the agency forms partnerships with other state and federal agencies, soil and water

conservation districts, local governments, nonprofit organizations, universities, and non-governmental and private organizations for the purpose of leveraging funds from multiple sources to address a variety of conservation projects. The increase is due primarily to additional Federal Funds provided from a sub-award from the Texas A&M AgriLife Extension Service to be used to develop a new Climate-Smart Agriculture and Forestry management plan to provide financial incentives to producers;

- \$17.4 million in All Funds, a net decrease of \$1.0 million from 2024–25 biennial spending levels, to enable the agency to provide funding to local Soil and Water Conservation Districts. The decrease is due primarily to a decrease of \$1.1 million in Federal Funds that is no longer anticipated to be available in the 2026–27 biennium; and
- \$7.7 million in General Revenue Funds for carrizo cane eradication, which includes an increase of \$0.5 million from 2024–25 biennial spending levels primarily for a study to map the extent of growth of carrizo cane along the Rio Grande River, determine the acreage of carrizo cane remaining, and determine the cost to eradicate the remaining carrizo cane.

Figure 64 shows the All Funds recommended funding for each agency in Article VI, and Figures 65 and 66 show the recommended funding for each agency in General Revenue Funds and General Revenue–Dedicated Funds, respectively. Subsequent pages in this chapter provide more details about funding levels for selected agencies in Article VI.

FIGURE 64				
ARTICLE VI – NATURAL RESOURCES RECOMMENDATIONS BY AGENCY, ALL FUNDS				
(IN MILLIONS)	ESTIMATED/BUDGETED	RECOMMENDED	BIENNIAL	PERCENTAGE
METHOD OF FINANCE	2024–25	2026–26	CHANGE	CHANGE
Texas Department of Agriculture	\$1,878.2	\$1,800.6	(\$77.6)	(4.1%)
Texas Animal Health Commission	\$38.6	\$42.0	\$3.4	8.7%
Texas Commission on Environmental Quality	\$793.7	\$849.3	\$55.5	7.0%
General Land Office and Veterans Land Board	\$4,689.5	\$2,022.9	(\$2,666.6)	(56.9%)
Low-level Radioactive Waste Disposal Compact Commission	\$1.0	\$1.0	(\$0.0)	(1.0%)
Texas Parks and Wildlife Department	\$1,448.2	\$974.8	(\$473.4)	(32.7%)
Railroad Commission of Texas	\$500.9	\$458.7	(\$42.1)	(8.4%)
Texas State Soil and Water Conservation Board	\$166.7	\$164.7	(\$2.0)	(1.2%)
Texas Water Development Board	\$1,077.2	\$375.5	(\$701.7)	(65.1%)
Subtotal, Natural Resources	\$10,594.0	\$6,689.6	(\$3,904.4)	(36.9%)
Employee Benefits and Debt Service	\$497.7	\$556.7	\$59.0	11.9%
Less Interagency Contracts	\$35.9	\$30.3	(\$5.7)	(15.8%)
Total, All Functions	\$11,055.8	\$7,216.0	(\$3,839.8)	(34.7%)

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
 SOURCE: Legislative Budget Board.

FIGURE 65
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS) METHOD OF FINANCE	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Department of Agriculture	\$159.3	\$142.8	(\$16.5)	(10.4%)
Texas Animal Health Commission	\$33.4	\$38.5	\$5.1	15.3%
Texas Commission on Environmental Quality	\$50.0	\$41.5	(\$8.4)	(16.9%)
General Land Office and Veterans Land Board	\$992.5	\$40.2	(\$952.3)	(95.9%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.0	\$0.0	\$0.0	N/A
Texas Parks and Wildlife Department	\$642.4	\$497.7	(\$144.7)	(22.5%)
Railroad Commission of Texas	\$192.2	\$192.9	\$0.6	0.3%
Texas State Soil and Water Conservation Board	\$101.9	\$91.4	(\$10.5)	(10.3%)
Texas Water Development Board	\$319.8	\$182.8	(\$136.9)	(42.8%)
Subtotal, Natural Resources	\$2,491.5	\$1,227.8	(\$1,263.7)	(50.7%)
Employee Benefits and Debt Service	\$148.5	\$159.7	\$11.3	7.6%
Total, All Functions	\$2,639.9	\$1,387.5	(\$1,252.4)	(47.4%)

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 66
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS) METHOD OF FINANCE	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Department of Agriculture	\$9.4	\$4.9	(\$4.4)	(47.4%)
Texas Animal Health Commission	\$0.0	\$0.0	\$0.0	N/A
Texas Commission on Environmental Quality	\$598.6	\$586.2	(\$12.4)	(2.1%)
General Land Office and Veterans Land Board	\$111.3	\$102.1	(\$9.1)	(8.2%)
Low-level Radioactive Waste Disposal Compact Commission	\$1.0	\$1.0	(\$0.0)	(1.0%)
Texas Parks and Wildlife Department	\$396.3	\$338.3	(\$57.9)	(14.6%)
Railroad Commission of Texas	\$162.6	\$153.8	(\$8.8)	(5.4%)
Texas State Soil and Water Conservation Board	\$0.0	\$0.0	\$0.0	N/A
Texas Water Development Board	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Natural Resources	\$1,279.1	\$1,186.4	(\$92.7)	(7.2%)
Employee Benefits and Debt Service	\$250.1	\$282.3	\$32.2	12.9%
Total, All Functions	\$1,529.2	\$1,468.7	(\$60.5)	(4.0%)

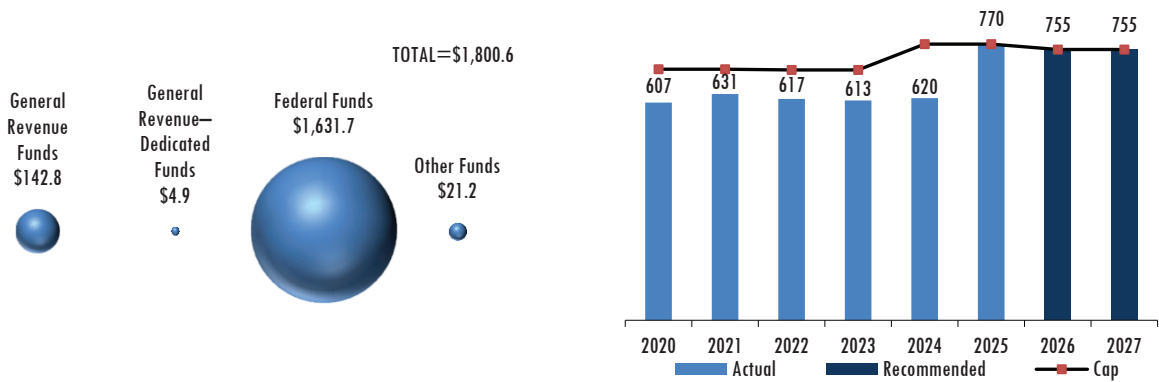
NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

TEXAS DEPARTMENT OF AGRICULTURE

FIGURE 67
TEXAS DEPARTMENT OF AGRICULTURE, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$159.3	\$142.8	(\$16.5)	(10.4%)
General Revenue–Dedicated Funds	\$9.4	\$4.9	(\$4.4)	(47.4%)
Federal Funds	\$1,670.0	\$1,631.7	(\$38.3)	(2.3%)
Other Funds	\$39.5	\$21.2	(\$18.3)	(46.4%)
Total, All Methods of Finance	\$1,878.2	\$1,800.6	(\$77.6)	(4.1%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Department of Agriculture for the 2026–27 biennium total \$1.8 billion in All Funds, which is a decrease of \$77.6 million, or 4.1 percent, from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds recommendations total \$147.7 million, a decrease of \$21.0 million, or 12.4 percent. This decrease is due primarily to the decrease of \$22.5 million in General Revenue and General Revenue–Dedicated Funds for onetime funding costs, which is offset by increases of \$1.4 million in General Revenue Funds for biennialization of the state employee salary increase provided during the 2024–25 biennium and \$0.1 million for the GO TEXAN program. Federal Funds and Other Funds recommendations total \$1.7 billion, a decrease of \$56.6 million, or 3.3 percent. This decrease is due primarily to a decrease of \$38.3 million in Federal Funds and a decrease of \$18.3 million in Other Funds. Federal Funds net decreases include a onetime decrease of \$23.7 million from the Coronavirus Relief Fund for pandemic-related aid, a decrease of \$29.1 million from Community Development Block Grant funding, a decrease of \$159.8 million from National School Lunch funding, a decrease of \$22.3 million from Local Food Purchases for Schools, and a decrease of \$21.3 million in other Federal Funds, offset by a \$217.9 million net increase from Child and Adult Nutrition and Food Program funding. Other Funds decreases include a onetime fund balance decrease of \$15.1 million from the Texas Economic Development Fund and an anticipated decrease of \$3.2 million in Appropriated Receipts for Rural Health program grants.

HIGHLIGHTS

- Funding recommendations include \$1.5 billion in All Funds for the Child and Adult Nutrition programs, an increase of \$20.2 million from 2024–25 biennial spending levels. This amount primarily includes a decrease of \$14.2 million from the Coronavirus Relief Fund being offset by other projected Federal Funds anticipated to be available to the program for the 2026–27 biennium.

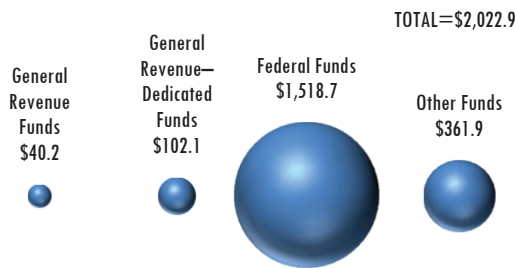
- Funding recommendations provide \$40.1 million in General Revenue Funds for the Texans Feeding Texans program, which maintains 2024–25 biennial spending levels. Recommendations include \$19.9 million for Home Delivered Meals and \$20.2 million for the Surplus Agricultural Products Grant Program.
- Funding recommendations provide \$13.6 million in All Funds for the Rural Health Program to support quality healthcare for rural Texas, which includes a decrease of \$31.9 million from 2024–25 biennial spending levels. This includes decreases of \$24.2 million in Federal Funds no longer anticipated to be available, \$4.5 million in onetime General Revenue–Dedicated Account No. 5047, Permanent Fund Rural Health Facility Capital Improvement, balances that have been spent down, and \$3.2 million in Appropriated Receipts no longer anticipated to be available.
- Funding recommendations continue to provide \$7.0 million in General Revenue Funds to operate regional agricultural entry point inspection stations established in the 2024–25 biennium, which is a net decrease of \$0.1 million from 2024–25 biennial spending levels. Plants entering Texas are inspected to prevent the spread of certain plant pests and diseases that threaten the state’s agricultural industry.
- Funding recommendations continue 2024–25 biennial funding levels of \$6.6 million in General Revenue Funds to provide free school breakfast for students that qualify for reduced breakfast.

GENERAL LAND OFFICE AND VETERANS LAND BOARD

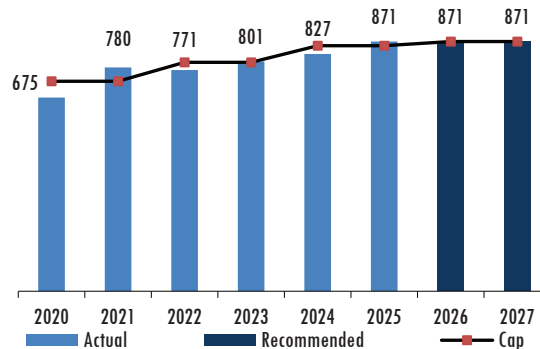
FIGURE 68
GENERAL LAND OFFICE AND VETERANS LAND BOARD, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$992.5	\$40.2	(\$952.3)	(95.9%)
General Revenue–Dedicated Funds	\$111.3	\$102.1	(\$9.1)	(8.2%)
Federal Funds	\$3,037.3	\$1,518.7	(\$1,518.6)	(50.0%)
Other Funds	\$548.4	\$361.9	(\$186.5)	(34.0%)
Total, All Methods of Finance	\$4,689.5	\$2,022.9	(\$2,666.6)	(56.9%)

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the General Land Office and Veterans Land Board for the 2026–27 biennium total \$2.0 billion in All Funds, a net decrease of \$2.7 billion, or 56.9 percent, from the 2024–25 biennium. General Revenue Funds total \$40.2 million, a decrease of \$952.3 million, or 95.9 percent, from the 2024–25 biennium, primarily due to the removal of onetime costs for the Gulf Coast Protection District and for the preservation, maintenance, and operation of the Alamo and Alamo Complex, partially offset by increases to biennialize the state employee salary increase provided in the 2024–25 biennium. General Revenue–Dedicated Funds total \$102.1 million, a decrease of \$9.1 million, or 8.2 percent, from the 2024–25 biennium, primarily for reductions in anticipated Hotel Occupancy Tax revenue. Federal Funds total \$1.5 billion, a decrease of \$1.5 billion, or 50.0 percent. This decrease is due primarily to the spending down of various disaster-related federal grants through the 2024–25 biennium, including grants related to Hurricanes Ike and Harvey; the 2015, 2016, and 2018 floods; and the 2019 disasters. Other Funds total \$361.9 million, a decrease of \$186.5 million, or 34.0 percent, from the 2024–25 biennium, due primarily to anticipated reductions in revenue collections related to the Gulf of Mexico Energy Security Act (GOMESA), RESTORE The Texas Coast, Texas Trustee Implementation Group, Natural Resource Damage Assessment, National Fish and Wildlife Foundation, and Coastal Erosion Planning and Response Act Match projects, as well as onetime funding for the completion of the Rollover Pier Construction Project.

HIGHLIGHTS

- Recommended funding provides \$1.3 billion in All Funds for disaster relief, a decrease of \$1.4 billion, or 53.5 percent, in Federal Funds primarily due to funding for Community Development Block Grants (CDBG); the CDBG-Mitigation program; subrecipient grants for Hurricanes Ike and Harvey; the 2015, 2016, and 2018 floods; and the 2019 disasters being spent down.
- Recommended funding provides \$159.4 million in Appropriated Receipts related to the GOMESA, RESTORE The Texas Coast, Texas Trustee Implementation Group, Natural Resource Damage Assessment, National Fish and Wildlife

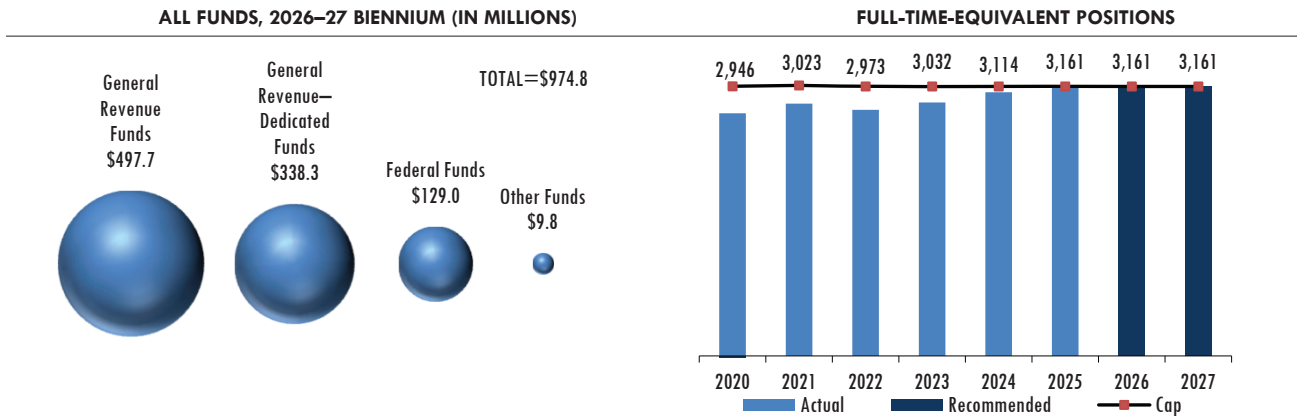
Foundation, and Coastal Erosion Planning and Response Act Match projects. This includes a net decrease of \$146.8 million, or 52.0 percent, due primarily to anticipated revenue reductions.

- Recommended funding provides \$29.7 million in All Funds for the Alamo Complex, a decrease of \$406.8 million, or 93.1 percent, due primarily to the removal of onetime costs of \$399.4 million in General Revenue Funds and \$7.4 million in Economic Stabilization Funds in the 2024 –25 biennium for the preservation, maintenance, and operation of the Alamo and Alamo Complex.
- Recommended funding provides \$0.6 million in General Revenue Funds to continue 3.0 full-time-equivalent positions for the Gulf Coast Protection District (GCPD), a decrease of \$549.4 million, or 99.9 percent, due to the removal of onetime General Revenue Funds appropriated to provide grant funding for the GCPD. Appropriations also provide unexpended balance authority to carry forward any unobligated or unexpended balances remaining at the end of fiscal year 2025 into the 2026–27 biennium for the same purpose.

TEXAS PARKS AND WILDLIFE DEPARTMENT

FIGURE 69
TEXAS PARKS AND WILDLIFE DEPARTMENT, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$642.4	\$497.7	(\$144.7)	(22.5%)
General Revenue–Dedicated Funds	\$396.3	\$338.3	(\$57.9)	(14.6%)
Federal Funds	\$359.5	\$129.0	(\$230.5)	(64.1%)
Other Funds	\$50.1	\$9.8	(\$40.3)	(80.4%)
Total, All Methods of Finance	\$1,448.2	\$974.8	(\$473.4)	(32.7%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Parks and Wildlife Department (TPWD) for the 2026–27 biennium total \$974.8 million in All Funds. This amount is a decrease of \$473.4 million, or 32.7 percent, from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$836.0 million, a decrease of \$202.6 million, or 19.5 percent, primarily due to reductions of funding for onetime expenditures. Funding recommendations for Federal Funds and Other Funds total \$138.8 million, a decrease of \$270.8 million, or 66.1 percent, primarily due to decreases in Federal Funds and Other Funds based on the agency’s methodology of requesting only confirmed or ongoing amounts and decreases in Other Funds due to anticipated reductions in donations and project reimbursements.

HIGHLIGHTS

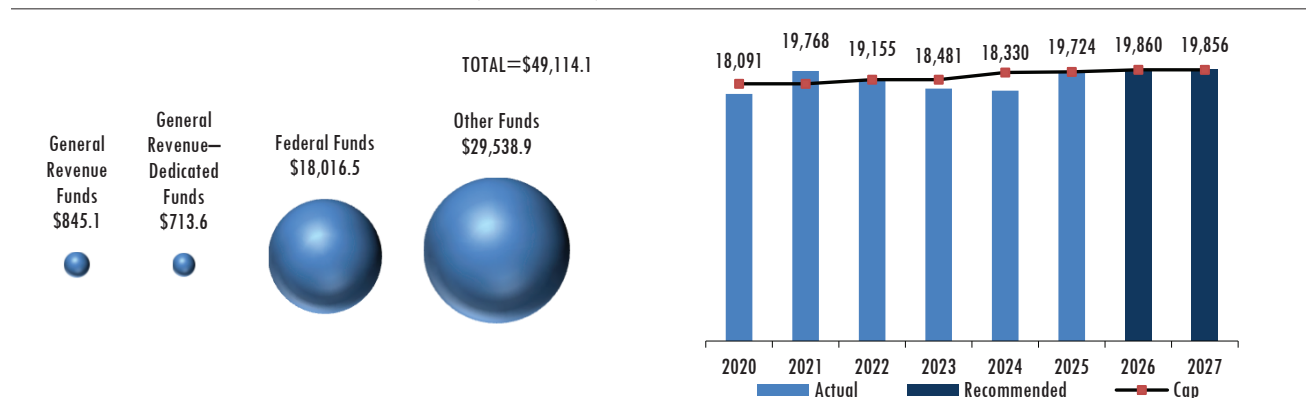
- Recommended funding includes \$423.5 million in General Revenue Funds from Sporting Goods Sales Tax (SGST) transfers, which maintains 2024–25 appropriation levels. In addition to the amounts in the agency’s bill pattern, \$65.3 million from SGST is utilized for payroll-related benefits and debt service payments.
- SGST direct appropriations to the agency are transferred to the following General Revenue–Dedicated Funds accounts:
 - Account No. 64, State Parks – \$270.4 million, an increase of \$39.7 million, for state parks operations and minor repairs;
 - Account No. 467, Texas Recreation and Parks – \$28.3 million, an increase of \$4.0 million, for grants to counties and municipalities with populations of less than 500,000 for local parks and other outdoor recreation opportunities;
 - Account No. 5150, Large County and Municipality Recreation and Parks – \$19.7 million, an increase of \$2.8 million, for grants to counties and municipalities with populations of 500,000 or more for local parks and other outdoor recreation opportunities; and

- Account No. 5004, Parks and Wildlife Conservation and Capital – \$105.0 million, a decrease of \$46.6 million, for developing and improving land and facilities.
- Funding recommendations provide \$303.3 million in All Funds, which is an increase of \$30.9 million, or 11.3 percent, from the 2024–25 biennial spending level, for state park operations, minor repairs, and support. These funds will be used to operate the 88 state parks, historic sites, and natural areas anticipated to be open to the public during the 2026–27 biennium. The increase primarily reflects ongoing changes in operating costs.
- Funding recommendations provide \$143.3 million in All Funds for wildlife and fisheries conservation, management, and research operations. This is a decrease of \$33.0 million from 2024–25 biennial spending levels, primarily due to agency estimated decreases in Federal Funds and Appropriated Receipts that are not anticipated to be available in the 2026–27 biennium due to the agency’s methodology in estimating available future funds from these sources.
- Funding recommendations provide \$129.0 million in Federal Funds, which is a decrease of \$230.5 million, or 64.1 percent, from the 2024–25 biennium. This decrease does not represent a change or reduction in Federal Funds available to the agency. Instead, the decrease stems from funding related to the COVID-19 pandemic that is not anticipated to continue in the 2025–26 biennium, and the agency’s methodology in estimating future Federal Funds. TPWD receives funding from various federal sources for wildlife and fisheries conservation and management, developing outdoor recreation opportunities, law enforcement, and outreach and education efforts.
- Funding recommendations provide \$9.8 million in various Other Funds, a decrease of \$40.3 million, or 80.4 percent, from the 2024–25 biennium, based on agency estimates. This amount includes continuing \$7.9 million in donations and project reimbursements, \$1.5 million in license plate revenues, and \$0.5 million in Interagency Contracts. It also includes decreases of \$34.5 million in donations and project reimbursements, \$4.2 million in grants from the Office of the Governor, \$0.4 million in General Obligation Bond Proceeds due to the ending of certain debt service payments, \$0.7 million in Interagency Contracts due to contracts with various state agencies ending or changing, and \$0.4 million in anticipated license plate revenues.

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

FIGURE 70
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$881.1	\$845.1	(\$35.9)	(4.1%)
General Revenue–Dedicated Funds	\$1,316.2	\$713.6	(\$602.6)	(45.8%)
Federal Funds	\$19,604.8	\$18,016.5	(\$1,588.3)	(8.1%)
Other Funds	\$28,030.1	\$29,538.9	\$1,508.8	5.4%
Total, All Methods of Finance	\$49,832.2	\$49,114.1	(\$718.1)	(1.4%)



NOTES:

(1) Excludes Interagency Contracts.

(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VII

All Funds recommendations for the Business and Economic Development agencies total \$49.1 billion for the 2026–27 biennium, a decrease of \$718.1 million, or 1.4 percent, from the 2024–25 biennium. General Revenue Funds total \$845.1 million, a decrease of \$35.9 million, or 4.1 percent, from the 2024–25 biennium. The Texas Lottery Commission is subject to Strategic Fiscal Review.

HIGHLIGHTS

- Funding recommendations for the **Texas Department of Transportation** includes \$40.4 billion in All Funds, a net increase of \$55.2 million in All Funds from the 2024–25 biennium. This includes a decrease of \$600.0 million in General Revenue–Dedicated Funds for maritime port capital improvement projects and loans from the Ship Channel Improvement Revolving Fund; a net increase of \$721.9 million in All Funds for highway planning and design, right-of-way acquisition, construction and maintenance, including a decrease of \$777.1 million in Federal Funds offset by an increase of \$1.5 billion in Other Funds due primarily to estimated increases in State Highway Fund revenue sources; and a net decrease of \$67.2 million in All Funds for bond debt service.
- Funding recommendations for the **Texas Department of Motor Vehicles** include \$529.8 million in All Funds, a net decrease of \$138.5 million from the 2024–25 biennium. This includes a decrease of \$143.0 million in Other Funds from onetime Texas Public Finance Authority Revenue Bond funding in the 2024–25 biennium for the agency’s Camp Hubbard headquarters renewal project, a net decrease of \$1.7 million in General Revenue Funds from onetime automation project expenditures in the 2024–25 biennium, a decrease of \$1.8 million in Federal Funds for motor

carrier regulation and onetime federal reimbursements for pandemic related expenses, and a net increase of \$8.0 million in Other Funds from the Texas Department of Motor Vehicles Fund for agencywide programs and indirect administrative support.

- Funding recommendations for the **Texas Department of Housing and Community Affairs** includes \$910.4 million in All Funds, a net decrease of \$367.5 million from the 2024–25 biennium. This includes a decrease of \$397.8 million in Federal Funds due to decreased federal expenditures for relief related to the COVID-19 pandemic; a decrease of \$8.7 million in Federal Funds due to lower anticipated spending on non-pandemic-related programs, including the HOME Investment Partnerships Program, Section 811 Project Rental Assistance, Section 8 Housing Choice Vouchers, Manufactured Housing Inspections, Emergency Shelter Grants Program, Fair Housing Initiative Program, and Community Development Block Grants; and a decrease of \$1.0 million in General Revenue Funds to remove onetime funding for homeless services in Fort Bend County. Partially offsetting the decrease, recommendations include an increase of \$40.5 million, of which \$33.0 million is Federal Funds, \$6.5 million is Appropriated Receipts, and \$1.0 million is General Revenue Funds, due to increased anticipated spending on the Weatherization Assistance Program, the Housing Trust Fund, Mainstream Vouchers, and Community Services Block Grants, and to biennialize the state employee salary increase provided in the 2024–25 biennium and to represent higher Appropriated Receipts collections in the Manufactured Housing Division.
- Funding recommendations for the **Texas Workforce Commission** include \$5.5 billion in All Funds, a net decrease of \$452.6 million from the 2024–25 biennium. This includes a reduction of onetime Federal Funds awards of \$858.4 million from the Coronavirus Relief Fund to be expended by the end of the 2024–25 biennium and a reduction of \$285.7 million in other federally funded grants that are offset by an increase of \$701.7 million for Child Care and Development Funding and \$6.8 million in Temporary Assistance for Needy Families funds. A decrease in Other Funds of \$23.6 million is due primarily to Interagency Contract amendments and onetime Appropriated Receipts for donations and third-party reimbursements not anticipated to continue.
- Funding recommendations for the **Texas Lottery Commission** include \$673.1 million, an increase of \$1.2 million in All Funds from the 2024–25 biennium for biennialization of the state employee salary increase.

Figure 71 shows the All Funds appropriation for each agency in Article VII, and **Figure 72** shows the General Revenue Funds appropriation for each agency. Subsequent pages in this chapter contain more details about funding levels for some of the agencies in Article VII.

FIGURE 71
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$1,277.9	\$910.4	(\$367.5)	(28.8%)
Texas Lottery Commission	\$671.9	\$673.1	\$1.2	0.2%
Department of Motor Vehicles	\$668.3	\$529.8	(\$138.5)	(20.7%)
Department of Transportation	\$40,299.4	\$40,354.7	\$55.2	0.1%
Texas Workforce Commission	\$5,994.4	\$5,541.8	(\$452.6)	(7.6%)
Reimbursements to the Unemployment Compensation Benefit Account	\$36.6	\$30.2	(\$6.3)	(17.3%)
Subtotal, Business and Economic Development	\$48,948.4	\$48,040.0	(\$908.5)	(1.9%)
Retirement and Group Insurance	\$833.9	\$980.7	\$146.8	17.6%
Social Security and Benefits Replacement Pay	\$204.3	\$219.1	\$14.8	7.2%
Bond Debt Service Payments	\$16.2	\$11.8	(\$4.4)	(27.4%)
Lease Payments	\$0.0	\$9.7	\$9.7	N/A
Subtotal, Employee Benefits and Debt Service	\$1,054.4	\$1,221.2	\$166.8	15.8%
Less Interagency Contracts	\$170.7	\$147.1	(\$23.7)	(13.9%)
Total, All Functions	\$49,832.2	\$49,114.1	(\$718.1)	(1.4%)

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 72
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS

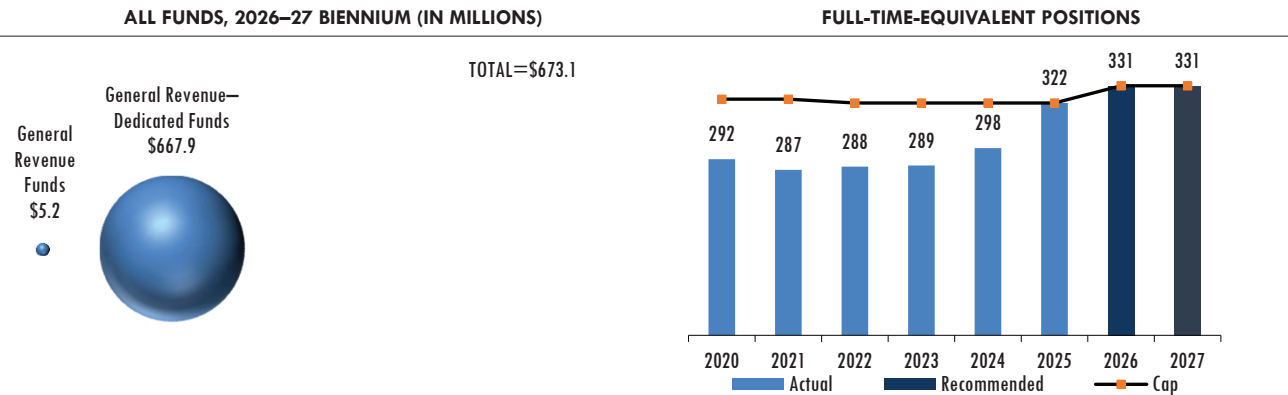
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	\$28.5	\$28.5	(\$0.0)	(0.1%)
Texas Lottery Commission	\$5.1	\$5.2	\$0.1	1.9%
Department of Motor Vehicles	\$107.0	\$105.3	(\$1.7)	(1.6%)
Department of Transportation	\$197.8	\$145.9	(\$51.9)	(26.2%)
Texas Workforce Commission	\$503.0	\$510.5	\$7.4	1.5%
Reimbursements to the Unemployment Compensation Benefit Account	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Business and Economic Development	\$841.4	\$795.3	(\$46.1)	(5.5%)
Retirement and Group Insurance	\$15.5	\$19.5	\$4.0	26.1%
Social Security and Benefit Replacement Pay	\$8.0	\$8.9	\$0.9	11.2%
Bond Debt Service Payments	\$16.2	\$11.8	(\$4.4)	(27.4%)
Lease Payments	\$0.0	\$9.7	\$9.7	N/A
Subtotal, Employee Benefits and Debt Service	\$39.7	\$49.9	\$10.2	25.6%
Total, All Functions	\$881.1	\$845.1	(\$35.9)	(4.1%)

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

TEXAS LOTTERY COMMISSION

FIGURE 73
TEXAS LOTTERY COMMISSION

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$5.1	\$5.2	\$0.1	1.9%
General Revenue–Dedicated Funds	\$666.8	\$667.9	\$1.1	0.2%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	\$671.9	\$673.1	\$1.2	0.2%



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Lottery Commission (TLC) for the 2026–27 biennium totals \$673.1 million in All Funds, including \$5.2 million in General Revenue Funds and \$667.9 million in General Revenue–Dedicated State Lottery Account No. 5025.

House Bill 1620, Eighty-eighth Legislature, Regular Session, 2023, changed the agency’s Sunset review date from September 1, 2029, to September 1, 2025. TLC is subject to Strategic Fiscal Review (SFR).

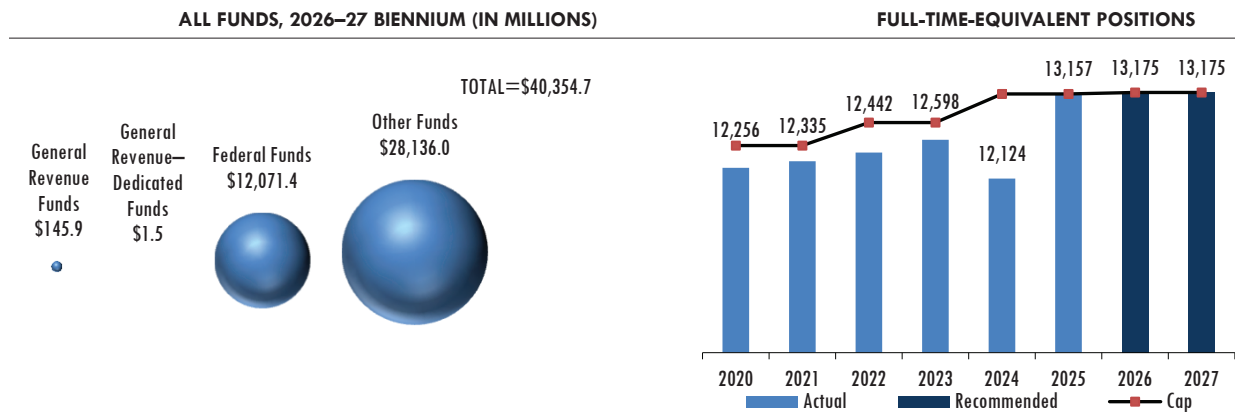
HIGHLIGHTS

- The SFR process analyzed agency funding and performance from fiscal years 2018 through 2023. Findings include:
 - funding for lottery advertising has decreased from \$76.0 million in the 1998–99 biennium to \$20.0 million appropriated for the 2024–25 biennium, while lottery ticket sales have increased from \$5.6 billion to \$16.1 billion during the same period; and
 - lottery sales have generated approximately \$40.2 billion in revenues to the state since its inception in 1992, with \$34.2 billion of that amount provided to the Foundation School Fund.
- Funding recommendations include an increase of \$0.1 million in General Revenue Funds and \$1.1 million in General Revenue–Dedicated Funds from Account No. 5025, State Lottery, to maintain funding for the state employee salary increase provided during the 2024–25 biennium.

TEXAS DEPARTMENT OF TRANSPORTATION

FIGURE 74
TEXAS DEPARTMENT OF TRANSPORTATION, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$197.8	\$145.9	(\$51.9)	(26.2%)
General Revenue–Dedicated Funds	\$601.5	\$1.5	(\$600.0)	(99.8%)
Federal Funds	\$12,874.2	\$12,071.4	(\$802.8)	(6.2%)
Other Funds	\$26,626.0	\$28,136.0	\$1,509.9	5.7%
Total, All Methods of Finance	\$40,299.4	\$40,354.7	\$55.2	0.1%



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Department of Transportation (TxDOT) for the 2026–27 biennium total \$40.4 billion in All Funds, an increase of \$55.2 million from the 2024–25 biennium. General Revenue Funds total \$145.9 million, a net decrease of \$51.9 million from the 2024–25 biennium due primarily to the expenditure of onetime appropriations for selected local airport improvement projects and Texas State Railroad projects. General Revenue–Dedicated Funds total \$1.5 million for the 2026–27 biennium, a decrease of \$600.0 million from the 2024–25 biennium from the expenditure of onetime appropriations for the Ship Channel Improvement Revolving Fund loan program and maritime port capital improvement projects. Federal Funds total \$12.1 billion, a decrease of \$802.8 million due primarily to the agency’s anticipated decrease in federal reimbursements for eligible highway planning and construction expenditures as compared to the 2024–25 biennium. Other Funds total \$28.1 billion for the 2026–27 biennium, an increase of \$1.5 billion due to estimated increases in State Highway Fund (SHF) revenue sources as compared to the 2024–25 biennium. Other Funds include an estimated \$27.2 billion from all SHF revenue sources, including an estimated \$8.0 billion from state sales tax and motor vehicles sales tax deposits to the SHF (Proposition 7, 2015), \$7.9 billion from oil and natural gas tax-related deposits to the SHF (Proposition 1, 2014), and \$11.3 billion from all other SHF tax and fee revenue sources.

HIGHLIGHTS

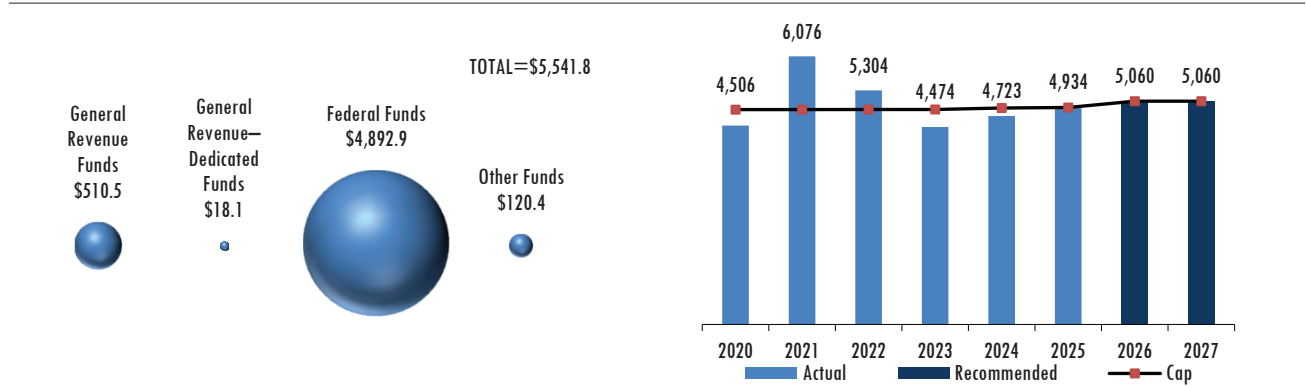
- Funding recommendations include a decrease of \$600.0 million in General Revenue–Dedicated Funds for onetime funding for maritime transportation infrastructure programs in the 2024–25 biennium, including the following changes:
 - a decrease of \$400.0 million from General Revenue–Dedicated Account No. 5167, Ship Channel Improvement Revolving Fund, for loans to non-federal sponsors of eligible Texas ship channel improvement projects; and
 - a decrease of \$200.0 million from General Revenue–Dedicated Account No. 5199, Port Access Account Fund, to fund maritime port capital improvement projects recommended by the Texas Port Authority Advisory Committee.

- Funding recommendations include \$36.2 billion in All Funds for highway planning and design, right-of-way acquisition, construction, and maintenance, which reflects an increase of \$0.7 billion from the 2024–25 biennium and includes the following biennial amounts and changes by method of finance:
 - \$11.5 billion in Federal Funds, a decrease of \$0.8 billion, including decreases of \$0.4 billion in funding from regular federal reimbursements for eligible highway planning and construction expenditures and \$0.4 billion in Federal Funds related to the COVID-19 pandemic for highway program expenditures in the 2024–25 biennium;
 - \$24.6 billion in Other Funds from the SHF, an increase of \$1.5 billion due primarily to increases in funding from state sales tax and motor vehicle sales and rental tax revenue allocations to the SHF (Proposition 7, 2015) and traditional tax and fee revenue sources deposited to the SHF;
 - \$121.2 million in Other Funds from the Texas Mobility Fund (TMF), a decrease of \$36.2 million; and
 - \$20.1 million in General Revenue Funds, an increase of \$0.1 million.
- Funding recommendations include \$2.1 billion in All Funds for debt service payments and other financing costs associated with the agency’s borrowing programs, which is a net decrease of \$67.2 million from the 2024–25 biennium. Funding for debt service payments includes \$1.3 billion from SHF revenue sources, \$715.2 million from the TMF, and \$110.1 million in Federal Funds from Build America Bonds interest payment subsidies.
- Funding recommendations include \$394.0 million in Other Funds from SHF funds for capital information resource technology initiatives and support for agency operations, an increase of \$26.5 million from the 2024–25 biennium, which includes funding for legacy modernization projects, cybersecurity initiatives, maintenance and upgrades for the Centralized Accounting and Payroll/Personnel System, and state shared technology services provided through the Department of Information Resources.
- Funding recommendations include \$286.0 million in Other Funds from the SHF for agency capital facilities projects, a net decrease of \$9.0 million in All Funds from the 2024–25 biennium, which includes funding for construction of new and replacement buildings and facilities, deferred capital maintenance, and acquisition of land for construction of facilities.
- Funding recommendations include an increase of \$6.0 million in General Revenue Funds and 18.0 full-time-equivalent positions for TxDOT’s Flight Services Section to provide an additional 4.0 aircraft pilots and 14.0 aircraft mechanics to operate and maintain the state’s aircraft fleet.

TEXAS WORKFORCE COMMISSION

**FIGURE 75
TEXAS WORKFORCE COMMISSION, BY METHOD OF FINANCE**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$503.0	\$510.5	\$7.4	1.5%
General Revenue–Dedicated Funds	\$20.5	\$18.1	(\$2.4)	(11.5%)
Federal Funds	\$5,327.0	\$4,892.9	(\$434.1)	(8.1%)
Other Funds	\$144.0	\$120.4	(\$23.6)	(16.4%)
Total, All Methods of Finance	\$5,994.4	\$5,541.8	(\$452.6)	(7.6%)



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
SOURCES: Legislative Budget Board; State Auditor’s Office.

Funding recommendations for the Texas Workforce Commission for the 2026–27 biennium total \$5.5 billion in All Funds, including \$510.5 million in General Revenue Funds, \$18.1 million in General Revenue–Dedicated Funds, \$4.9 billion in Federal Funds, and \$120.4 million in Other Funds.

HIGHLIGHTS

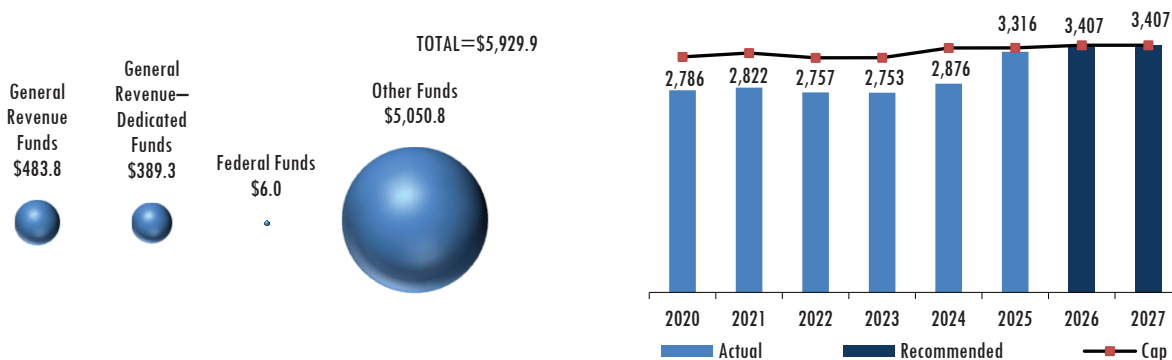
- Funding recommendations include \$4.9 billion in Federal Funds for the 2026–27 biennium. This amount represents a net decrease of \$434.1 million primarily due to the following amounts:
 - a decrease of \$858.4 million in onetime funding from the Coronavirus Relief Fund that the agency will expend by the end of the 2024–25 biennium;
 - an increase of \$6.8 million for Temporary Assistance for Needy Families funds;
 - \$3.0 billion in Federal Funds for Child Care and Development Block Grant and Child Care Mandatory and Matching Funds, an increase of \$701.7 million from the 2024–25 biennium, due to additional funds being appropriated to states from the federal government to meet the increased demand for grants and contracting services;
 - \$519.4 million in Federal Funds for Vocational Rehabilitation (VR) grants, a decrease of \$203.7 million primarily due to alignment with current available state matching funds of \$114.9 million in General Revenue State Match for VR;
 - \$321.5 million in Unemployment Insurance (UI) grants, a decrease of \$13.0 million primarily due to lower utilization of UI program services as the unemployment rate in Texas has decreased during the 2024–25 biennium;

- \$526.8 million from Workforce Innovation and Opportunity Act (WIOA) grants, an increase of \$3.2 million due to additional federal WIOA grants; and
- a decrease of various federal grants totaling \$70.7 million.
- Funding recommendations include a net increase of \$7.4 million in General Revenue Funds which includes an increase of \$8.5 million for biennialization of the 2024–25 biennium statewide salary adjustment offset by removal of \$1.1 million in one-time funding for the purchase of vehicles, legacy upgrades to the Cash Draw and Expenditure Reporting system, and to address a backlog of Civil Rights Equal Employment Opportunity Complaint cases.
- Funding recommendations include a decrease of \$2.4 million in General Revenue–Dedicated Funds, which includes a net decrease of \$1.9 million from the Unemployment Compensation Special Administration Account No. 165 for removal of \$2.1 million in onetime funding for labor law enhancements, offset by an increase of \$0.2 million for biennialization of the statewide salary increase; and a decrease of \$0.4 million from the Business Enterprise Program Trust Fund to align funding with 2024–25 biennial spending levels.
- Funding recommendations include a decrease of \$23.6 million in Other Funds from the 2024–25 biennium due primarily to Interagency Contract amendments and onetime Appropriated Receipts for donations and third-party reimbursements not anticipated in the 2026–27 biennium.

ARTICLE VIII – REGULATORY

FIGURE 76
ARTICLE VIII – REGULATORY, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$428.3	\$483.8	\$55.5	13.0%
General Revenue–Dedicated Funds	\$403.1	\$389.3	(\$13.8)	(3.4%)
Federal Funds	\$5.8	\$6.0	\$0.2	3.9%
Other Funds	\$5,054.7	\$5,050.8	(\$3.9)	(0.1%)
Total, All Methods of Finance	\$5,891.9	\$5,929.9	\$38.0	0.6%



NOTES:

- (1) Excludes Interagency Contracts.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor’s Office.

MAJOR FISCAL AND POLICY ISSUES AFFECTING ARTICLE VIII

All Funds recommendations for the Regulatory agencies total \$5.9 billion for the 2026–27 biennium, an increase of \$38.0 million, or 0.6 percent, from the 2024–25 biennium. The net increase is primarily due to the following changes:

- a decrease of \$61.5 million in funding removed for onetime items expended during the 2024–25 biennium among several agencies, including the following amounts:
 - a decrease of \$26.3 million in General Revenue Funds for the development of a cloud-based licensing system, development of the Financial Crimes Intelligence Center, vehicle purchases, and contingent appropriations for combative sports regulation at the Department of Licensing and Regulation;
 - a decrease of \$26.5 million in General Revenue–Dedicated Funds from Account No. 36, Texas Department of Insurance Operating Fund (Account No. 36), for removal of onetime funding for agency and adjuster licensing operational costs collected from agent and adjuster licensing fees in excess of appropriated amounts; and
 - a decrease of \$8.7 million decrease in All Funds for onetime items among several agencies;
- an increase of \$12.2 million for biennialization of the state employee salary increase provided during the 2024–25 biennium; and
- an increase of \$82.8 million in General Revenue Funds for Lease Payments and Retirement and Group Insurance benefits.

The Regulatory agencies regulate various industries, including health-related occupations, non-health-related occupations, securities, and pari-mutuel racing, and the appropriations and indirect costs for most of these regulatory agencies are supported by fees generated from the industries and occupations they regulate.

HIGHLIGHTS

- Funding recommendations for the **Texas Department of Licensing and Regulation** include \$116.5 million in All Funds, which is a net decrease of \$23.1 million from the 2024–25 biennium. This amount includes an increase of \$1.7 million in General Revenue Funds and 10.0 additional full-time equivalent (FTE) positions for the enforcement of emergency order closures of massage establishments to assist the agency’s efforts to combat human trafficking and an increase of \$1.9 million in General Revenue Funds for biennialization of the state employee salary increase provided during the 2024–25 biennium. This increase is offset by a \$26.3 million decrease in General Revenue Funds for onetime expenses incurred during the 2024–25 biennium for the development of a cloud-based licensing system, development of the Financial Crimes Intelligence Center, vehicle purchases, and contingent appropriations for combative sports regulation.
- Funding recommendations for the **Texas Department of Insurance** include \$270.0 million in All Funds, which is a net decrease of \$27.8 million from the 2024–25 biennium. Funding recommendations include a decrease of \$26.5 million in General Revenue–Dedicated Funds from Account No. 36 for removal of onetime funding for agency and adjuster licensing operational costs collected from agent and adjuster licensing fees in excess of appropriated amounts and a decrease of \$7.7 million in Other Funds from Appropriated Receipts for onetime appropriations for the Three-Share Premium Assistance Program. Additionally, recommendations include an increase of \$2.0 million in Other Funds from the TexasSure Fund for continuation of the TexasSure system and \$4.8 million in General Revenue–Dedicated Funds from Account No. 36 for biennialization of the state employee salary increase.
- Funding recommendations for the **Texas Funeral Service Commission** include \$3.7 million in All Funds, which is a net increase of \$0.5 million from the 2024–25 biennium. Funding recommendations include a decrease of \$20,000 in General Revenue Funds for onetime funding for replacement technology and a decrease of \$0.4 million in Other Funds for the onetime transfer of Appropriated Receipts from the State Anatomical Board’s account fund balance in fiscal year 2024. These decreases are offset by an increase of approximately \$0.9 million in General Revenue Funds and 6.0 FTE positions. This amount includes \$0.5 million and 4.0 FTE positions to address increased workloads associated with agency assumption of the Whole Body Donation Program as required pursuant to House Bill 2040, Eighty-eighth Legislature, Regular Session, 2023. In addition, this General Revenue Funds increase includes \$0.2 million and 1.0 FTE position for a new operations manager position to centralize agency operations and \$0.1 million and 1.0 FTE position for a new administrative assistant position to assist executive-level positions.
- Funding recommendations for the **Health Professions Council** include \$4.7 million in All Funds, which represents a biennial increase of \$1.5 million. This amount includes an additional \$1.0 million in General Revenue Funds to migrate servers and data into the Department of Information Resources’ Shared Technology Services program and \$0.5 million in Other Funds through Interagency Contracts for cost increases for the Shared Regulatory Database. Recommendations increase the agency’s FTE position cap by 1.0 position to transfer one employee that performs Health Profession Council responsibilities from the Optometry Board.
- Funding recommendations for the **Texas Board of Nursing** includes \$31.9 million in All Funds, which represents a biennial increase of \$1.0 million. This amount includes an additional \$0.6 million in Other Funds from Appropriated Receipts to represent amounts actually collected by the agency more accurately, and \$0.4 million in General Revenue Funds for biennialization of the statewide salary adjustment. Recommendations maintain \$850,000 in General Revenue Funds and 6.0 FTE positions for the agency’s regulatory response to Operation Nightingale.
- Funding recommendations for the **Office of Public Insurance Counsel** includes \$3.7 million in All Funds, which is a net increase of \$0.6 million from the 2024–25 biennium. This amount includes an increase of \$400,000 in General

Revenue Funds for the agency's assumption of the Certificate of Public Advantage Program and an increase of \$223,520 in General Revenue Funds for the restoration of funds lapsed during the 2024–25 biennium due to vacant positions.

- Funding recommendations for the **Texas Racing Commission** include \$19.5 million in All Funds, which is a net increase of \$1.3 million from the 2024–25 biennium. The biennial increase includes a net increase of \$1.0 million in General Revenue Funds and a net decrease of \$2.0 million in General Revenue–Dedicated Funds resulting from a method-of-financing adjustment to provide General Revenue Funds for agency indirect administrative functions and General Revenue–Dedicated Funds for direct administration of pari-mutuel racing licensing and regulatory programs, and an increase of \$2.3 million in Other Funds from Appropriated Receipts for racetrack reimbursements for race animal medication and drug testing costs.

Figure 77 shows the All Funds recommendation for each agency in Article VIII, and **Figure 78** shows the General Revenue Funds recommendation for each agency. The subsequent page in this chapter provides more detail about funding levels for the Public Utility Commission of Texas.

FIGURE 77
ARTICLE VIII – REGULATORY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$25.4	\$24.9	(\$0.5)	(1.9%)
Texas Behavioral Health Executive Council	\$11.0	\$11.2	\$0.3	2.7%
Board of Chiropractic Examiners	\$2.4	\$2.4	\$0.0	0.6%
Texas State Board of Dental Examiners	\$9.7	\$10.0	\$0.2	2.6%
Funeral Service Commission	\$3.2	\$3.7	\$0.5	16.8%
Board of Professional Geoscientists	\$1.4	\$1.4	\$0.0	1.7%
Health Professions Council	\$3.3	\$4.7	\$1.5	44.8%
Office of Injured Employee Counsel	\$20.3	\$20.8	\$0.4	2.2%
Texas Department of Insurance	\$297.7	\$270.0	(\$27.8)	(9.3%)
Office of Public Insurance Counsel	\$3.1	\$3.7	\$0.6	20.7%
Department of Licensing and Regulation	\$139.7	\$116.5	(\$23.1)	(16.6%)
Texas Medical Board	\$44.9	\$43.9	(\$1.0)	(2.2%)
Texas Board of Nursing	\$30.8	\$31.9	\$1.0	3.4%
Optometry Board	\$1.2	\$1.1	(\$0.1)	(9.6%)
Board of Pharmacy	\$30.3	\$29.6	(\$0.7)	(2.3%)
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$3.6	\$3.6	(\$0.0)	(0.5%)
Board of Plumbing Examiners	\$7.9	\$8.0	\$0.0	0.6%
Texas Racing Commission	\$18.3	\$19.5	\$1.3	6.9%
Texas State Securities Board	\$18.3	\$18.6	\$0.3	1.6%
Public Utility Commission	\$5,066.6	\$5,069.3	\$2.7	0.1%
Office of Public Utility Counsel	\$6.9	\$6.9	\$0.1	0.9%
Texas Board of Veterinary Medical Examiners	\$6.3	\$5.9	(\$0.5)	(7.6%)
Subtotal, Regulatory	\$5,752.2	\$5,707.6	(\$44.7)	(0.8%)
Retirement and Group Insurance	\$121.2	\$139.9	\$18.7	15.4%
Social Security and Benefits Replacement Pay	\$32.4	\$34.4	\$2.0	6.0%
Lease Payments	\$0.0	\$62.1	\$62.1	N/A
Subtotal, Employee Benefits and Debt Service	\$153.7	\$236.5	\$82.8	53.9%
Less Interagency Contracts	\$14.0	\$14.1	\$0.1	0.6%
Total, All Functions	\$5,891.9	\$5,929.9	\$38.0	0.6%

NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 78
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	\$15.6	\$15.8	\$0.2	1.6%
Texas Behavioral Health Executive Council	\$8.6	\$8.9	\$0.3	3.2%
Board of Chiropractic Examiners	\$2.1	\$2.2	\$0.0	1.7%
Texas State Board of Dental Examiners	\$9.2	\$9.5	\$0.2	2.7%
Funeral Service Commission	\$2.6	\$3.5	\$0.9	34.6%
Board of Professional Geoscientists	\$1.4	\$1.4	\$0.0	1.7%
Health Professions Council	\$0.1	\$1.1	\$1.0	956.0%
Office of Injured Employee Counsel	\$0.0	\$0.0	\$0.0	N/A
Texas Department of Insurance (2)	\$0.6	\$0.6	(\$0.0)	(2.3%)
Office of Public Insurance Counsel	\$2.7	\$3.3	\$0.6	21.1%
Department of Licensing and Regulation	\$121.5	\$98.8	(\$22.8)	(18.7%)
Texas Medical Board	\$34.9	\$33.9	(\$1.0)	(2.8%)
Texas Board of Nursing	\$22.8	\$23.3	\$0.5	2.0%
Optometry Board	\$1.0	\$1.1	\$0.0	2.3%
Board of Pharmacy	\$29.8	\$29.2	(\$0.6)	(2.0%)
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$3.4	\$3.3	(\$0.0)	(0.9%)
Board of Plumbing Examiners	\$7.9	\$7.9	\$0.1	1.0%
Texas Racing Commission	\$2.8	\$3.8	\$1.0	36.7%
Texas State Securities Board	\$18.3	\$18.6	\$0.3	1.6%
Public Utility Commission	\$55.7	\$58.3	\$2.7	4.8%
Office of Public Utility Counsel	\$5.3	\$5.3	\$0.0	0.7%
Texas Board of Veterinary Medical Examiners	\$6.3	\$5.8	(\$0.5)	(7.5%)
Subtotal, Regulatory	\$352.6	\$335.6	(\$17.0)	(4.8%)
Retirement and Group Insurance	\$57.5	\$66.6	\$9.1	15.7%
Social Security and Benefits Replacement Pay	\$18.1	\$19.4	\$1.3	7.4%
Lease Payments	\$0.0	\$62.1	\$62.1	N/A
Subtotal, Employee Benefits and Debt Service	\$75.6	\$148.2	\$72.5	95.9%
Total, All Functions	\$428.3	\$483.8	\$55.5	13.0%

NOTES:

- (1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
- (2) Funding for the Texas Department of Insurance includes a method-of-finance adjustment that decreased General Revenue Funds by \$81.7 million and increased General Revenue–Dedicated Funds by the same amount.

SOURCE: Legislative Budget Board.

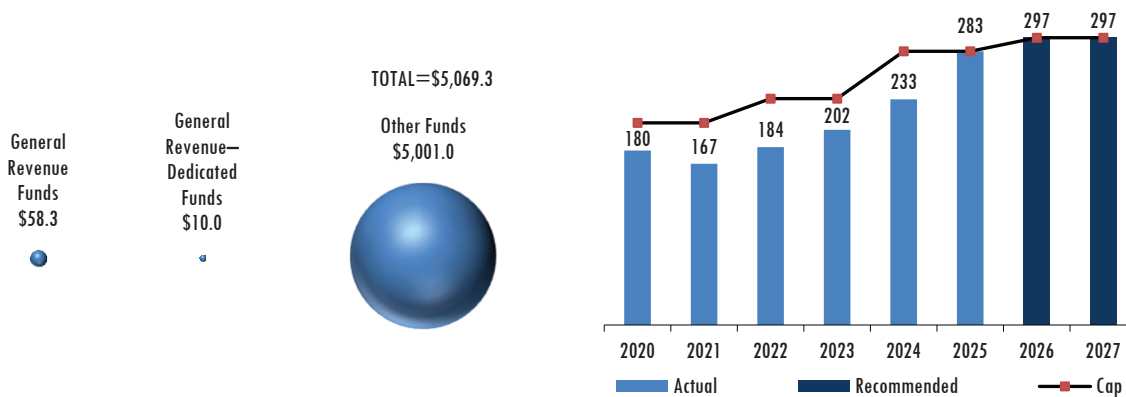
PUBLIC UTILITY COMMISSION OF TEXAS

FIGURE 79
PUBLIC UTILITY COMMISSION OF TEXAS, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$55.7	\$58.3	\$2.7	4.8%
General Revenue–Dedicated Funds	\$9.9	\$10.0	\$0.1	0.6%
Federal Funds	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$5,001.0	\$5,001.0	\$0.0	0.0%
Total, All Methods of Finance	\$5,066.6	\$5,069.3	\$2.7	0.1%

ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)

FULL-TIME-EQUIVALENT POSITIONS



NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCES: Legislative Budget Board; State Auditor's Office.

Recommended funding for the Public Utility Commission of Texas for the 2026–27 biennium totals \$5.1 billion in All Funds, including \$58.3 million in General Revenue Funds, \$10.0 million in General Revenue–Dedicated Funds from Account No. 153, Water Resource Management (Account No. 153), and \$5.0 billion in Other Funds from the Texas Energy Fund.

HIGHLIGHTS

- Funding recommendations provide \$5.0 billion in Other Funds from the Texas Energy Fund to provide loans and grants to finance or incentivize the construction, maintenance, modernization and operation of electric generating facilities and \$2.5 million in General Revenue Funds to administer this program. This amount is an increase of \$1.6 million in General Revenue Funds with authority for 8.0 additional full-time-equivalent positions to meet increased demand for the Texas Energy Fund programs.
- Funding recommendations include an increase of \$1.8 million in General Revenue Funds and \$0.1 million in General Revenue–Dedicated Funds from Account No. 153 to maintain funding for the state employee salary increase provided during the 2024–25 biennium.
- Funding recommendations include \$0.4 million in General Revenue Funds to maintain Data Center Consolidation obligations provided through the Department of Information Resources.
- Funding recommendations include a decrease of \$1.2 million in onetime General Revenue Funds in the 2024–25 biennium for the construction of additional cubicles and additional laptop purchases for staff.

READER'S GUIDE TO GENERAL APPROPRIATIONS BILLS

This guide explains certain key elements of a General Appropriations Bill. The version of the General Appropriations Bill that becomes law is referred to as the General Appropriations Act (GAA). The GAA is the state's budget for a two-year period referred to as a biennium.

General Appropriations Bills are categorized by articles that cover a certain area of government. For example, Article I applies to areas of General Government, Article II covers Health and Human Services, and Article III applies to Public and Higher Education. Six additional articles cover other areas of government. Article IX, General Provisions, contains additional limitations, authority, and requirements applicable to other articles.

Articles contain agency bill patterns that all follow a similar format. Article-specific summary information is included at the end of each article.

The following sample shows a bill pattern for the Office of the Attorney General.

A Agency names are followed by their bill patterns, which consist of items of appropriations and riders.

B Methods of Finance (MOF) describe different fund types in an agency's appropriations. The four MOF categories are General Revenue Funds (GR), General Revenue-Dedicated Funds (GR-D), Federal Funds, and Other Funds. Each of these four may contain subcategories.

C The Number of Full-Time Equivalents (FTE) shows the maximum number of FTE positions, or FTE cap, for the agency.

D The Schedule of Exempt Positions indicates annual salary caps for certain agency executives.

E Agency Items of Appropriation consist of goals with multiple strategies. Each strategy has its own appropriation.

F The left footer shows the version of the appropriations bill. This is the Legislative Budget Board-recommended version for the Senate.

G The center footer shows the article number followed by its page number. This is the third page of Article I, General Government.

A OFFICE OF THE ATTORNEY GENERAL		For the Years Ending	
		August 31, 2026	August 31, 2027
B	Method of Financing:		
	<u>General Revenue Fund</u>		
	General Revenue Fund	\$ 189,689,688	\$ 191,768,918
	Child Support Retained Collection Account	101,618,528	101,618,528
	Attorney General Debt Collection Receipts	<u>8,300,000</u>	<u>8,300,000</u>
	Subtotal, General Revenue Fund	\$ 299,608,216	\$ 301,687,446
	<u>General Revenue Fund - Dedicated</u>		
	Texas Department of Insurance Operating Fund Account No. 036	\$ 3,794,058	\$ 3,794,058
	Compensation to Victims of Crime Account No. 469	61,494,273	61,891,064
	Compensation to Victims of Crime Auxiliary Account No. 494	173,469	173,469
	AG Law Enforcement Account No. 5006	53,890	53,890
	Sexual Assault Program Account No. 5010	<u>16,694,468</u>	<u>15,694,466</u>
	Subtotal, General Revenue Fund - Dedicated	\$ 82,210,158	\$ 81,606,947
	Federal Funds	\$ 231,860,099	\$ 237,228,855
	<u>Other Funds</u>		
	Interagency Contracts - Criminal Justice Grants	\$ 1,730,128	\$ 1,730,128
	Appropriated Receipts	46,021,102	45,271,102
	Interagency Contracts	42,545,935	42,545,935
	License Plate Trust Fund Account No. 0802, estimated	<u>31,000</u>	<u>31,000</u>
	Subtotal, Other Funds	<u>\$ 90,328,165</u>	<u>\$ 89,578,165</u>
	Total, Method of Financing	<u>\$ 704,006,638</u>	<u>\$ 710,101,413</u>
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.			
C	Number of Full-Time-Equivalents (FTE):	4,263.5	4,263.5
	Schedule of Exempt Positions:		
D	Attorney General, Group 6	\$153,750	\$153,750
	Items of Appropriation:		
E	A. Goal: PROVIDE LEGAL SERVICES		
	Provide General Legal Services to the State and Authorized Entities.		
	A.1.1. Strategy: LEGAL SERVICES		
	Provide Legal Counsel/Litigation/Alternative Dispute Resolution Svcs.	\$ 149,291,840	\$ 148,354,963
	B. Goal: ENFORCE CHILD SUPPORT LAW		
	Enforce State/Federal Child Support Laws.		
	B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT		
	Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	\$ 376,014,936	\$ 382,444,661
	B.1.2. Strategy: STATE DISBURSEMENT UNIT	<u>13,358,667</u>	<u>13,358,667</u>
	Total, Goal B: ENFORCE CHILD SUPPORT LAW	\$ 389,373,603	\$ 395,803,328
F	A813-LBB Senate-1-A	G	I-3 January 7, 2025

H **Grand Total** amounts are the sum of all individual agency strategy appropriations. Note that Grand Total amounts exactly match the Total, Method of Financing line (previous page), and the Total, Object-of-Expense Informational Listing (below).

I **Object-of-Expense (OOE) Informational Listing** categorizes the use of the agency’s appropriation made above. It is not a separate appropriation.

J Entries for **Employee Benefits** and **Debt Service** are not specific agency appropriations, but rather an estimate of the amounts needed for this agency that are appropriated elsewhere.

K **Performance Measure Targets** instruct agencies on specific desired results within their strategies. Targets include four types of measures: outcome; output; efficiency; and explanatory/input. The Performance Measure Targets section is also the beginning of the Rider Section of an agency bill pattern. Riders inform agencies on their use of items of appropriations. They may authorize, direct, or limit the use of items of appropriation.

OFFICE OF THE ATTORNEY GENERAL (Continued)		
C. Goal: CRIME VICTIMS’ SERVICES		
Review/Process Applications for Compensation to Crime Victims.		
C.1.1. Strategy: CRIME VICTIMS’ COMPENSATION	\$ 95,514,188	\$ 97,116,113
Review Claims, Determine Eligibility/State Liability, Pay Correctly.		
C.1.2. Strategy: VICTIMS ASSISTANCE	48,351,962	47,351,960
Provide Grants & Contracts for Victims Svcs/Sexual Asslt Victims.		
Total, Goal C: CRIME VICTIMS’ SERVICES	\$ 143,866,150	\$ 144,468,073
D. Goal: REFER MEDICAID CRIMES		
Investigate/Refer for Prosecution Fraud/Misconduct Involving Medicaid.		
D.1.1. Strategy: MEDICAID INVESTIGATION	\$ 20,301,964	\$ 20,301,968
Conduct Investigation Supporting Prosecution of Alleged Medicaid Crime.		
E. Goal: ADMINISTRATIVE SUPPORT FOR SORM		
Provide Administrative Support for the State Office of Risk Management.		
E.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM	\$ 1,173,081	\$ 1,173,081
Provide Administrative Support to the State Office of Risk Management.		
Grand Total, OFFICE OF THE ATTORNEY GENERAL	\$ 704,006,638	\$ 710,101,413
Object-of-Expense Informational Listing:		
Salaries and Wages	\$ 337,214,157	\$ 338,630,912
Other Personnel Costs	8,481,048	8,427,856
Professional Fees and Services	100,290,467	106,206,777
Fuels and Lubricants	567,463	567,463
Consumable Supplies	1,449,361	1,449,361
Utilities	3,120,258	3,120,258
Travel	4,393,650	4,393,650
Rent - Building	22,389,618	22,389,619
Rent - Machine and Other	1,189,975	1,189,975
Other Operating Expense	157,169,838	160,234,739
Grants	63,258,275	63,258,275
Capital Expenditures	4,482,528	232,528
Total, Object-of-Expense Informational Listing	\$ 704,006,638	\$ 710,101,413
J Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:		
<u>Employee Benefits</u>		
Retirement	\$ 27,161,183	\$ 27,409,912
Group Insurance	49,223,549	50,430,853
Social Security	22,425,626	22,631,068
Benefits Replacement	90,083	73,237
Subtotal, Employee Benefits	\$ 98,900,441	\$ 100,545,070
<u>Debt Service</u>		
Lease Payments	\$ 607,119	\$ 652,821
Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act	\$ 99,507,560	\$ 101,197,891
K 1. Performance Measure Targets. The following is a listing of the key performance target levels for the Office of the Attorney General. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Office of the Attorney General. In order to achieve the objectives and service standards established by this Act, the Office of the Attorney General shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.		

L For agencies that have a **Capital Budget rider**, it will appear as the second rider. Capital Budgets do not make additional appropriations, but rather direct the use of items of appropriation made above for specific uses. Capital Budgets direct the agency purchase or lease of vehicles, information resources, real property, or certain road construction or building repair.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

	2026	2027
A. Goal: PROVIDE LEGAL SERVICES		
Outcome (Results/Impact):		
Delinquent State Revenue Collected	50,000,000	50,000,000
A.1.1. Strategy: LEGAL SERVICES		
Output (Volume):		
Legal Hours Billed to Litigation and Legal Counsel	1,152,735	1,157,440
Efficiencies:		
Average Cost Per Legal Hour	131.41	130.06
B. Goal: ENFORCE CHILD SUPPORT LAW		
Outcome (Results/Impact):		
Percent of Title IV-D Cases That Have Court Orders for Child Support	86%	86%
Percent of All Current Child Support Amounts Due That Are Collected	66%	66%
Percent of Title IV-D Cases with Arrears Due in Which Any Amount Is Paid Toward Arrears	63%	63%
Percent of Paternity Establishments for Out of Wedlock Births	96%	96%
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT		
Output (Volume):		
Amount of Title IV-D Child Support Collected (in Millions)	4,350	4,350
Efficiencies:		
Ratio of Total Dollars Collected Per Dollar Spent	11.15	10.96
B.1.2. Strategy: STATE DISBURSEMENT UNIT		
Output (Volume):		
Number of Payment Receipts Processed by the SDU Vendor	20,500,000	20,500,000
C. Goal: CRIME VICTIMS' SERVICES		
Outcome (Results/Impact):		
Amount of Crime Victims' Compensation Awarded	80,342,158	81,547,292
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION		
Efficiencies:		
Average Number of Days to Make an Award for Victim Compensation Claims	90	90
Average Number of Days to Pay Forensic Sexual Assault Exams	7	7
D. Goal: REFER MEDICAID CRIMES		
D.1.1. Strategy: MEDICAID INVESTIGATION		
Output (Volume):		
Number of Investigations Concluded	500	500

L **2. Capital Budget.** Funds appropriated above may be expended for capital budget items listed below. The amounts identified for each item may be adjusted or expended on other capital expenditures, subject to the aggregate dollar restrictions on capital budget expenditures provided in the General Provisions of this Act.

	2024	2025
a. Acquisition of Information Resource Technologies		
(1) Child Support Hardware/Software Enhancements	\$ 100,000	\$ 100,000
(2) Crime Victims Management System Enhancements and Support	350,000	350,000
(3) Consumer Data Privacy System	3,859,456	295,606
Total, Acquisition of Information Resource Technologies	\$ 4,309,456	\$ 745,606
b. Data Center/Shared Technology Services		
(1) Data Center Consolidation	\$ 59,620,386	\$ 59,620,386
(2) CS IT System Modernization Phase III - DCS	30,640,000	12,640,000
Total, Data Center/Shared Technology Services	\$ 90,260,386	\$ 72,260,386
c. Legacy Modernization		
(1) Legal Case Legacy Modernization	\$ 6,000,000	\$ 1,500,000
(2) CS IT System Modernization Phase III	6,688,252	3,000,000

M The **Method of Financing (Capital Budget)** section directs agencies in the use of MOFs for Capital Budget expenses.

N Additional riders follow an agency’s Performance Measure Targets (Rider 1) and Capital Budget (Rider 2). Riders may provide general direction on the use of agency appropriation or may provide direction relating to a specific strategy.

OFFICE OF THE ATTORNEY GENERAL (Continued)		
(3) Legal/Child Support Mainframe Decommissioning	14,625,000	10,000,000
Total, Legacy Modernization	\$ 27,313,252	\$ 14,500,000
Total, Capital Budget	\$ 121,883,094	\$ 87,505,992
Method of Financing (Capital Budget):		
General Revenue Fund	\$ 44,599,792	\$ 29,161,936
GR Dedicated – Compensation to Victims of Crime Account No. 469	\$ 170,800	\$ 170,800
Federal Funds	\$ 66,768,613	\$ 52,454,367
Other Funds		
Appropriated Receipts	\$ 10,196,677	\$ 5,571,677
Interagency Contracts	147,212	147,212
Subtotal, Other Funds	\$ 10,343,889	\$ 5,718,889
Total, Method of Financing	\$ 121,883,094	\$ 87,505,992
	2026	2027
a. Construction of Buildings and Facilities		
(1) Lavaca Building Buildout	\$ 3,000,000	\$ 0
b. Repair or Rehabilitation of Buildings and Facilities		
(1) William P. Clements Office Building Improvements	\$ 750,000	\$ 0
c. Acquisition of Information Resource Technologies		
(1) Admin/Legal Laptop Refresh	\$ 0	\$ 3,405,812
(2) Crime Victims Management System - Enhancements and Support	350,000	350,000
Total, Acquisition of Information Resource Technologies	\$ 350,000	\$ 3,755,812
d. Data Center/Shared Technology Services		
(1) Data Center Consolidation	\$ 59,872,765	\$ 66,861,417
(2) Child Support Optimization Project	5,643,358	5,827,571
Total, Data Center/Shared Technology Services	\$ 65,516,123	\$ 72,688,988
Total, Capital Budget	\$ 69,616,123	\$ 76,444,800
Method of Financing (Capital Budget):		
General Revenue Fund	\$ 25,071,898	\$ 27,661,321
GR Dedicated - Compensation to Victims of Crime Account No. 469	\$ 235,372	\$ 245,403
Federal Funds	\$ 38,184,311	\$ 42,749,076
Other Funds		
Appropriated Receipts	\$ 5,921,677	\$ 5,577,489
Interagency Contracts	202,865	211,511
Subtotal, Other Funds	\$ 6,124,542	\$ 5,789,000
Total, Method of Financing	\$ 69,616,123	\$ 76,444,800
N	<p>3. Cost Allocation, Reporting Requirement. The Office of the Attorney General is directed to continue an accounting and billing system by which the costs of legal services provided to each agency may be determined. This cost information shall be provided to the Legislative Budget Board and the Governor within 60 calendar days after the close of the fiscal year.</p>	

COMPARISON OF RECOMMENDATIONS

**FIGURE B-1
ALL FUNDS**

(IN MILLIONS) ALL FUNCTIONS	ESTIMATED/BUDGETED 2024-25	RECOMMENDED 2026-27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$21,639.1	\$16,278.4	(\$5,360.6)	(24.8%)
Article II – Health and Human Services	\$101,651.3	\$103,064.8	\$1,413.5	1.4%
Article III – Agencies of Education	\$121,651.4	\$129,332.9	\$7,681.5	6.3%
<i>Public Education</i>	\$89,141.2	\$96,839.8	\$7,698.6	8.6%
<i>Higher Education</i>	\$32,510.2	\$32,493.1	(\$17.1)	(0.1%)
Article IV – Judiciary	\$1,241.2	\$1,133.1	(\$108.1)	(8.7%)
Article V – Public Safety and Criminal Justice	\$19,485.3	\$19,901.5	\$416.2	2.1%
Article VI – Natural Resources	\$11,055.8	\$7,216.0	(\$3,839.8)	(34.7%)
Article VII – Business and Economic Development	\$49,832.2	\$49,114.1	(\$718.1)	(1.4%)
Article VIII – Regulatory	\$5,891.9	\$5,929.9	\$38.0	0.6%
Article IX – General Provisions	\$0.0	\$402.5	\$402.5	N/A
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, All Articles	\$332,968.8	\$332,913.6	(\$55.3)	0.0%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE B-2
GENERAL REVENUE FUNDS**

(IN MILLIONS) ALL FUNCTIONS	ESTIMATED/BUDGETED 2024-25	RECOMMENDED 2026-27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	\$11,040.2	\$10,627.3	(\$412.9)	(3.7%)
Article II – Health and Human Services	\$43,571.5	\$44,524.1	\$952.6	2.2%
Article III – Agencies of Education	\$69,310.6	\$72,967.5	\$3,656.9	5.3%
<i>Public Education</i>	\$47,835.0	\$50,807.2	\$2,972.2	6.2%
<i>Higher Education</i>	\$21,475.6	\$22,160.3	\$684.7	3.2%
Article IV – Judiciary	\$850.9	\$772.1	(\$78.8)	(9.3%)
Article V – Public Safety and Criminal Justice	\$13,401.1	\$19,376.5	\$5,975.4	44.6%
Article VI – Natural Resources	\$2,639.9	\$1,387.5	(\$1,252.4)	(47.4%)
Article VII – Business and Economic Development	\$881.1	\$845.1	(\$35.9)	(4.1%)
Article VIII – Regulatory	\$428.3	\$483.8	\$55.5	13.0%
Article IX – General Provisions	\$0.0	\$102.5	\$102.5	N/A
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, All Articles	\$142,644.4	\$151,626.5	\$8,982.1	6.3%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE B–3
GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,530.5	\$594.7	(\$1,935.8)	(76.5%)
Article II – Health and Human Services	\$545.3	\$545.6	\$0.3	0.1%
Article III – Agencies of Education	\$3,287.6	\$3,072.0	(\$215.6)	(6.6%)
<i>Public Education</i>	\$2.6	\$2.6	\$0.0	0.0%
<i>Higher Education</i>	\$3,285.0	\$3,069.4	(\$215.6)	(6.6%)
Article IV – Judiciary	\$172.8	\$164.2	(\$8.6)	(5.0%)
Article V – Public Safety and Criminal Justice	\$117.1	\$33.0	(\$84.1)	(71.8%)
Article VI – Natural Resources	\$1,529.2	\$1,468.7	(\$60.5)	(4.0%)
Article VII – Business and Economic Development	\$1,316.2	\$713.6	(\$602.6)	(45.8%)
Article VIII – Regulatory	\$403.1	\$389.3	(\$13.8)	(3.4%)
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$9,901.8	\$6,981.1	(\$2,920.7)	(29.5%)

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE B–4
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$13,570.7	\$11,222.0	(\$2,348.7)	(17.3%)
Article II – Health and Human Services	\$44,116.9	\$45,069.7	\$952.9	2.2%
Article III – Agencies of Education	\$72,598.2	\$76,039.5	\$3,441.3	4.7%
<i>Public Education</i>	\$47,837.6	\$50,809.8	\$2,972.2	6.2%
<i>Higher Education</i>	\$24,760.6	\$25,229.7	\$469.1	1.9%
Article IV – Judiciary	\$1,023.7	\$936.2	(\$87.4)	(8.5%)
Article V – Public Safety and Criminal Justice	\$13,518.2	\$19,409.4	\$5,891.3	43.6%
Article VI – Natural Resources	\$4,169.1	\$2,856.3	(\$1,312.8)	(31.5%)
Article VII – Business and Economic Development	\$2,197.3	\$1,558.8	(\$638.5)	(29.1%)
Article VIII – Regulatory	\$831.4	\$873.1	\$41.7	5.0%
Article IX – General Provisions	\$0.0	\$102.5	\$102.5	N/A
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, All Articles	\$152,546.2	\$158,607.6	\$6,061.4	4.0%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE B–5
FEDERAL FUNDS**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$5,583.6	\$3,411.5	(\$2,172.0)	(38.9%)
Article II – Health and Human Services	\$55,995.3	\$56,563.5	\$568.2	1.0%
Article III – Agencies of Education	\$15,749.9	\$16,372.6	\$622.8	4.0%
<i>Public Education</i>	\$12,734.6	\$13,709.2	\$974.6	7.7%
<i>Higher Education</i>	\$3,015.2	\$2,663.5	(\$351.8)	(11.7%)
Article IV – Judiciary	\$6.3	\$3.9	(\$2.4)	(37.6%)
Article V – Public Safety and Criminal Justice	\$5,779.8	\$327.9	(\$5,451.9)	(94.3%)
Article VI – Natural Resources	\$5,601.6	\$3,829.3	(\$1,772.2)	(31.6%)
Article VII – Business and Economic Development	\$19,604.8	\$18,016.5	(\$1,588.3)	(8.1%)
Article VIII – Regulatory	\$5.8	\$6.0	\$0.2	3.9%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A
Total, All Articles	\$108,326.9	\$98,531.3	(\$9,795.6)	(9.0%)

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE B–6
OTHER FUNDS**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	RECOMMENDED 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,484.8	\$1,644.9	(\$839.9)	(33.8%)
Article II – Health and Human Services	\$1,539.1	\$1,431.5	(\$107.6)	(7.0%)
Article III – Agencies of Education	\$33,303.3	\$36,920.7	\$3,617.4	10.9%
<i>Public Education</i>	\$28,569.0	\$32,320.8	\$3,751.9	13.1%
<i>Higher Education</i>	\$4,734.3	\$4,599.9	(\$134.4)	(2.8%)
Article IV – Judiciary	\$211.2	\$192.9	(\$18.3)	(8.6%)
Article V – Public Safety and Criminal Justice	\$187.3	\$164.2	(\$23.1)	(12.3%)
Article VI – Natural Resources	\$1,285.1	\$530.4	(\$754.7)	(58.7%)
Article VII – Business and Economic Development	\$28,030.1	\$29,538.9	\$1,508.8	5.4%
Article VIII – Regulatory	\$5,054.7	\$5,050.8	(\$3.9)	(0.1%)
Article IX – General Provisions	\$0.0	\$300.0	\$300.0	N/A
Article X – Legislature	\$0.1	\$0.2	\$0.1	276.5%
Total, All Articles	\$72,095.7	\$75,774.6	\$3,678.9	5.1%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

**FIGURE B-7
GENERAL REVENUE FUNDS, GENERAL REVENUE-DEDICATED FUNDS, AND OTHER FUNDS**

(IN MILLIONS)	ESTIMATED/BUDGETED 2024-25	RECOMMENDED 2026-27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$16,055.5	\$12,866.9	(\$3,188.6)	(19.9%)
Article II – Health and Human Services	\$45,656.0	\$46,501.2	\$845.2	1.9%
Article III – Agencies of Education	\$105,901.5	\$112,960.2	\$7,058.7	6.7%
<i>Public Education</i>	\$76,406.6	\$83,130.6	\$6,724.1	8.8%
<i>Higher Education</i>	\$29,494.9	\$29,829.6	\$334.7	1.1%
Article IV – Judiciary	\$1,234.9	\$1,129.2	(\$105.7)	(8.6%)
Article V – Public Safety and Criminal Justice	\$13,705.5	\$19,573.6	\$5,868.1	42.8%
Article VI – Natural Resources	\$5,454.2	\$3,386.7	(\$2,067.5)	(37.9%)
Article VII – Business and Economic Development	\$30,227.4	\$31,097.6	\$870.3	2.9%
Article VIII – Regulatory	\$5,886.1	\$5,923.9	\$37.8	0.6%
Article IX – General Provisions	\$0.0	\$402.5	\$402.5	N/A
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, All Articles	\$224,641.9	\$234,382.2	\$9,740.3	4.3%

NOTES:

- (1) May include anticipated supplemental spending adjustments.
- (2) Excludes Interagency Contracts.
- (3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.

SOURCE: Legislative Budget Board.