



LEGISLATIVE BUDGET BOARD

Summary of House Committee Substitute for Senate Bill 1

2026–27 Biennium

HOUSE

SUBMITTED TO THE HOUSE COMMITTEE ON APPROPRIATIONS

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

WWW.LBB.TEXAS.GOV

MARCH 2025

Summary of House Committee Substitute for Senate Bill 1 2026–27 Biennium

HOUSE

**SUBMITTED TO THE HOUSE COMMITTEE ON APPROPRIATIONS
PREPARED BY LEGISLATIVE BUDGET BOARD STAFF**

CONTENTS

INTRODUCTION.....	1
FUNDING BY ARTICLE	3
HIGHLIGHTS OF HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1	10
LIMITS ON APPROPRIATIONS.....	16
ARTICLE I – GENERAL GOVERNMENT.....	19
ARTICLE II – HEALTH AND HUMAN SERVICES	23
ARTICLE III – EDUCATION	27
ARTICLE IV – JUDICIARY	33
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE.....	37
ARTICLE VI – NATURAL RESOURCES.....	41
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	47
ARTICLE VIII – REGULATORY.....	51
APPENDIX A – GENERAL APPROPRIATIONS BILL COMPARISONS	57

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.

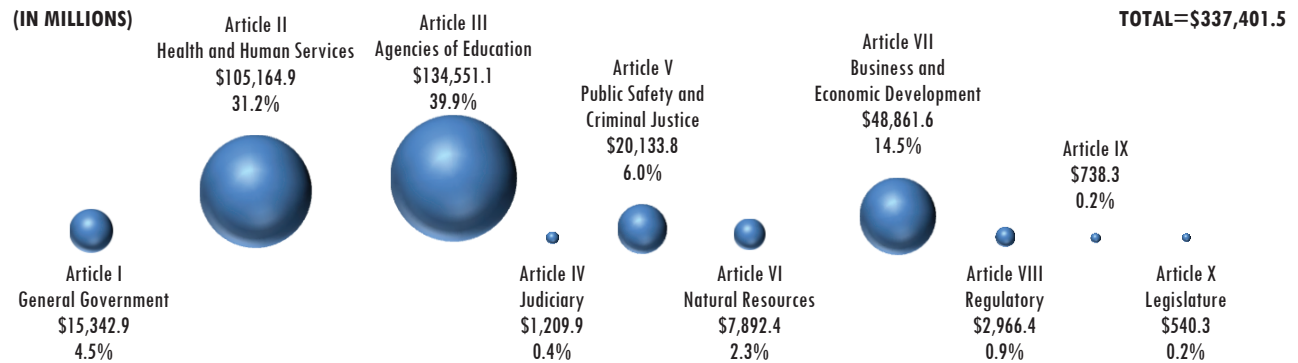
The Introduction chapter also provides additional context for understanding the General Appropriations Bill, including an explanation of constitutional and statutory spending limits.

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.

Finally, **Appendix A** 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.

FUNDING BY ARTICLE

FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS



NOTE: Object size is proportional to the percentage of All Funds appropriation for all articles.

SOURCE: Legislative Budget Board.

FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS

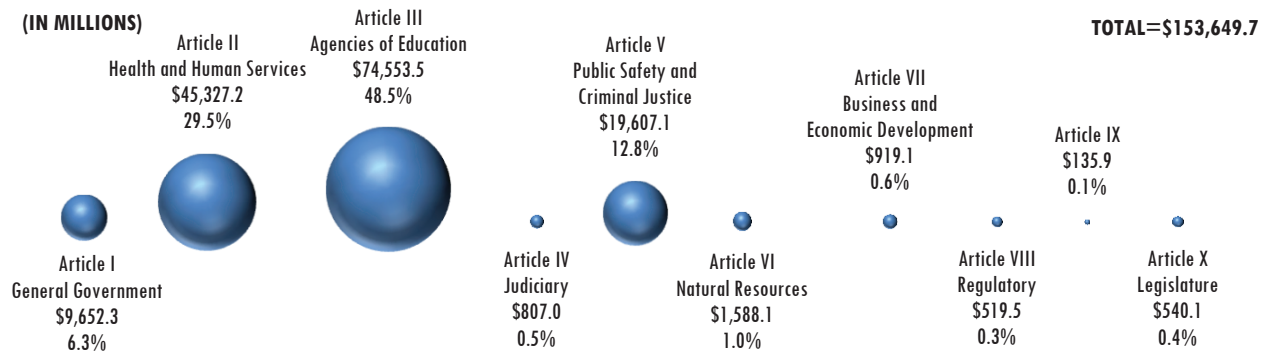
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$21,639.1	\$15,342.9	(\$6,296.2)	(29.1%)
Article II – Health and Human Services	\$101,651.3	\$105,164.9	\$3,513.6	3.5%
Article III – Agencies of Education	\$121,651.4	\$134,551.1	\$12,899.8	10.6%
<i>Public Education</i>	\$89,141.2	\$101,253.7	\$12,112.5	13.6%
<i>Higher Education</i>	\$32,510.2	\$33,297.5	\$787.3	2.4%
Article IV – Judiciary	\$1,241.2	\$1,209.9	(\$31.2)	(2.5%)
Article V – Public Safety and Criminal Justice	\$19,485.3	\$20,133.8	\$648.5	3.3%
Article VI – Natural Resources	\$11,055.8	\$7,892.4	(\$3,163.4)	(28.6%)
Article VII – Business and Economic Development	\$49,832.2	\$48,861.6	(\$970.6)	(1.9%)
Article VIII – Regulatory	\$5,891.9	\$2,966.4	(\$2,925.5)	(49.7%)
Article IX – General Provisions	\$0.0	\$738.3	\$738.3	N/A
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, All Articles	\$332,968.8	\$337,401.5	\$4,432.7	1.3%

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.

FIGURE 3
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS



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

FIGURE 4
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS

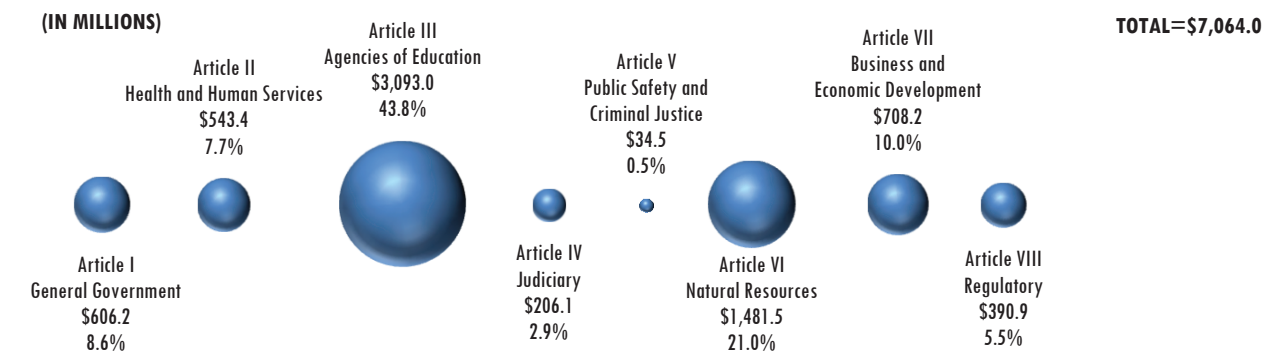
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$11,040.2	\$9,652.3	(\$1,387.9)	(12.6%)
Article II – Health and Human Services	\$43,571.5	\$45,327.2	\$1,755.7	4.0%
Article III – Agencies of Education	\$69,310.6	\$74,553.5	\$5,242.8	7.6%
<i>Public Education</i>	\$47,835.0	\$51,702.4	\$3,867.4	8.1%
<i>Higher Education</i>	\$21,475.6	\$22,851.0	\$1,375.4	6.4%
Article IV – Judiciary	\$850.9	\$807.0	(\$44.0)	(5.2%)
Article V – Public Safety and Criminal Justice	\$13,401.1	\$19,607.1	\$6,206.0	46.3%
Article VI – Natural Resources	\$2,639.9	\$1,588.1	(\$1,051.8)	(39.8%)
Article VII – Business and Economic Development	\$881.1	\$919.1	\$38.0	4.3%
Article VIII – Regulatory	\$428.3	\$519.5	\$91.2	21.3%
Article IX – General Provisions	\$0.0	\$135.9	\$135.9	N/A
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, All Articles	\$142,644.4	\$153,649.7	\$11,005.3	7.7%

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
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS



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

FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

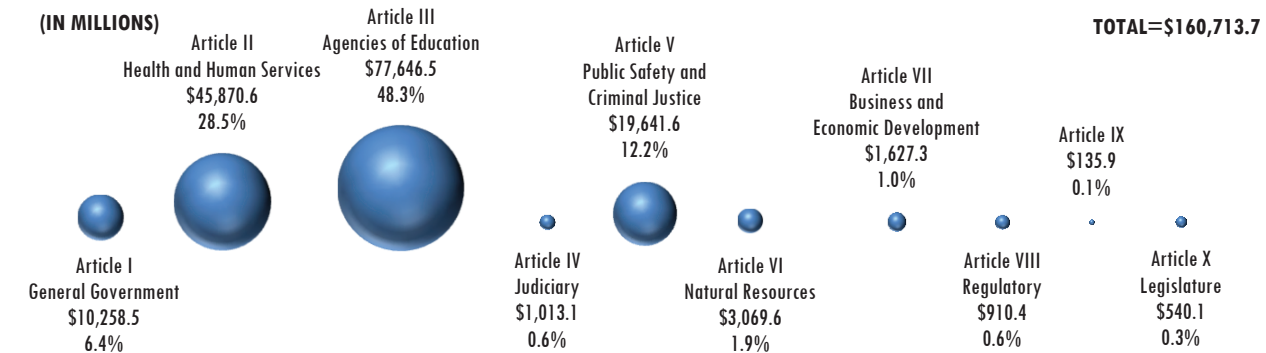
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,530.5	\$606.2	(\$1,924.3)	(76.0%)
Article II – Health and Human Services	\$545.3	\$543.4	(\$1.9)	(0.4%)
Article III – Agencies of Education	\$3,287.6	\$3,093.0	(\$194.6)	(5.9%)
<i>Public Education</i>	\$2.6	\$2.6	\$0.0	0.0%
<i>Higher Education</i>	\$3,285.0	\$3,090.4	(\$194.6)	(5.9%)
Article IV – Judiciary	\$172.8	\$206.1	\$33.4	19.3%
Article V – Public Safety and Criminal Justice	\$117.1	\$34.5	(\$82.6)	(70.5%)
Article VI – Natural Resources	\$1,529.2	\$1,481.5	(\$47.6)	(3.1%)
Article VII – Business and Economic Development	\$1,316.2	\$708.2	(\$608.0)	(46.2%)
Article VIII – Regulatory	\$403.1	\$390.9	(\$12.2)	(3.0%)
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	\$7,064.0	(\$2,837.8)	(28.7%)

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
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS



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

SOURCE: Legislative Budget Board.

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

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$13,570.7	\$10,258.5	(\$3,312.2)	(24.4%)
Article II – Health and Human Services	\$44,116.9	\$45,870.6	\$1,753.7	4.0%
Article III – Agencies of Education	\$72,598.2	\$77,646.5	\$5,048.3	7.0%
<i>Public Education</i>	\$47,837.6	\$51,705.0	\$3,867.4	8.1%
<i>Higher Education</i>	\$24,760.6	\$25,941.5	\$1,180.9	4.8%
Article IV – Judiciary	\$1,023.7	\$1,013.1	(\$10.6)	(1.0%)
Article V – Public Safety and Criminal Justice	\$13,518.2	\$19,641.6	\$6,123.4	45.3%
Article VI – Natural Resources	\$4,169.1	\$3,069.6	(\$1,099.4)	(26.4%)
Article VII – Business and Economic Development	\$2,197.3	\$1,627.3	(\$570.0)	(25.9%)
Article VIII – Regulatory	\$831.4	\$910.4	\$79.0	9.5%
Article IX – General Provisions	\$0.0	\$135.9	\$135.9	N/A
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%
Total, All Articles	\$152,546.2	\$160,713.7	\$8,167.5	5.4%

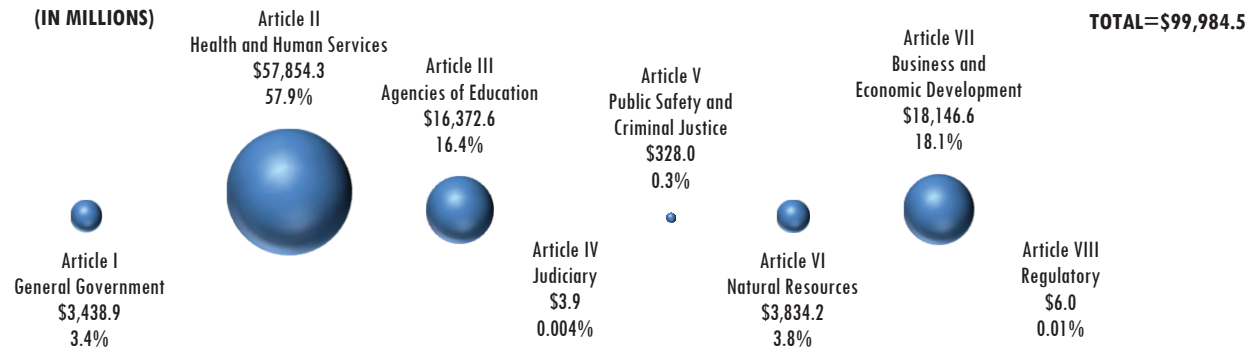
NOTES:

(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
FUNDING BY ARTICLE, FEDERAL FUNDS



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

FIGURE 10
FUNDING BY ARTICLE, FEDERAL FUNDS

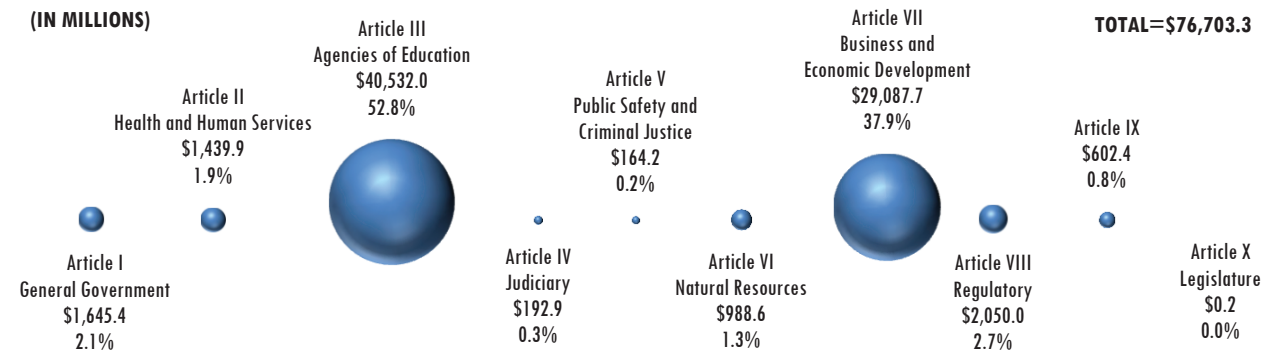
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$5,583.6	\$3,438.9	(\$2,144.6)	(38.4%)
Article II – Health and Human Services	\$55,995.3	\$57,854.3	\$1,859.1	3.3%
Article III – Agencies of Education	\$15,749.9	\$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	\$328.0	(\$5,451.8)	(94.3%)
Article VI – Natural Resources	\$5,601.6	\$3,834.2	(\$1,767.4)	(31.6%)
Article VII – Business and Economic Development	\$19,604.8	\$18,146.6	(\$1,458.2)	(7.4%)
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	\$99,984.5	(\$8,342.4)	(7.7%)

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
FUNDING BY ARTICLE, OTHER FUNDS



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

FIGURE 12
FUNDING BY ARTICLE, OTHER FUNDS

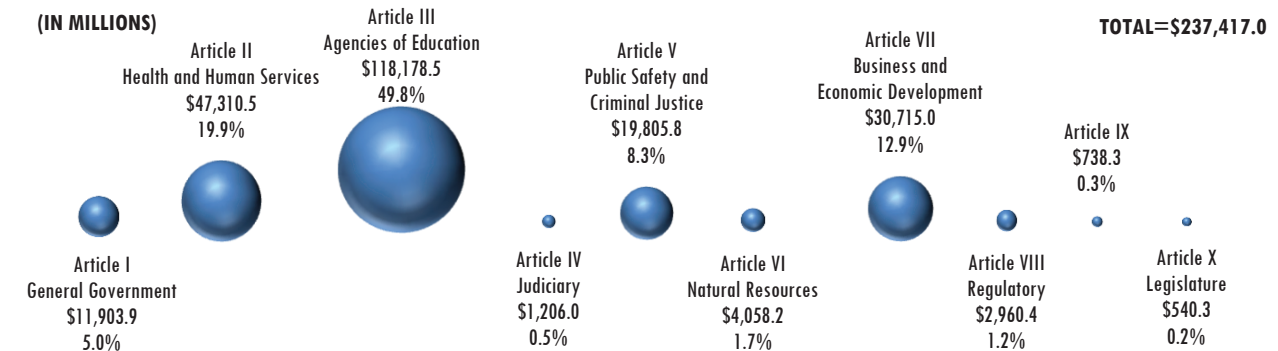
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$2,484.8	\$1,645.4	(\$839.3)	(33.8%)
Article II – Health and Human Services	\$1,539.1	\$1,439.9	(\$99.2)	(6.4%)
Article III – Agencies of Education	\$33,303.3	\$40,532.0	\$7,228.7	21.7%
<i>Public Education</i>	\$28,569.0	\$35,839.4	\$7,270.5	25.4%
<i>Higher Education</i>	\$4,734.3	\$4,692.5	(\$41.8)	(0.9%)
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	\$988.6	(\$296.6)	(23.1%)
Article VII – Business and Economic Development	\$28,030.1	\$29,087.7	\$1,057.6	3.8%
Article VIII – Regulatory	\$5,054.7	\$2,050.0	(\$3,004.8)	(59.4%)
Article IX – General Provisions	\$0.0	\$602.4	\$602.4	N/A
Article X – Legislature	\$0.1	\$0.2	\$0.1	276.5%
Total, All Articles	\$72,095.7	\$76,703.3	\$4,607.6	6.4%

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
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS



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

SOURCE: Legislative Budget Board.

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

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$16,055.5	\$11,903.9	(\$4,151.6)	(25.9%)
Article II – Health and Human Services	\$45,656.0	\$47,310.5	\$1,654.5	3.6%
Article III – Agencies of Education	\$105,901.5	\$118,178.5	\$12,277.0	11.6%
<i>Public Education</i>	\$76,406.6	\$87,544.5	\$11,137.9	14.6%
<i>Higher Education</i>	\$29,494.9	\$30,634.0	\$1,139.1	3.9%
Article IV – Judiciary	\$1,234.9	\$1,206.0	(\$28.9)	(2.3%)
Article V – Public Safety and Criminal Justice	\$13,705.5	\$19,805.8	\$6,100.3	44.5%
Article VI – Natural Resources	\$5,454.2	\$4,058.2	(\$1,396.0)	(25.6%)
Article VII – Business and Economic Development	\$30,227.4	\$30,715.0	\$487.6	1.6%
Article VIII – Regulatory	\$5,886.1	\$2,960.4	(\$2,925.7)	(49.7%)
Article IX – General Provisions	\$0.0	\$738.3	\$738.3	N/A
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%
Total, All Articles	\$224,641.9	\$237,417.0	\$12,775.1	5.7%

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 HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1

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

FOUNDATION SCHOOL PROGRAM

- Funding of \$75.6 billion in All Funds is included for state aid to school districts and charter schools through the Foundation School Program (FSP), which would be an increase of \$16.0 billion from the 2024–25 biennium. General Revenue Funds funding for the FSP totals \$40.5 billion, an increase of \$8.7 billion from the 2024–25 biennium.
- Funding for property tax relief includes an estimated total of \$51.0 billion for the 2026–27 biennium, which would 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 property tax relief contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025.
- Funding for new property tax relief includes \$6.5 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, funding of \$18.8 billion would transfer from the General Revenue Fund to the Property Tax Relief Fund and provide \$3.5 billion from the Property Tax Relief Fund for additional property tax relief contingent upon enactment of legislation by the Eighty-ninth Legislature, 2025, and as directed by the House Committee Substitute for Senate Bill 1, Article III, Texas Education Agency, Rider 76. Any decreases to recapture payments related to the \$3.5 billion in contingent appropriations are not represented currently in these amounts.
- Funding for the FSP would fund requirements in current law fully. This funding 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; \$0.8 billion in All Funds related to an increase in the golden penny yield; and \$9.1 billion in General Revenue Funds for contingent appropriations, including \$0.4 billion for increases to the school safety allotment, \$7.6 billion for increased public education funding, \$0.5 billion for career and technology programs and other programs in public schools, \$0.5 billion for early literacy and numeracy programs and supports, and \$62.6 million for virtual education, contingent upon actions of the Eighty-ninth Legislature, 2025, and as directed by the House Committee Substitute for Senate Bill 1, Article III, Texas Education Agency, Riders 77, 79, 86, 87, and 88, respectively.
- Funding from Other Funds for the FSP includes an estimated increase of \$7.3 billion, which is attributable primarily to increasing from \$12.3 billion to \$18.8 billion the transfer from the General Revenue Fund to the Property Tax Relief Fund to support property tax relief in the 2026–27 biennium. Funding also would 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 the FSP assume supplemental funding to address supplemental needs to complete fiscal year 2025 expenditures.

MEDICAID

- Funding for the Texas Medicaid program would provide \$82.3 billion in All Funds, including \$32.2 billion in General Revenue Funds and \$0.1 billion in General Revenue–Dedicated Funds. This amount is an increase of \$4.2 billion in All Funds and \$5.9 billion in General Revenue Funds, compared to 2024–25 biennial levels.
- Included in these amounts is \$75.7 billion in All Funds for Medicaid client services, \$2.4 billion in All Funds for programs supported by Medicaid funding, and \$4.3 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 \$5.6 billion increase in All Funds for Medicaid client services and a \$0.3 billion increase in All Funds for other programs supported by Medicaid funding, offset by a less than \$0.1 billion decrease in All Funds for administrative funding.

- Projected stabilization of caseload growth and the funding of a lower proportion of the program with Federal Funds due to less favorable federal medical assistance percentages result in increased demand on the General Revenue Fund. 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 would provide \$39.9 billion in All Funds for all functions at the Texas Department of Transportation (TxDOT). Estimated funding for the 2026–27 biennium includes \$26.7 billion in Other Funds from all State Highway Fund (SHF) revenue sources, which includes the following amounts: \$8.0 billion from oil and natural gas tax-related transfers to the SHF (Proposition 1, 2014); \$7.4 billion from state sales tax and motor vehicle sales and rental tax deposits to the SHF (Proposition 7, 2015); and \$11.3 billion from all other SHF tax and fee revenue sources.
- Funding would provide \$35.8 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, \$24.1 billion in Other Funds from all SHF revenue sources, and \$0.1 billion in Other Funds from the Texas Mobility Fund.
- Funding would 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 for non-Medicaid/Children's Health Insurance Program (CHIP) behavioral health services would provide \$6.5 billion in All Funds, including \$5.5 billion in General Revenue Funds and General Revenue–Dedicated Funds. Funding supports programs at 30 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 the funding amounts. Total behavioral health-related funding, including estimated Medicaid and CHIP expenditures, is estimated at \$10.2 billion in All Funds for the biennium.
- Funding for non-Medicaid and CHIP behavioral health services decreased by \$2.4 billion in All Funds from 2024–25 biennial spending levels, including \$1.5 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 in General Revenue Funds; \$14.7 million in Federal Funds; and \$150.7 million in Other Funds). These decreases are offset partially by an increase of \$165.9 million in General Revenue Funds, 630.6 full-time-equivalent (FTE) positions for fiscal year 2026, and 1,964.8 FTE positions for fiscal year 2027 for operation of expanded capacity at certain state-owned hospitals; \$99.7 million in General Revenue Funds for rate increases and operation of expanded capacity for community mental health hospitals; and an increase of \$58.8 million in 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, would be provided for all Child Protective Services (CPS) functions at the Department of Family and Protective Services. This amount is an increase of \$120.5 million in All Funds, including \$187.3 million in General Revenue Funds, from the 2024–25 biennium.

- CPS funding would provide \$1.7 billion in All Funds, including \$924.7 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 would provide \$2.0 billion in All Funds, including \$1.6 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. In addition, funding is provided to increase the network support payment rate from \$1,900 per child full-time equivalent (FTE) in care to \$2,500 per child FTE. Lastly, funding is provided to provide resource transfer payments for readiness prior to the implementation of each stage, provide incentive pay for staff who transition to CBC, and increase resource transfer payments for new positions.
- Funding includes \$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 \$10.6 billion in General Revenue Funds and \$1.6 billion in General Revenue–Dedicated Funds. Included in these amounts are increases of \$461.8 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 includes Formula Advisory Committee Recommendations to adjust the formula cost expenditure study weight matrix to factor in growth in costs by program compared to the previous five-year average lower-level liberal arts cost, which would provide an adjusted All Funds I&O Formula rate of \$55.15 per weighted semester credit hour. Funding for the GAI Infrastructure formula would increase the biennial rate of \$5.47 per predicted square foot to maintain General Revenue Funds levels 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 would provide 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 for TRS assumes 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.
- In addition to active employee health benefits funded by the Foundation School Program, pursuant to the Texas Insurance Code, Section 1579.251, active employee health insurance funding of \$450.0 million in General Revenue Funds is provided to maintain TRS-ActiveCare premium increases at 10.0 percent per year in the 2026–27 biennium.

ADULT CORRECTIONS AND JUVENILE JUSTICE

- Funding for the Texas Department of Criminal Justice (TDCJ) for the 2026–27 biennium would total \$9,683.9 million in All Funds, which represents an All Funds increase of \$987.4 million, or 11.4 percent. The increase is attributable primarily to salary increases for Community Supervision and Corrections Department (CSCD) correctional officers (\$51.9 million); repairs at Hospital Galveston (\$27.2 million); increased infirmary capacity (\$19.3 million); construction of a Bachelor Officers' Quarters (\$4.5 million); and the conversion of the Bell Unit to an outpatient mental health facility

(\$4.4 million); General Revenue Funds to stabilize funding levels for the Board of Pardon's and Paroles' (BPP) Victim's Liaison Program (\$1.3 million); and 20.0 new Institutional Parole Officers at BPP (\$1.0 million). These changes are in addition to funding increases in House Bill 1, Introduced, related to salary increases for correctional officers and parole officers (\$362.6 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); the biennialization of salary increases (\$124.5 million); pretrial diversion programs at local CSCDs (\$25.0 million); and the alignment of funding levels with the Legislative Budget Board's (LBB) January 2025 population projections (\$24.9 million).

- These increases would be 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, funding includes \$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 for the Texas Juvenile Justice Department for the 2026–27 biennium would total \$1.0 billion in All Funds, which represents an All Funds decrease of \$6.0 million, or 0.58 percent. The decrease is attributable primarily to the removal of onetime funding for the construction of new facilities (\$200.0 million). This decrease would be offset by funding to establish additional regional vocational programming (\$64.5 million); funding to increase Pre and Post Adjudication and Regionalization Placements (\$26.0 million); adjustment of funding to align with LBB's January 2025 population projections (\$22.5 million); and funding for the Office of the Inspector General (\$6.5 million). These changes are in addition to funding increases in House Bill 1, Introduced, related to salary increases for direct-care staff at state secure facilities and local juvenile probation department staff (\$46.1 million) and the biennialization of state employee salary increases (\$24.0 million).

BORDER SECURITY

- Funding includes \$6,511.9 million in All Funds for border security efforts at 13 state agencies across several articles of government. Most of the funding included for border security would be 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 would maintain spending at levels comparable to spending during 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.
- Funding for the 2026–27 biennium would maintain 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, funding for border security would maintain support for staffing at full deployment levels. Funding amounts include \$1,194.6 million in General Revenue Funds for OLS and other agency border security efforts. This base funding

would provide 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 for the OOG border security activities totals \$2,888.7 million in General Revenue Funds for Border Security for the 2026–27 biennium, which would maintain 2024–25 biennial spending levels. This amount includes funding for border prosecution grants, border wall construction, anti-gang programs, and border processing centers.
- Funding for other agencies to receive significant border security appropriations for the 2026–27 biennium includes \$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 House Committee Substitute for Senate Bill 1, 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 of \$1.9 billion in All Funds, including \$1.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, would provide for the state contribution to the Employees Retirement System of Texas (ERS) retirement program. This amount is an increase of \$218.5 million in All Funds, and an increase of \$375.1 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 would provide for a 9.5 percent state contribution rate for each fiscal year of the 2026–27 biennium. Funding also would 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 includes \$1,020.0 million in All Funds for the legacy payments, including \$916.0 million in General Revenue Funds and \$104.0 million in Other Funds from the State Highway Fund.
- Funding of \$4.7 billion in All Funds, including \$3.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, would provide for the state contribution to the Group Benefits Program (GBP) for general state employees, retirees, and their dependents. The funding amounts are an increase of \$843.0 million in All Funds, including \$1,019.5 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 of \$150.0 million in General Revenue Funds would provide for health insurance contributions for local community supervision and corrections department employees, retirees, and dependents who also participate in the state’s GBP. The funding provides an increase of \$13.6 million in General Revenue Funds, which includes an 8.0 percent increase in premiums during each year of the biennium.
- Funding of \$2.7 billion in All Funds, including \$2.2 billion in General Revenue Funds and General Revenue–Dedicated Funds, would 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 \$302.4 million in All Funds, including \$482.9 million in General Revenue Funds and General Revenue–Dedicated Funds. The funding amounts would be sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution. Funding assumes 0.93 percent annual payroll growth for state agency employees for fiscal years 2026 and 2027, and 5.5 percent and 5.6 percent annual payroll growth, respectively, for higher education employees for fiscal years 2026 and 2027.
- Funding would provide for 227,659.4 full-time-equivalent (FTE) positions for fiscal year 2026 and 228,921.2 FTE positions for fiscal year 2027. The number of FTE positions for fiscal year 2027 is an increase of 4,381.6 positions from fiscal year 2025 budgeted levels.

DEBT SERVICE

- Funding for the 2026–27 biennium would fund debt service fully and would total \$4.6 billion in All Funds. This amount is a decrease of \$131.1 million from the 2024–25 biennium. Funding would 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 also would provide for reimbursement of debt service payments for Capital Construction Assistance Projects issued by various institutions.

COVID-19 PANDEMIC-RELATED STIMULUS FUNDS

As of November 30, 2024, Texas state agencies have reported a total of \$85.5 billion in Federal Funds related to the COVID-19 pandemic that have been awarded through 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. Funding for the 2026–27 biennium would increase General Revenue Funds for TDCJ to offset the decrease in the onetime CSFR Federal Funds appropriated during the 2024–25 biennium.

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 Funds 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 amounts total \$153.7 billion. This amount is \$2.9 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 15**. General Revenue Funds are \$3.0 billion less than the General Revenue Funds capacity in accordance with the tax spending limit. The 2026–27 biennial Consolidated General Revenue Funds amounts total \$160.7 billion. This amount is \$16.0 billion less than the CGR limit. This analysis includes anticipated supplemental appropriations in fiscal year 2025 identified in the Committee Substitute for House Bill 500, Eighty-ninth Legislature, 2025. 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 pay-as-you-go limit is the controlling limit because General Revenue spending authority is lower than for the other two limits.

FIGURE 15
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Pay-as-you-go Limit	\$2.9
Tax Spending Limit	\$3.0
Consolidated General Revenue Limit	\$16.0

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.

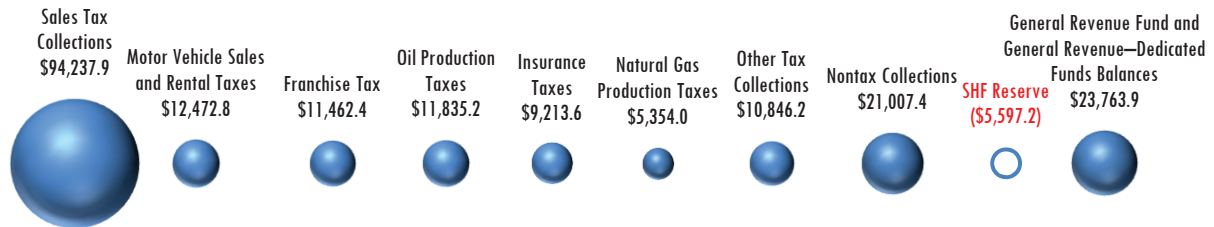
CPA identifies the pay-as-you-go limit for General Revenue Funds appropriations as \$194.6 billion in the BRE. This total includes estimated 2026–27 biennial General Revenue Funds revenue collections of \$176.4 billion, less the amount of \$5.6 billion in General Revenue Funds deposits reserved for transfer 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 16**. 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 16
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2026–27 BIENNIUM

(IN MILLIONS)

TOTAL=\$194,596.2



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 \$113.1 billion, grown by the adopted growth rate of 8.93 percent. The 2026–27 biennial spending limit is estimated to be \$123.2 billion after adjusting for revenue estimates in the Texas Comptroller of Public Account'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 \$120.5 billion, \$2.8 billion less than the spending limit, as shown in **Figure 17**. The 2024–25 biennial appropriations subject to the spending limit, including supplemental appropriations assumed for this analysis, total \$113.1 billion, \$7.4 billion less than the spending limit for that biennium, which would yield maximum additional 2024–25 General Revenue appropriations of \$8.3 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 17
SPENDING LIMIT COMPARED TO THE HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1
2026–27 BIENNIUM

(IN BILLIONS)	AMOUNT
Spending Limit	\$123.2
Appropriations Subject to the Spending Limit	(\$120.5)
Total Less Than the Spending Limit	\$2.8

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 \$123.2 billion limit is \$156.7 billion, leaving \$3.0 billion in remaining General Revenue Funds spending capacity less than the spending limit, as shown in **Figure 18**.

FIGURE 18	
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1, 2026–27 BIENNIUM	
(IN BILLIONS)	AMOUNT
Maximum General Revenue Funds Appropriations Pursuant to the Spending Limit	\$156.7
House Committee Substitute for Senate Bill 1 General Revenue Funds Appropriations	(\$153.6)
Total Less Than the Maximum General Revenue Fund Appropriations	\$3.0
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 \$155.8 billion. Consolidated General Revenue Funds amounts total \$160.7 billion, of which \$21.0 billion are excluded from the limitation. After combining these amounts, \$16.0 billion of CGR spending capacity remains under the 2026–27 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

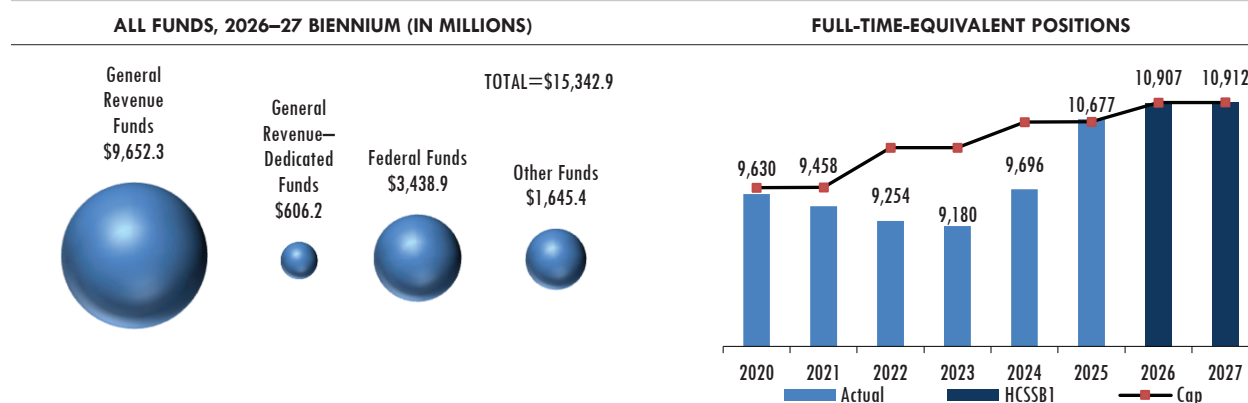
The Texas Constitution, Article III, Section 51-a, requires that the amount paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers not exceed 1.0 percent of the state budget in any biennium.

The 2026–27 biennial budget defined in the Texas Human Resources Code, Section 31.053, is \$337.4 billion. Therefore, the welfare spending limit is \$3.4 billion. The biennial amount included in the House Committee Substitute for Senate Bill 1 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.

ARTICLE I – GENERAL GOVERNMENT

FIGURE 19
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

(IN MILLIONS)				
METHOD OF FINANCE	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	\$11,040.2	\$9,652.3	(\$1,387.9)	(12.6%)
General Revenue–Dedicated Funds	\$2,530.5	\$606.2	(\$1,924.3)	(76.0%)
Federal Funds	\$5,583.6	\$3,438.9	(\$2,144.6)	(38.4%)
Other Funds	\$2,484.8	\$1,645.4	(\$839.3)	(33.8%)
Total, All Methods of Finance	\$21,639.1	\$15,342.9	(\$6,296.2)	(29.1%)



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 for the General Government agencies total \$15.3 billion for the 2026–27 biennium, which would be a decrease of \$6.3 billion, or 29.1 percent, from the 2024–25 biennium. General Revenue Funds total \$9.7 billion, a decrease of \$1.4 billion, or 12.6 percent.

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

HIGHLIGHTS

- Funding for the **Texas Commission on the Arts** totals \$39.9 million in All Funds for the 2026–27 biennium, which would be an increase of \$5.8 million. Funding levels include increased funding for arts organization grants (\$6.0 million) and cultural district grants (\$2.0 million).
- Funding for the **Office of the Attorney General** totals \$1.5 billion in All Funds for the 2026–27 biennium, which would be a decrease of \$98.9 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. Also included is funding for salary increases (\$29.0 million), additional funding for the agency's law enforcement division (\$6.6 million), additional employees and funding for the Criminal Investigations Department (\$3.9 million), a legal case management system (\$14.2 million), and additional funding for Victims Assistance Grants (\$2.0 million).

- Funding for the **Comptroller of Public Accounts** totals \$767.5 million in All Funds for the 2026–27 biennium. This amount would be an increase of \$23.3 million due primarily to increased funding for recruitment and retention efforts (\$18.6 million), targeted salary increases in the Audit and Enforcement divisions (\$7.2 million), and relocation and reconfiguration of audit and enforcement offices and warehouse space (\$2.4 million).
- Funding for the **Fiscal Programs within the Comptroller of Public Accounts** totals \$4,401.2 million in All Funds for the 2026–27 biennium, which would be an increase of \$254.5 million from the 2024–25 biennium. The increase is related primarily 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. Funding is also increased by \$50.4 million for disabled veteran assistance payments to affected cities and counties.
- Funding for the **Employees Retirement System of Texas**, across all articles, totals \$8,052.9 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 that would address increased healthcare costs for state employees.
- Funding for the **Texas Facilities Commission** totals \$501.2 million in All Funds for the 2026–27 biennium, which would be a decrease of \$1,893.9 million from the 2024–25 biennium, related primarily to a decrease of onetime capital funding for border wall and facility construction. Funding levels also include increased funding for two Secure Containerized Information Facilities (\$100.0 million), inflation adjustments for maintenance and renewal projects (\$10.0 million), and optimization of state workspaces (\$3.9 million).
- Funding for the **Trusted Programs within the Office of the Governor** totals \$4.5 billion, which would be a decrease of \$5.2 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 levels include increased funding for Nonprofit Security grants (\$5.0 million), grants for the Support Dogs for First Responders Pilot Program (\$1.0 million), Forensic Science Improvement grants (\$2.0 million), Crime Victims Rapid Response grant program (\$10.0 million), Project Safe Neighborhood grants (\$4.0 million), and increased Victims Assistance funding (\$62.0 million).
- Funding for the **Texas Historical Commission** totals \$119.3 million, which would be a decrease of \$226.5 million in All Funds, primarily related to various onetime funding projects, including renovation and construction projects at historic sites, Capitol Complex projects, and for Courthouse Preservation Grants. Funding includes an increase of \$21.7 million for historic sites projects and \$2.5 million for the Texas Holocaust, Genocide, and Antisemitism Advisory Commission, funding for preservation of the Rio Vista Farm National Historic Landmark (\$1.0 million), Rosenwald Schools preservation grants (\$5.0 million), and funding for the Fort Worth Juneteenth Museum (\$10.0 million).
- Funding for the **Department of Information Resources** totals \$1,578.3 million in All Funds for the 2026–27 biennium, which would be 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 for the **State Preservation Board** totals \$35.0 million in All Funds for the 2026–27 biennium, which would be 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 for the **Secretary of State** totals \$124.8 million in All Funds for the 2026–27 biennium, which would be a decrease of \$39.8 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. Funding levels also include \$0.6 million for election-related cybersecurity.

- Funding for the **Texas Veterans Commission** totals \$139.2 million in All Funds for the 2026–27 biennium, which would be a decrease of \$5.6 million. This decrease is primarily due to the removal of onetime funding. Funding levels also include an increase in staffing for veterans employment and healthcare advocacy programs (\$1.7 million) and grants for organizations that provide veterinary services for veterans (\$0.3 million).

Figure 20 shows the All Funds amounts for each agency in Article I, and **Figure 21** shows the General Revenue Funds amounts for each agency.

FIGURE 20
ARTICLE I – GENERAL GOVERNMENT, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Commission on the Arts	\$34.2	\$39.9	\$5.8	16.9%
Office of the Attorney General	\$1,578.1	\$1,479.2	(\$98.9)	(6.3%)
Bond Review Board	\$2.7	\$2.4	(\$0.3)	(11.4%)
Cancer Prevention and Research Institute of Texas	\$594.9	\$600.1	\$5.2	0.9%
Comptroller of Public Accounts	\$744.2	\$767.5	\$23.3	3.1%
Fiscal Programs within the Office of the Comptroller of Public Accounts	\$4,146.7	\$4,401.2	\$254.5	6.1%
Commission on State Emergency Communications	\$143.5	\$134.9	(\$8.6)	(6.0%)
Texas Emergency Services Retirement System	\$4.2	\$4.5	\$0.3	6.4%
Employees Retirement System of Texas	\$1,046.3	\$1,047.5	\$1.2	0.1%
Texas Ethics Commission	\$8.1	\$8.6	\$0.5	5.9%
Texas Facilities Commission	\$2,395.0	\$501.2	(\$1,893.9)	(79.1%)
Texas Public Finance Authority	\$4.4	\$4.7	\$0.3	5.9%
Office of the Governor	\$35.7	\$33.5	(\$2.2)	(6.0%)
Trusted Programs within the Office of the Governor	\$9,646.4	\$4,461.3	(\$5,185.1)	(53.8%)
Texas Historical Commission	\$345.8	\$119.3	(\$226.5)	(65.5%)
Department of Information Resources	\$1,598.1	\$1,578.3	(\$19.7)	(1.2%)
Texas State Library and Archives Commission	\$93.3	\$75.2	(\$18.1)	(19.4%)
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	\$124.8	(\$39.8)	(24.2%)
Texas Veterans Commission	\$144.8	\$139.2	(\$5.6)	(3.9%)
Subtotal, General Government	\$23,071.0	\$15,677.8	(\$7,393.2)	(32.0%)
Employee Benefits and Debt Service	\$1,099.8	\$1,192.6	\$92.8	8.4%
Less Interagency Contracts	\$2,531.7	\$1,527.5	(\$1,004.3)	(39.7%)
Total, All Functions	\$21,639.1	\$15,342.9	(\$6,296.2)	(29.1%)

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.

FIGURE 21
ARTICLE I – GENERAL GOVERNMENT, GENERAL REVENUE FUNDS

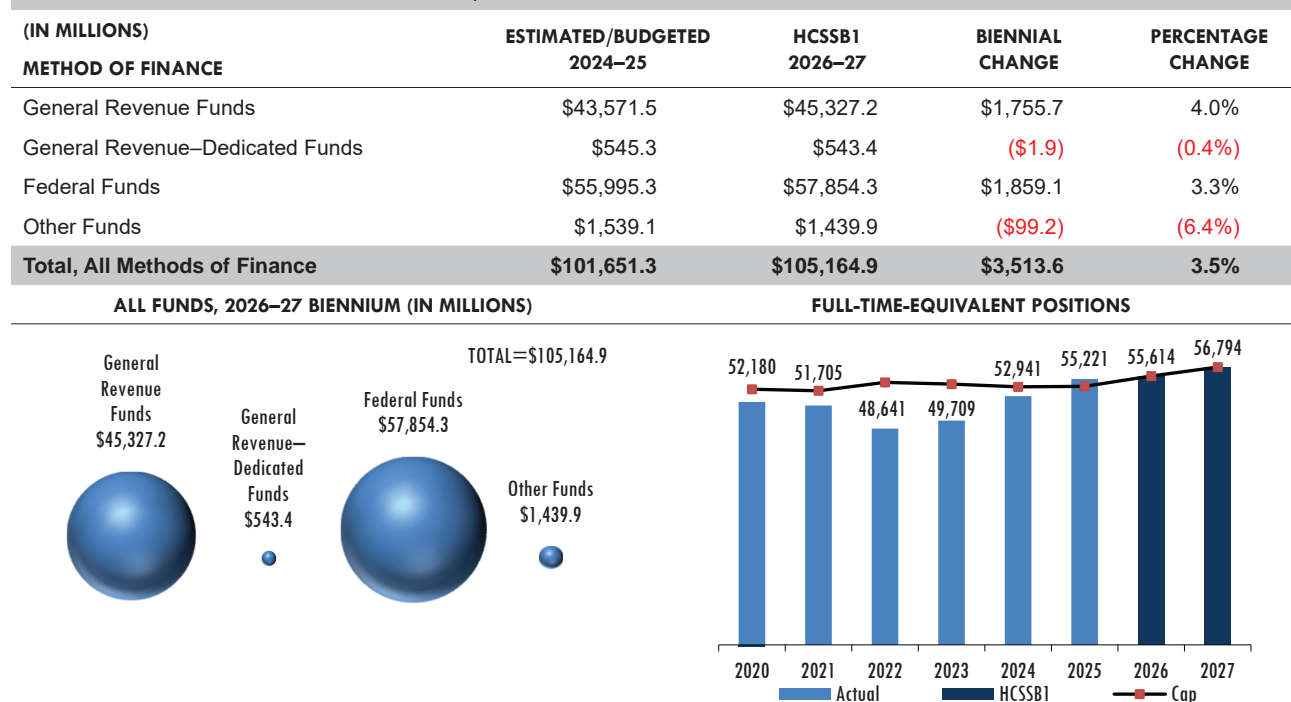
(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
FUNCTION	2024–25	2026–27	CHANGE	CHANGE
Texas Commission on the Arts	\$30.7	\$36.7	\$5.9	19.3%
Office of the Attorney General	\$716.9	\$639.8	(\$77.1)	(10.8%)
Bond Review Board	\$2.7	\$2.4	(\$0.3)	(11.4%)
Cancer Prevention and Research Institute of Texas	\$0.0	\$0.0	\$0.0	N/A
Comptroller of Public Accounts	\$740.2	\$763.6	\$23.4	3.2%
Fiscal Programs within the Office of the Comptroller of Public Accounts	\$1,788.4	\$1,877.4	\$89.0	5.0%
Commission on State Emergency Communications	\$21.3	\$21.3	\$0.0	0.0%
Texas Emergency Services Retirement System	\$1.6	\$1.9	\$0.3	16.8%
Employees Retirement System of Texas	\$942.2	\$943.5	\$1.2	0.1%
Texas Ethics Commission	\$8.1	\$8.6	\$0.5	5.9%
Texas Facilities Commission	\$704.0	\$314.4	(\$389.6)	(55.3%)
Texas Public Finance Authority	\$2.5	\$2.6	\$0.0	2.0%
Office of the Governor	\$35.7	\$33.3	(\$2.4)	(6.7%)
Trusted Programs within the Office of the Governor	\$4,250.9	\$3,554.6	(\$696.3)	(16.4%)
Texas Historical Commission	\$323.2	\$112.6	(\$210.6)	(65.2%)
Department of Information Resources	\$100.5	\$57.1	(\$43.4)	(43.2%)
Texas State Library and Archives Commission	\$37.7	\$38.2	\$0.4	1.2%
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	\$107.5	(\$15.6)	(12.6%)
Texas Veterans Commission	\$42.1	\$47.5	\$5.4	12.8%
Subtotal, General Government	\$10,053.2	\$8,600.7	(\$1,452.5)	(14.4%)
Subtotal, Employee Benefits and Debt Service	\$987.0	\$1,051.6	\$64.6	6.5%
Total, All Functions	\$11,040.2	\$9,652.3	(\$1,387.9)	(12.6%)

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.

ARTICLE II – HEALTH AND HUMAN SERVICES

FIGURE 22
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE



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 for the Health and Human Services agencies total \$105.2 billion, which would be an increase of \$3.5 billion from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$45.9 billion, an increase of \$1.8 billion from the 2024–25 biennium.

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

- an increase of \$5.9 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 \$2.1 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

- Funding of \$80.6 billion from All Funds, including \$32.2 billion from the General Revenue Fund and \$0.1 billion from General Revenue–Dedicated Funds, would be provided at the three Health and Human Services agencies for the Texas

Medicaid program. This amount would be an increase of \$5.9 billion in All Funds and \$2.9 billion in General Revenue Funds, including the following amounts:

- \$75.7 billion in All Funds for Medicaid client services, \$2.4 billion in All Funds for programs supported by Medicaid funding, and \$4.3 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 \$5.6 billion increase from All Funds in Medicaid client services and a \$0.3 billion increase in All Funds for other programs supported by Medicaid funding, offset by a less than \$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.
- The 2024–25 biennial amounts for Medicaid assume supplemental funding to complete fiscal year 2025 expenditures.
- Funding for non-Medicaid/CHIP behavioral health services at the three **Health and Human Services** agencies totals \$5.1 billion in All Funds, including \$4.3 billion from the General Revenue Fund and General Revenue–Dedicated Funds, which would fund 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 \$2.1 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, and an increase of \$99.7 million in General Revenue Funds for rate increases and operation of expanded capacity at community mental health hospitals.
- Funding for the **Department of Family and Protective Services** would provide \$91.1 million in All Funds, including \$85.9 million in General Revenue Funds, to expand Community-based Care (CBC) in existing and new regions and \$13.0 million from General Revenue Funds to increase the network support payment rate per child Full-time Equivalent in care from \$1,900 to \$2,500. In addition, \$16.5 million in All Funds, including \$15.2 million in General Revenue Funds, would provide resource transfer payments for readiness prior to the implementation of each stage, provide incentive pay for staff who transition to CBC, and increase resource transfer payments for new positions.

Figure 23 shows the All Funds amounts for each agency in Article II, and **Figure 24** shows the General Revenue Funds amounts for each agency.

FIGURE 23
ARTICLE II – HEALTH AND HUMAN SERVICES, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
FUNCTION	2024–25	2026–27	CHANGE	CHANGE
Department of Family and Protective Services	\$4,879.6	\$4,833.2	(\$46.4)	(1.0%)
Department of State Health Services	\$2,967.2	\$2,427.3	(\$540.0)	(18.2%)
Health and Human Services Commission	\$92,071.4	\$95,835.1	\$3,763.7	4.1%
Subtotal, Health and Human Services	\$99,918.2	\$103,095.5	\$3,177.3	3.2%
Employee Benefits and Debt Service	\$2,447.2	\$2,765.4	\$318.3	13.0%
Less Interagency Contracts	\$714.0	\$696.0	(\$18.0)	(2.5%)
Total, All Functions	\$101,651.3	\$105,164.9	\$3,513.6	3.5%

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 24
ARTICLE II – HEALTH AND HUMAN SERVICES, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
FUNCTION	2024–25	2026–27	CHANGE	CHANGE
Department of Family and Protective Services	\$3,132.0	\$3,246.3	\$114.3	3.6%
Department of State Health Services	\$726.2	\$878.3	\$152.1	21.0%
Health and Human Services Commission	\$38,161.1	\$39,416.2	\$1,255.1	3.3%
Subtotal, Health and Human Services	\$42,019.4	\$43,540.9	\$1,521.5	3.6%
Employee Benefits and Debt Service	\$1,552.2	\$1,786.4	\$234.2	15.1%
Total, All Functions	\$43,571.5	\$45,327.2	\$1,755.7	4.0%

NOTES:

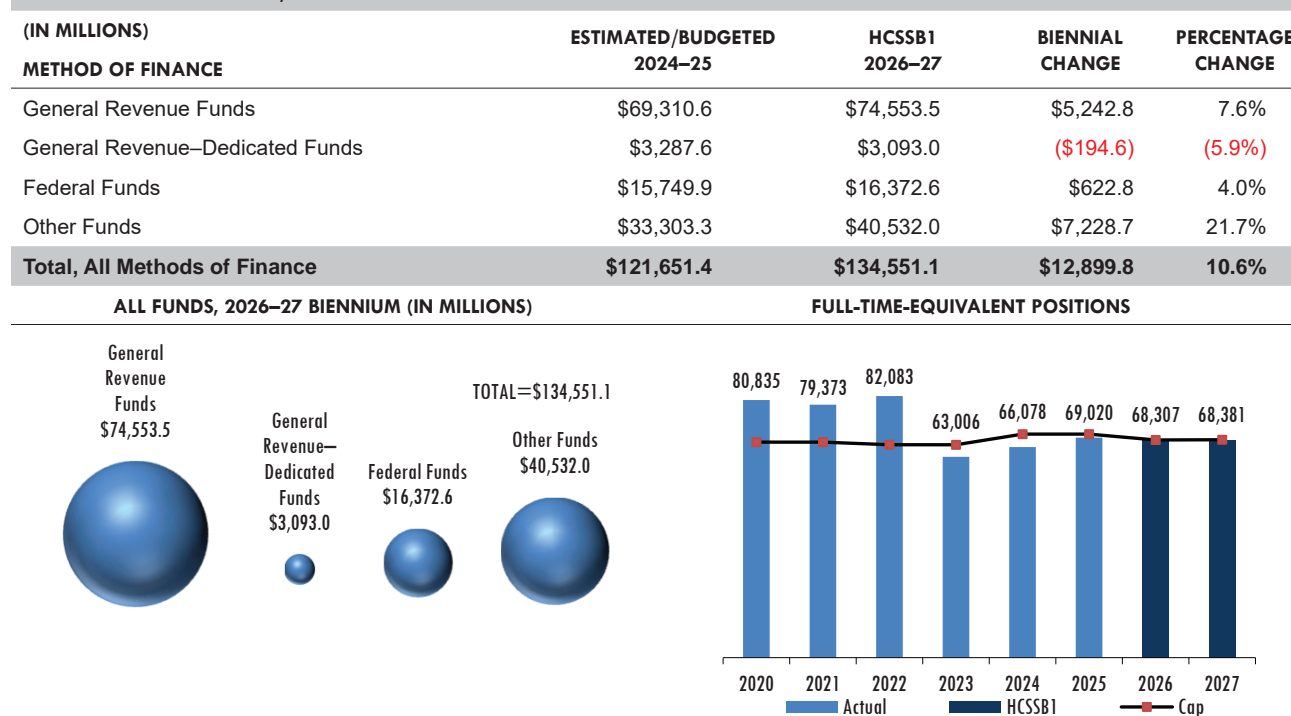
(1) May include anticipated supplemental spending adjustments.

(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.

ARTICLE III – EDUCATION

FIGURE 25
ARTICLE III – EDUCATION, BY METHOD OF FINANCE



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, excluding the Teacher Retirement System, the Optional Retirement Program, and end-of-article benefits, totals \$93.4 billion in All Funds for the 2026–27 biennium, which would be an increase of \$16.7 billion, or 21.8 percent, from the 2024–25 biennium. General Revenue Funds total \$44.4 billion, an increase of \$8.5 billion, or 23.7 percent, from the 2024–25 biennium. Other Funds total \$35.3 billion for the 2026–27 biennium, which would be an increase of \$7.2 billion, or 25.8 percent, primarily attributable to the increase from \$12.3 billion to \$18.8 billion of the transfer from the General Revenue Fund to the Property Tax Relief Fund during the 2026–27 biennium for property tax relief, as directed by the House Committee Substitute for Senate Bill 1, Article III, Texas Education Agency, Rider 76. Federal Funds total \$13.7 billion, which would be 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 \$40.5 billion in General Revenue Funds and \$75.6 billion in All Funds. This amount would be a biennial increase of \$8.7 billion, or 27.5 percent, in General Revenue Funds, and an All Funds increase of \$16.0 billion, or 26.8 percent, from the 2024–25 biennium.
- Funding for the FSP would fund requirements in current law fully 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; \$6.5 billion from the General Revenue Fund and Property Tax Relief Fund for additional state aid related to property tax relief, \$3.5 billion of which is contingent upon actions of the Eighty-ninth Legislature, 2025; \$9.1 billion from the General Revenue Fund for contingent appropriations, including \$0.4 billion for increases to the school safety allotment, \$7.6 billion for increased public education funding, \$0.5 billion for career and technology programs and other programs in public schools, \$0.5 billion for early literacy and numeracy programs and supports, and \$62.6 million for virtual education, contingent upon actions of the Eighty-ninth Legislature, 2025, and as directed by the House Committee Substitute for Senate Bill 1, Article III, Texas Education Agency, Riders 77, 79, 86, 87, and 88, respectively; 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, which would be a decrease of \$291.6 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 \$17.5 billion in All Funds, an increase of \$664.7 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. Recommendations also include \$450.0 million in General Revenue Funds for active employee health insurance to maintain TRS-ActiveCare premium increases at 10.0 percent per year in the 2026–27 biennium.

Funding for **Higher Education**, excluding end-of-article benefits, totals \$29.5 billion in All Funds for the 2026–27 biennium, a decrease of \$0.8 million, or less than 0.1 percent, from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$21.1 billion, an increase of \$179.7 million, or 0.8 percent, from the 2024–25 biennium. Most of the Higher Education funding provided from General Revenue 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 \$10.6 billion in General Revenue Funds and \$1.6 billion in statutory tuition in General Revenue–Dedicated Funds. Included in these amounts are increases of \$461.8 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 and fiscal year 2025 for the public community/junior colleges largely would be maintained for the 2026–27 biennium; however formulas for the general academic institutions (GAI) include the following adjustments:
 - a decrease in the GAI Instruction and Operations formula rate, from \$59.08 to \$55.15 per semester credit hour;
 - an increase in the GAI Infrastructure formula rate, from \$5.75 to \$5.94 per predicted square foot;
 - an increase in the Texas State Technical College returned value rate, from 35.9 percent to 56.1 percent, resulting in an increase of \$39.9 million in General Revenue Funds; and
 - an increase in the Lamar State Colleges’ Instruction and Administration formula rate, from \$8.16 to \$9.16 per contact hour.
- Funding for nonformula support items at all institutions for the 2026–27 biennium totals \$1.0 billion in General Revenue Funds, which would be a decrease of \$1.3 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, offset partially by an increase of \$123.5 million in new nonformula support items across various institutions.

- Funding for Higher Education Employee Group Insurance Contributions totals \$1.8 billion in General Revenue and General Revenue–Dedicated Funds, which would be 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 would provide \$409.7 million in funding for the Texas Research Incentive Program contingent on the enactment of legislation repealing the program by the Eighty-ninth Legislature, 2025.
- Funding for the Texas Higher Education Coordinating Board would provide \$364.3 million in additional funding for Student Financial Aid.
- Funding for the Texas Higher Education Coordinating Board would provide 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).
- Funding for the Texas A&M University System Agencies includes \$10.0 million in General Revenue Funds for the Texas A&M Forest Service for a camera-based wildfire detection system and \$5.0 million in General Revenue Funds for the Texas Division of Emergency Management to support the Potter County Emergency Operations Center.

Figure 26 shows the All Funds amounts for each agency or institution in Article III, and **Figure 27** shows the General Revenue Funds amounts for each agency or institution.

FIGURE 26
ARTICLE III – EDUCATION BY AGENCY OR GROUP, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$76,459.2	\$93,117.8	\$16,658.6	21.8%
Texas Permanent School Fund Corporation	\$115.6	\$117.2	\$1.6	1.3%
Texas School for the Blind and Visually Impaired	\$68.4	\$77.6	\$9.2	13.5%
Texas School for the Deaf	\$83.1	\$120.2	\$37.1	44.7%
Subtotal, Public Education	\$76,726.3	\$93,432.7	\$16,706.5	21.8%
Public Higher Education				
General Academic Institutions	\$10,102.2	\$8,715.3	(\$1,386.9)	(13.7%)
Health-related Institutions	\$4,144.1	\$4,221.2	\$77.2	1.9%
Texas A&M University System Agencies	\$4,484.9	\$4,035.4	(\$449.5)	(10.0%)
Texas Higher Education Coordinating Board	\$3,027.8	\$3,742.0	\$714.2	23.6%
Higher Education Funds	\$5,022.9	\$4,997.4	(\$25.5)	(0.5%)
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	\$163.1	\$10.9	7.1%
Texas State Technical Colleges	\$288.4	\$338.0	\$49.7	17.2%
Subtotal, Two-year Institutions	\$2,753.5	\$2,974.8	\$221.3	8.0%
Subtotal, Public Higher Education	\$29,535.3	\$29,536.2	\$0.8	0.0%
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	\$165.1	\$29.5	21.8%
Social Security and Benefit Replacement Pay	\$829.0	\$959.2	\$130.2	15.7%
Subtotal, Employee Benefits	\$15,975.9	\$11,865.9	(\$4,110.0)	(25.7%)
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%
Less Interagency Contracts	\$595.6	\$299.2	(\$296.4)	(49.8%)
Total, All Functions	\$121,651.4	\$134,551.1	\$12,899.8	10.6%

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 27
ARTICLE III – EDUCATION BY AGENCY OR GROUP, GENERAL REVENUE FUNDS

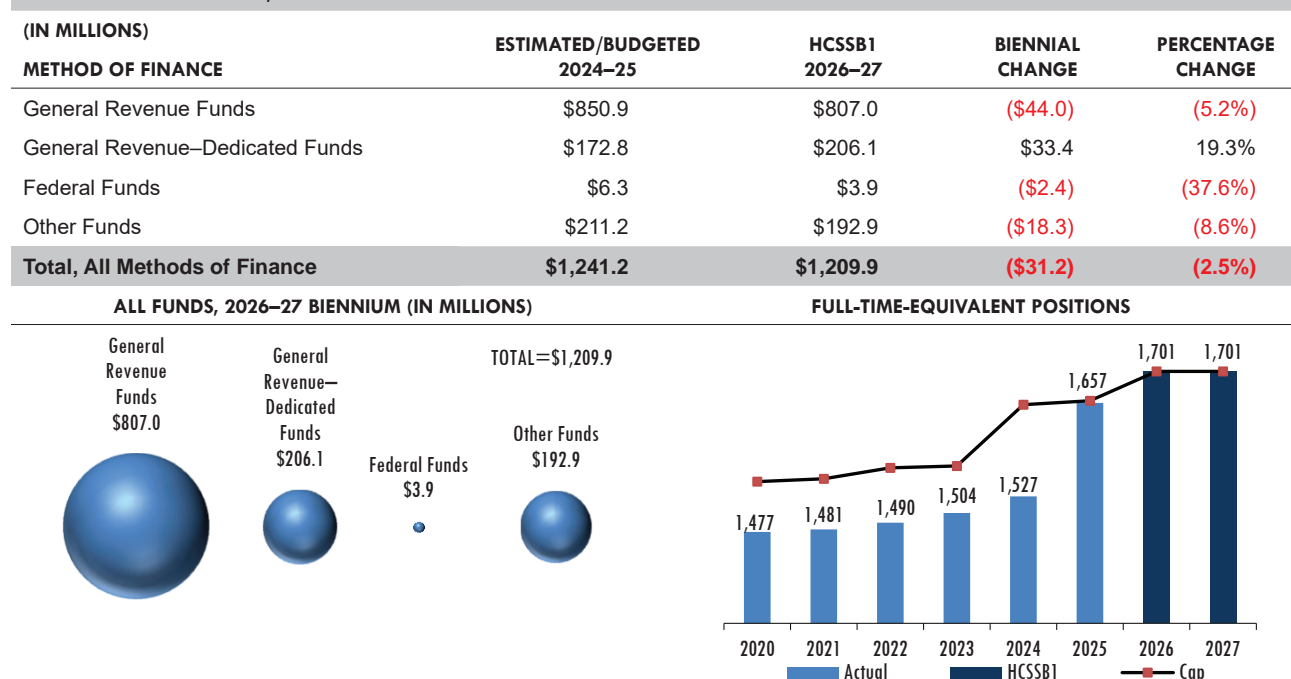
(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	\$35,827.9	\$44,276.1	\$8,448.1	23.6%
Texas Permanent School Fund Corporation	\$0.0	\$0.0	\$0.0	N/A
Texas School for the Blind and Visually Impaired	\$50.8	\$61.0	\$10.2	20.1%
Texas School for the Deaf	\$48.9	\$91.4	\$42.5	86.9%
Subtotal, Public Education	\$35,927.6	\$44,428.5	\$8,500.8	23.7%
Public Higher Education				
General Academic Institutions	\$7,619.4	\$6,366.0	(\$1,253.4)	(16.4%)
Health-related Institutions	\$3,625.6	\$3,817.2	\$191.6	5.3%
Texas A&M University System Agencies	\$611.5	\$801.9	\$190.4	31.1%
Texas Higher Education Coordinating Board	\$2,546.4	\$3,381.2	\$834.8	32.8%
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	\$149.4	\$6.6	4.6%
Texas State Technical Colleges	\$280.1	\$319.5	\$39.4	14.1%
Subtotal, Two-year Institutions	\$2,735.7	\$2,942.6	\$206.9	7.6%
Subtotal, Higher Education	\$18,277.3	\$19,161.2	\$883.9	4.8%
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	\$106.9	\$18.1	20.4%
Social Security and Benefit Replacement Pay	\$673.9	\$786.8	\$112.9	16.8%
Subtotal, Employee Benefits	\$15,096.3	\$10,948.2	(\$4,148.0)	(27.5%)
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	\$74,553.5	\$5,242.8	7.6%

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.

ARTICLE IV – JUDICIARY

FIGURE 28
ARTICLE IV – JUDICIARY, BY METHOD OF FINANCE



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, 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 for agencies of the Judiciary total \$1.2 billion for the 2026–27 biennium, which would be a decrease of \$31.2 million, or 2.5 percent, from the 2024–25 biennium. General Revenue Funds total \$807.0 million, which would be a decrease of \$44.0 million, or 5.2 percent, from the 2024–25 biennium. General Revenue–Dedicated Funds total \$206.1 million, which would be an increase of \$33.4 million, or 19.3 percent, from the 2024–25 biennium.

Funding for the Judiciary supports 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

- Funding includes an estimated \$296.4 million in All Funds, which would be 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 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.
- Funding includes \$173.6 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 would be a net increase of \$8.2 million from 2024–25 biennial spending levels. This amount includes a decrease of \$10.0 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense (Account No. 5073), due to an anticipated decrease in court cost fee revenue,

a decrease of \$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, offset by an increase of \$10.0 million in General Revenue Funds to address the revenue shortfall in the Account No. 5073, \$17.5 million in General Revenue Funds for new or expanded public defender offices, and \$1.0 million to establish and operate a regional public defender office to serve Terrell and Val Verde counties. In addition, funding would continue to provide \$1.2 million distributed among six universities for the Innocence Project at 2024–25 biennial levels.

- 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 would 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.
- Funding includes \$103.8 million in General Revenue–Dedicated Funds from Account No. 5157, Statewide Electronic Filing System, which would 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 \$51.3 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.
- Funding includes \$44.8 million in General Revenue Funds through OCA for border security purposes, which would continue 2024–25 biennial spending levels. This provision would continue 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. Funding also would continue providing \$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.
- 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.
- Funding includes \$27.1 million in All Funds, which would be an increase of \$1.3 million from 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.
- Funding includes \$13.6 million in All Funds for the administration of the Business Court, which would be 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. Funding also includes \$0.5 million for salary adjustments.
- Funding includes \$8.5 million in All Funds for the administration of the **Office of Capital and Forensic Writs**, which would be an increase of \$1.9 million from 2024–25 spending levels. The increase includes \$1.7 million to support 8.0 new full-time-equivalent positions, including 2.0 staff attorneys, 2.0 mitigation specialists, 3.0 paralegals, and 1.0 administrative assistant to establish a new litigation team to accept additional death penalty cases, and \$0.2 million to create a Mitigation Specialist Pipeline Fellowship program to improve retention and recruitment of mitigation specialists.
- Funding includes \$6.4 million in All Funds for the **Fifteenth Court of Appeals**, which would be 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.
- Funding includes \$1.3 million in General Revenue Funds to the Special Prosecution Unit, which would support a new trial team and increased Walker County administrative costs.

- Funding includes \$0.7 million in General Revenue Funds to the State Commission on Judicial Conduct, which would support 3.0 new full-time-equivalent positions, including 2.0 staff attorneys and 1.0 legal assistant, to address the complaint investigation backlog.
- Funding includes \$0.2 million in General Revenue Funds to the State Law Library, which would support 1.0 new librarian and the translation of portions of the agency’s website to Spanish.

Figure 29 shows the All Funds amounts for each agency in Article IV, and **Figure 30** shows the General Revenue Funds amounts for each agency.

FIGURE 29
ARTICLE IV – JUDICIARY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Supreme Court of Texas	\$124.5	\$103.3	(\$21.2)	(17.0%)
Court of Criminal Appeals	\$41.9	\$44.1	\$2.1	5.0%
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	\$5.6	\$0.4	7.2%
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	\$370.8	\$54.9	17.4%
Office of Capital and Forensic Writs	\$6.5	\$8.4	\$1.9	29.0%
Office of the State Prosecuting Attorney	\$1.0	\$1.4	\$0.3	31.1%
State Law Library	\$2.7	\$2.9	\$0.3	10.1%
State Commission on Judicial Conduct	\$3.0	\$4.3	\$1.3	43.5%
Judiciary Section, Comptroller’s Department	\$401.7	\$407.8	\$6.1	1.5%
Subtotal, Judiciary	\$1,005.2	\$1,058.0	\$52.8	5.3%
Employee Benefits and Debt Service	\$260.8	\$175.8	(\$85.0)	(32.6%)
Less Interagency Contracts	\$24.8	\$23.8	(\$1.0)	(4.0%)
Total, All Functions	\$1,241.2	\$1,209.9	(\$31.2)	(2.5%)

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, figure totals may not sum due to rounding.

SOURCE: Legislative Budget Board.

FIGURE 30
ARTICLE IV – JUDICIARY, GENERAL REVENUE FUNDS

(IN MILLIONS)				
FUNCTION	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	\$47.5	\$48.6	\$1.0	2.2%
Court of Criminal Appeals	\$16.3	\$17.1	\$0.8	5.1%
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	\$5.3	\$0.4	7.6%
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	\$186.6	\$17.4	10.3%
Office of Capital and Forensic Writs	\$0.1	\$8.4	\$8.3	6,290.2%
Office of the State Prosecuting Attorney	\$1.0	\$1.3	\$0.3	32.5%
State Law Library	\$2.6	\$2.9	\$0.3	10.2%
State Commission on Judicial Conduct	\$3.0	\$4.3	\$1.3	43.5%
Judiciary Section, Comptroller's Department	\$261.2	\$264.1	\$2.9	1.1%
Subtotal, Judiciary	\$602.8	\$642.2	\$39.4	6.5%
Employee Benefits and Debt Service	\$248.1	\$164.7	(\$83.4)	(33.6%)
Total, All Functions	\$850.9	\$807.0	(\$44.0)	(5.2%)

NOTES:

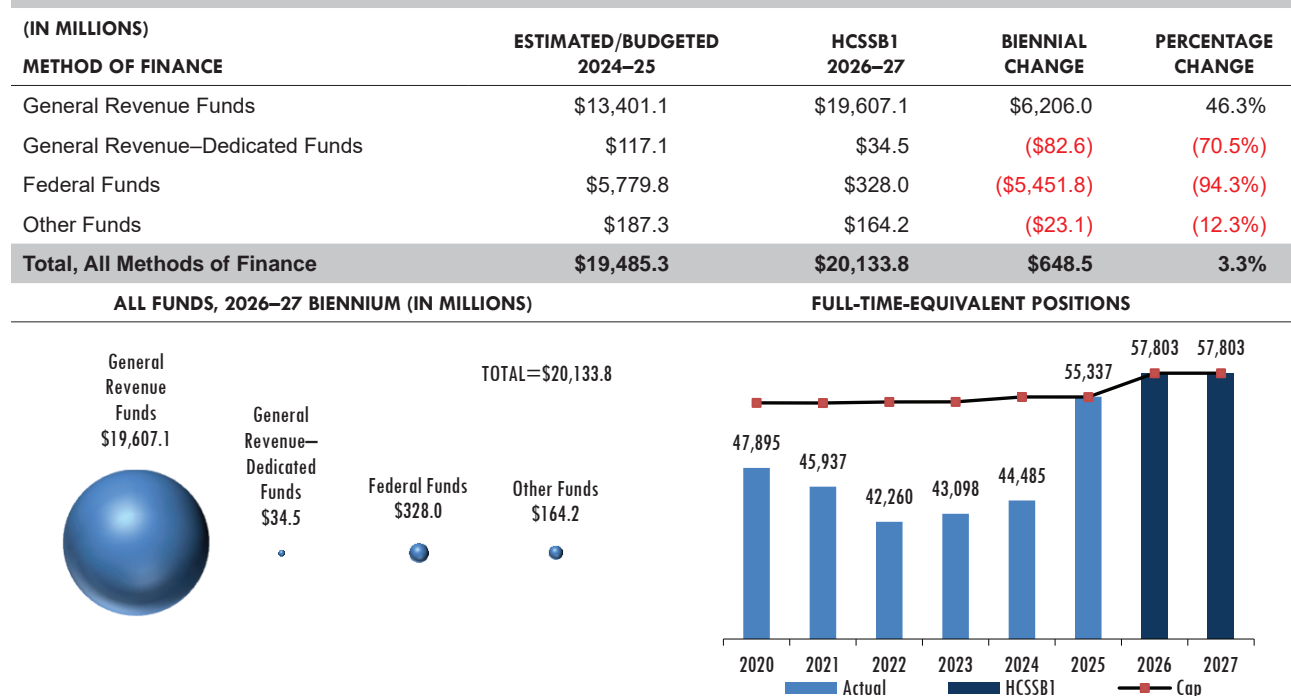
(1) May include anticipated supplemental spending adjustments.

(2) 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 31
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE



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 for Public Safety and Criminal Justice agencies for the 2026–27 biennium total \$20,133.8 million, which would be an increase of \$648.5 million, or 3.3 percent, from the 2024–25 biennial expenditure levels. General Revenue Funds for the 2026–27 biennium total \$19,607.1 million, which would be an increase of \$6,206.0 million, or 46.3 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.

In the 2026–27 biennial funding for TDCJ, \$4,605.5 million in General Revenue Funds would 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 for **DPS** for the 2026–27 biennium totals \$3,680.9 million in All Funds, which would be a decrease of \$179.8 million, or 4.7 percent. This change is attributable primarily to funding for two new driver license offices and 113.3

full-time-equivalent (FTE) positions (\$22.7 million); a generator for the Austin Crime Laboratory (\$2.5 million); a tactical training facility (\$1.0 million); and additional funding for the Statewide Safe Gun Storage Campaign (\$0.5 million). These changes are in addition to funding increases in House Bill 1, Introduced, related to funding for 567.0 new commissioned law enforcement officers and 159.5 FTE support positions (\$402.6 million); the biennialization of statewide salary increases (\$43.5 million); and additional Driver License Customer Service Center Staff (\$28.5 million). These increases would be offset by the removal of onetime funding for various facility-related projects (\$455.3 million); onetime vehicle replacement and aircraft costs (\$123.4 million); onetime funding for various information technology projects (\$42.7 million); and a technical correction to the funding level necessary to support 567.0 additional commissioned law enforcement officers and trooper training (\$6.9 million).

- Funding for **TDCJ** for the 2026–27 biennium totals \$9,683.9 million in All Funds, which would be an All Funds increase of \$987.4 million, or 11.4 percent. The increase is attributable primarily to salary increases for Community Supervision and Corrections Department correctional officers (\$51.9 million); repairs at Hospital Galveston (\$27.2 million); increased infirmary capacity (\$19.3 million); construction of a Bachelor Officers’ Quarters (\$4.5 million); and the conversion of the Bell Unit to an outpatient mental health facility (\$4.4 million). These changes are in addition to funding increases in House Bill 1, Introduced, related to salary increases for correctional officers and parole officers (\$362.6 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); and additional funding to address rising operational costs (\$150.0 million). These increases would be 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 for **TJJD** for the 2026–27 biennium totals \$1.0 billion in All Funds, which represents an All Funds decrease of \$6.0 million, or 0.58 percent. The decrease is attributable primarily to the removal of onetime funding for the construction of new facilities (\$200.0 million). This decrease is offset by funding to establish additional regional vocational programming (\$64.5 million); funding to increase Pre and Post Adjudication and Regionalization Placements (\$26.0 million); adjustment of funding to align with the Legislative Budget Board’s January 2025 population projections (\$22.5 million); and funding for the Office of the Inspector General (\$6.5 million). These changes would be in addition to funding increases in House Bill 1, Introduced, related to salary increases for direct-care staff at state secure facilities and local juvenile probation department staff (\$46.1 million) and the biennialization of state employee salary increases (\$24.0 million).
- Funding for the **Texas Commission on Law Enforcement** for the 2026–27 biennium totals \$36.9 million in All Funds, which would be an increase of \$9.9 million, or 36.9 percent, in All Funds. The increase is attributable primarily to funding for 7.0 new training academy specialists (\$2.0 million). These changes would be in addition to funding increases in House Bill 1, Introduced, related 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). These increases would be offset by the removal of onetime funding for vehicle replacements (\$1.8 million) and information technology projects (\$1.9 million).
- Funding for the **Texas Alcoholic Beverage Commission**, the **Texas Commission on Fire Protection**, the **Texas Commission on Jail Standards**, and the **Texas Military Department** would be comparable to 2024–25 biennial levels.

Figure 32 shows the All Funds amounts for each agency in Article V, and **Figure 33** shows the General Revenue Funds amounts for each agency.

FIGURE 32
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Texas Alcoholic Beverage Commission	\$123.8	\$121.7	(\$2.1)	(1.7%)
Texas Department of Criminal Justice	\$8,696.5	\$9,683.9	\$987.4	11.4%
Texas Commission on Fire Protection	\$6.0	\$6.5	\$0.6	9.5%
Texas Commission on Jail Standards	\$4.0	\$4.5	\$0.5	13.4%
Texas Juvenile Justice Department	\$1,031.8	\$1,025.7	(\$6.0)	(0.6%)
Texas Commission on Law Enforcement	\$26.9	\$36.9	\$9.9	36.9%
Texas Military Department	\$2,542.1	\$2,571.8	\$29.7	1.2%
Texas Department of Public Safety	\$3,860.7	\$3,680.9	(\$179.8)	(4.7%)
Subtotal, Public Safety and Criminal Justice	\$16,291.8	\$17,131.9	\$840.1	5.2%
Employee Benefits and Debt Service	\$3,411.1	\$3,171.2	(\$239.9)	(7.0%)
Less Interagency Contracts	\$217.6	\$169.3	(\$48.3)	(22.2%)
Total, All Functions	\$19,485.3	\$20,133.8	\$648.5	3.3%

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.

FIGURE 33
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE BY AGENCY, GENERAL REVENUE FUNDS

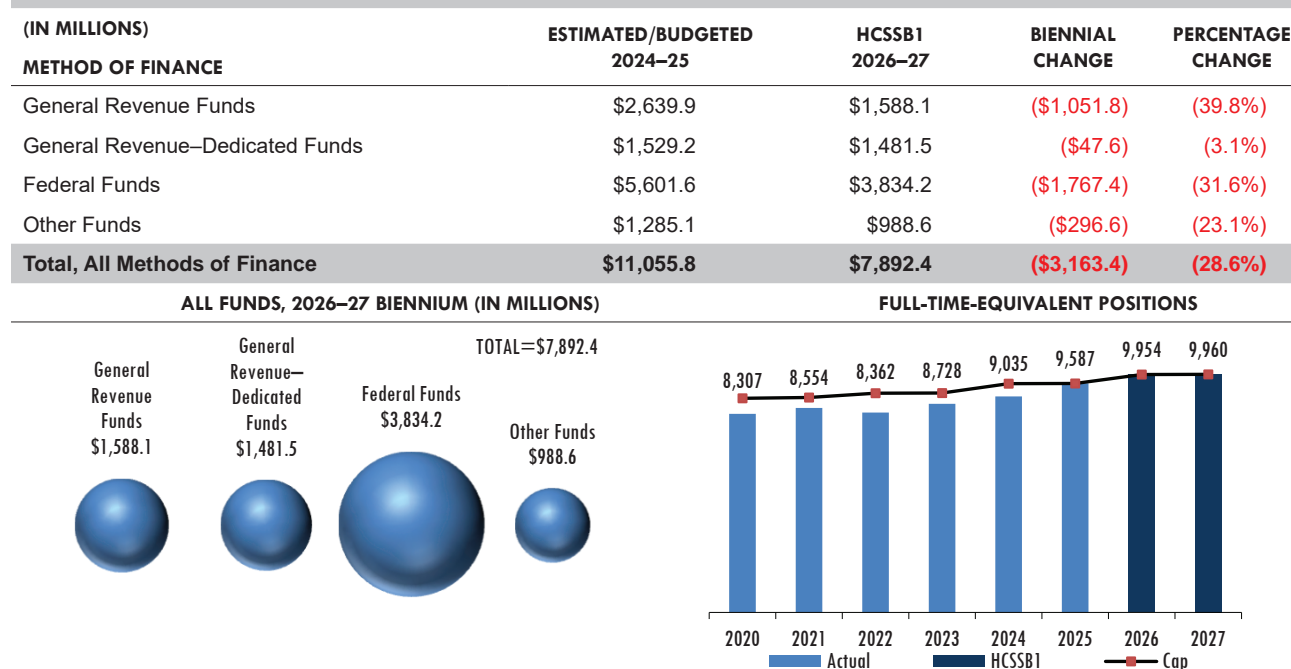
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Texas Alcoholic Beverage Commission	\$122.1	\$120.7	(\$1.4)	(1.1%)
Texas Department of Criminal Justice	\$3,786.8	\$9,521.8	\$5,735.0	151.4%
Texas Commission on Fire Protection	\$5.7	\$6.1	\$0.4	6.2%
Texas Commission on Jail Standards	\$4.0	\$4.5	\$0.5	13.4%
Texas Juvenile Justice Department	\$987.1	\$980.1	(\$6.9)	(0.7%)
Texas Commission on Law Enforcement	\$25.6	\$35.3	\$9.8	38.3%
Texas Military Department	\$2,380.1	\$2,406.5	\$26.4	1.1%
Texas Department of Public Safety	\$3,545.4	\$3,428.3	(\$117.1)	(3.3%)
Subtotal, Public Safety and Criminal Justice	\$10,856.7	\$16,503.3	\$5,646.7	52.0%
Employee Benefits and Debt Service	\$2,544.4	\$3,103.8	\$559.3	22.0%
Total, All Functions	\$13,401.1	\$19,607.1	\$6,206.0	46.3%

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 VI – NATURAL RESOURCES

FIGURE 34
ARTICLE VI NATURAL RESOURCES, BY METHOD OF FINANCE



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 for the Natural Resources agencies total \$7.9 billion for the 2026–27 biennium, which would be a decrease of \$3.2 billion, or 28.6 percent, from the 2024–25 biennium. General Revenue Funds and General Revenue–Dedicated Funds total \$3.1 billion, a decrease of \$1.1 billion, or 26.4 percent from the 2024–25 biennium. Federal Funds and Other Funds total \$4.9 billion, which would be a decrease of \$2.1 billion, or 29.9 percent, from the 2024–25 biennium.

HIGHLIGHTS

Funding for the **General Land Office and Veterans Land Board** includes 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 amount 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 subrecipient grants related to Hurricane Harvey; floods during calendar years 2015, 2016, and 2018; and disasters during calendar year 2019.
- \$484.9 million in Texas Veterans Homes Administration Fund No. 374, an increase of \$397.1 million, primarily due to an increase of \$398.0 million to align with the Comptroller's Biennial Revenue Estimate for continued administration of Texas veterans' home programs;
- \$252.7 million in All Funds for Coastal Management and Coastal Erosion Projects, a decrease of \$744.0 million in All Funds, primarily including the following amounts:

- \$539.7 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 Other Funds from Appropriated Receipts, primarily related to anticipated revenue decreases 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 Funds from Account No. 176, Coastal Erosion Response Fund, revenues due to agency-anticipated decreases 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 Other Funds from the Economic Stabilization Fund in the 2024–25 biennium.

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

- \$102.0 million in Federal Funds, a decrease of \$33.0 million from 2024–25 biennial spending levels. The decrease is due primarily to anticipated decreases in funding for Flood Mitigation Assistance grants. The total funding includes \$76.7 million. Funding also includes an additional \$4.8 million to provide an additional 50.0 full-time-equivalent positions, which matches an additional \$3.2 million in General Revenue Funds 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 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;
- \$42.4 million in Other Funds from the Water Infrastructure Fund No. 302, a decrease of \$78.9 million due to an anticipated reduction in debt service payments;
- \$13.2 million in Other Funds from the Agricultural Water Conservation Fund No. 358, an increase of \$10.2 million from the 2024–25 biennial spending level, to provide grants for projects that support agricultural irrigation conservation strategies in alignment with the state water plan and demonstrate agricultural water conservation best management practices; and
- \$5.4 million in Other Funds from the Rural Water Assistance Fund (RWAF), an increase of \$2.2 million from the 2024–25 biennial spending level, for interfund debt service payments on RWAF bonds.

Funding for the **Texas Department of Agriculture** would provide the following amounts:

- \$1.5 billion in All Funds for the Child and Adult Nutrition programs, an increase of \$38.5 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 and General Revenue Funds increases for home-delivered meals, free school breakfast for qualifying students, and reduced-price lunches for qualifying students, which are discussed subsequently;
- \$45.1 million in General Revenue Funds for the Texans Feeding Texans program, which is an increase of \$5.0 million from 2024–25 biennial spending levels. This amount includes \$24.9 million for Home Delivered Meals and \$20.2 million for the Surplus Agricultural Products Grant Program;

- \$13.2 million in General Revenue Funds to provide free school lunch for students that qualify for reduced-price lunch.
- \$7.0 million in General Revenue Funds to operate regional agricultural entry-point inspection stations established during 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; and
- \$6.6 million in General Revenue Funds to provide free school breakfast for students that qualify for reduced-price breakfast.

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

- \$444.3 million in General Revenue Funds from Sporting Goods Sales Tax transfers, an increase of \$20.8 million from 2024–25 biennial appropriation levels, for the operation and administration of state historic sites, state natural areas, and state parks. This increase is in alignment with the Comptroller of Public Accounts’ Biennial Revenue Estimate;
- \$300.1 million in All Funds, which would be an increase of \$27.7 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;
- \$171.6 million in All Funds for wildlife and fisheries conservation, management, and research operations. This amount would be a decrease of \$124.0 million from 2024–25 biennial spending levels due primarily to agency-estimated decreases in Federal Funds and Other Funds from Appropriated Receipts that are not anticipated to be available in the 2026–27 biennium;
- \$129.0 million in Federal Funds, which would be 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, funding related to the COVID-19 pandemic 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;
- \$43.2 million in General Revenue Funds to provide funding for a 50.0-hour work week for Game Wardens and Park Police;
- \$10.0 million in General Revenue Funds to provide funding to construct and maintain a memorial for the victims of the May 2022 shooting at Robb Elementary School in Uvalde; and
- \$10.0 million in General Revenue Funds to provide funding to the Texas State Aquarium to develop a Wildlife Recovery and Professional Development Training Center, increase capacity and rehabilitation capabilities for rescued wildlife, and develop the Texas Coastal Resiliency Center.

Funding for the **Texas Commission on Environmental Quality (TCEQ)** would provide the following amounts:

- authority for TCEQ to draw needed funds from General Revenue–Dedicated Account No. 5071, Texas Emissions Reduction Plan (Account No. 5071), for the Texas Emissions Reduction Plan (TERP) program operations and maintenance costs at the beginning of the 2026–27 biennium to fulfill the statutory requirement that the Texas Emissions Reduction Plan Trust (TERP Trust) fund 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, or 62.0 percent, from 2024–25 biennial spending levels 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 related to the Infrastructure Investment and Jobs Act (IIJA) across various programs;

- \$55.0 million in General Revenue–Dedicated Funds from Account No. 550, Hazardous and Solid Waste Remediation Fee, to provide for the regulation and management of solid or hazardous waste facilities. This amount would be a net decrease of \$9.3 million, or 14.5 percent, from 2024–25 biennial spending levels due primarily to the removal of onetime costs;
- \$34.7 million in various General Revenue and General Revenue–Dedicated Funds to address issues related to Texas’ growth and expanding federal requirements involving air quality, water quality and supply, underground injection control, produced water, occupational licensing, field investigations, and coastal restoration efforts. This funding would provide additional resources for planning, monitoring, permitting, compliance, and public engagement; additional monitoring and analysis equipment; and to support administrative functions of the agency; and
- \$10.0 million in Other Funds from the Leaking Water Wells Fund, an increase of \$9.4 million from 2024–25 biennial spending levels, to continue implementing the requirements of House Bill 4256, Eighty-eighth Legislature, Regular Session, 2023, by providing grants to plug leaking water wells.

Funding for the **Railroad Commission of Texas** would provide the following amounts:

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

Funding for the **Texas State Soil and Water Conservation Board** would provide 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 amount 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 nongovernmental 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 subaward from the Texas A&M AgriLife Extension Service 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 no longer anticipated to be available in the 2026–27 biennium; and
- \$7.2 million in General Revenue Funds for carrizo cane eradication, which continues appropriations near 2024–25 biennial spending.

Figure 35 shows the All Funds amounts for each agency in Article VI, and **Figures 36** and **37** show the funding for each agency in General Revenue Funds and General Revenue–Dedicated Funds, respectively.

FIGURE 35
ARTICLE VI – NATURAL RESOURCES BY AGENCY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
METHOD OF FINANCE	2024–25	2026–27	CHANGE	CHANGE
Texas Department of Agriculture	\$1,878.2	\$1,818.7	(\$59.5)	(3.2%)
Texas Animal Health Commission	\$38.6	\$44.2	\$5.6	14.5%
Texas Commission on Environmental Quality	\$793.7	\$887.1	\$93.4	11.8%
General Land Office and Veterans Land Board	\$4,689.5	\$2,434.6	(\$2,254.9)	(48.1%)
Low-level Radioactive Waste Disposal Compact Commission	\$1.0	\$1.0	(\$0.0)	(1.0%)
Texas Parks and Wildlife Department	\$1,448.2	\$1,084.2	(\$364.0)	(25.1%)
Railroad Commission of Texas	\$500.9	\$462.9	(\$38.0)	(7.6%)
Texas State Soil and Water Conservation Board	\$166.7	\$164.5	(\$2.2)	(1.3%)
Texas Water Development Board	\$1,077.2	\$454.3	(\$622.9)	(57.8%)
Subtotal, Natural Resources	\$10,594.0	\$7,351.5	(\$3,242.5)	(30.6%)
Employee Benefits and Debt Service	\$497.7	\$571.2	\$73.5	14.8%
Less Interagency Contracts	\$35.9	\$30.3	(\$5.7)	(15.8%)
Total, All Functions	\$11,055.8	\$7,892.4	(\$3,163.4)	(28.6%)

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 36
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
METHOD OF FINANCE	2024–25	2026–27	CHANGE	CHANGE
Texas Department of Agriculture	\$159.3	\$161.1	\$1.7	1.1%
Texas Animal Health Commission	\$33.4	\$40.7	\$7.4	22.1%
Texas Commission on Environmental Quality	\$50.0	\$43.7	(\$6.2)	(12.5%)
General Land Office and Veterans Land Board	\$992.5	\$52.1	(\$940.4)	(94.7%)
Low-level Radioactive Waste Disposal Compact Commission	\$0.0	\$0.0	\$0.0	N/A
Texas Parks and Wildlife Department	\$642.4	\$638.1	(\$4.3)	(0.7%)
Railroad Commission of Texas	\$192.2	\$196.1	\$3.8	2.0%
Texas State Soil and Water Conservation Board	\$101.9	\$91.2	(\$10.8)	(10.6%)
Texas Water Development Board	\$319.8	\$199.3	(\$120.4)	(37.7%)
Subtotal, Natural Resources	\$2,491.5	\$1,422.3	(\$1,069.1)	(42.9%)
Employee Benefits and Debt Service	\$148.5	\$165.8	\$17.3	11.7%
Total, All Functions	\$2,639.9	\$1,588.1	(\$1,051.8)	(39.8%)

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 37
ARTICLE VI – NATURAL RESOURCES BY AGENCY, GENERAL REVENUE–DEDICATED FUNDS

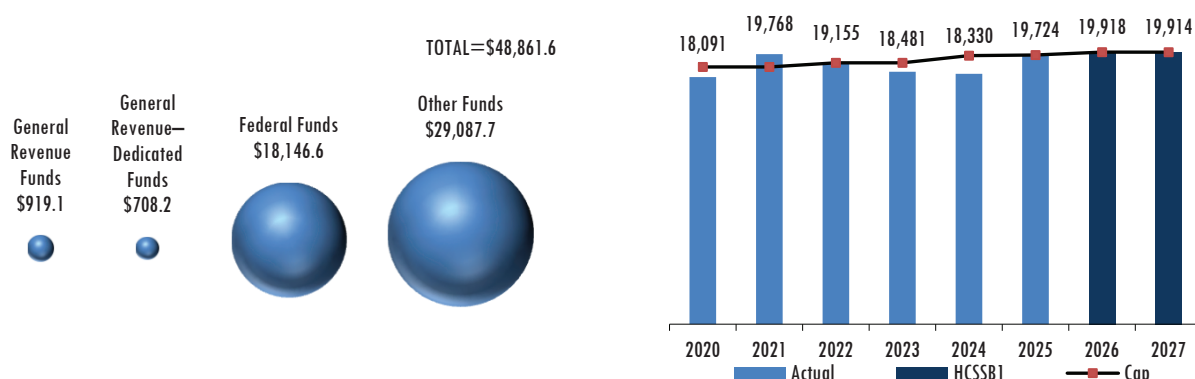
(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
METHOD OF FINANCE	2024–25	2026–27	CHANGE	CHANGE
Texas Department of Agriculture	\$9.4	\$5.3	(\$4.1)	(43.8%)
Texas Animal Health Commission	\$0.0	\$0.0	\$0.0	N/A
Texas Commission on Environmental Quality	\$598.6	\$621.2	\$22.6	3.8%
General Land 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	\$307.3	(\$88.9)	(22.4%)
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	\$1,190.8	(\$88.3)	(6.9%)
Employee Benefits and Debt Service	\$250.1	\$290.8	\$40.7	16.3%
Total, All Functions	\$1,529.2	\$1,481.5	(\$47.6)	(3.1%)

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.

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT

FIGURE 38
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
METHOD OF FINANCE				
General Revenue Funds	\$881.1	\$919.1	\$38.0	4.3%
General Revenue–Dedicated Funds	\$1,316.2	\$708.2	(\$608.0)	(46.2%)
Federal Funds	\$19,604.8	\$18,146.6	(\$1,458.2)	(7.4%)
Other Funds	\$28,030.1	\$29,087.7	\$1,057.6	3.8%
Total, All Methods of Finance	\$49,832.2	\$48,861.6	(\$970.6)	(1.9%)
ALL FUNDS, 2026–27 BIENNIUM (IN MILLIONS)		FULL-TIME-EQUIVALENT POSITIONS		



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 for the Business and Economic Development agencies total \$48.9 billion for the 2026–27 biennium, which would be a decrease of \$970.6 million, or 1.9 percent, from the 2024–25 biennium. General Revenue Funds total \$919.1 million, which would be an increase of \$38.0 million, or 4.3 percent, from the 2024–25 biennium.

The Texas Lottery Commission is subject to Strategic Fiscal Review.

HIGHLIGHTS

- Funding for the **Texas Department of Transportation** includes \$39.9 billion in All Funds, which would be a net decrease of \$401.0 million from the 2024–25 biennium. This amount 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; and a net increase of \$258.7 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 \$1.0 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 for the **Texas Department of Motor Vehicles** includes \$533.5 million in All Funds, which would be a net decrease of \$134.8 million from the 2024–25 biennium. This amount includes a decrease of \$143.0 million in Other Funds from onetime Texas Public Finance Authority Revenue Bond funding during the 2024–25 biennium for the agency's Camp Hubbard headquarters renewal project; a decrease of \$2.6 million in General Revenue Funds

for Motor Vehicle Crime Prevention Authority (MVCPA) grants and administration to align with the Comptroller's Biennial Revenue Estimate for MVCPA fee revenue for the 2026–27 biennium; a net decrease of \$1.7 million in General Revenue Funds from onetime automation project expenditures during the 2024–25 biennium; a decrease of \$1.8 million in Federal Funds for motor carrier regulation and onetime federal reimbursements for expenses related to the COVID-19 pandemic; an increase of \$6.4 million in Other Funds from the Texas Department of Motor Vehicles Fund for an additional 50.0 full-time-equivalent positions; 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 for the **Texas Department of Housing and Community Affairs** includes \$911.0 million in All Funds, which would be a net decrease of \$366.8 million from the 2024–25 biennium. This amount includes a decrease of \$397.8 million in Federal Funds due to decreased federal expenditures for COVID-19 pandemic relief; 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, funding would include an increase of \$40.5 million, of which \$33.0 million is Federal Funds, \$6.5 million is Other Funds from 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 statewide salary adjustment provided during the 2024–25 biennium and to represent higher collections of Appropriated Receipts in the Manufactured Housing Division.
- Funding for the **Texas Workforce Commission** includes \$5.7 billion in All Funds, which would be a net decrease of \$253.7 million from the 2024–25 biennium. This amount includes adjustments in Federal Funds that represents a decrease of onetime awards of \$858.4 million from the Coronavirus Relief Fund to be expended by the end of the 2024–25 biennium, and a decrease of \$285.7 million in other federally funded grants that are offset by increases of \$701.7 million for Child Care and Development funding, \$130.1 million for Vocational Rehabilitation funding, and \$6.8 million for Temporary Assistance for Needy Families. Increases in General Revenue Funds include \$35.2 million to draw down available Federal Funds for Vocational Rehabilitation; and \$33.6 million for increases in Apprenticeship Training programs (pursuant to the Texas Education Code, Chapter 133), the Texas Veterans Network and Leadership Program, and the Emergency Medical Response Service Staffing Program. A decrease of \$23.6 million in Other Funds is due primarily to Interagency Contract amendments and onetime Appropriated Receipts for donations and third-party reimbursements not anticipated to continue.
- Funding for the **Texas Lottery Commission** includes \$667.6 million, which would be a decrease of \$4.2 million in All Funds from the 2024–25 biennium, which includes a net decrease of \$5.4 million to align funding for lottery operators and retailer commissions with the Comptroller of Public Accounts' gross lottery sales estimates for the 2026–27 biennium and an increase of \$1.2 million for biennialization of the statewide salary adjustment.

Figure 39 shows the All Funds amounts for each agency in Article VII, and **Figure 40** shows the General Revenue Funds amounts for each agency.

FIGURE 39
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Texas Department of Housing and Community Affairs	\$1,277.9	\$911.1	(\$366.8)	(28.7%)
Texas Lottery Commission	\$671.9	\$667.6	(\$4.2)	(0.6%)
Texas Department of Motor Vehicles	\$668.3	\$533.5	(\$134.8)	(20.2%)
Texas Department of Transportation	\$40,299.4	\$39,898.4	(\$401.0)	(1.0%)
Texas Workforce Commission	\$5,994.4	\$5,740.8	(\$253.7)	(4.2%)
Reimbursements to the Unemployment Compensation Benefit Account	\$36.6	\$30.2	(\$6.3)	(17.3%)
Subtotal, Business and Economic Development	\$48,948.4	\$47,781.7	(\$1,166.8)	(2.4%)
Retirement and Group Insurance	\$833.9	\$984.9	\$151.0	18.1%
Social Security and Benefits Replacement Pay	\$204.3	\$220.6	\$16.3	8.0%
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	\$1,227.0	\$172.5	16.4%
Less Interagency Contracts	\$170.7	\$147.1	(\$23.7)	(13.9%)
Total, All Functions	\$49,832.2	\$48,861.6	(\$970.6)	(1.9%)

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 40
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, GENERAL REVENUE FUNDS

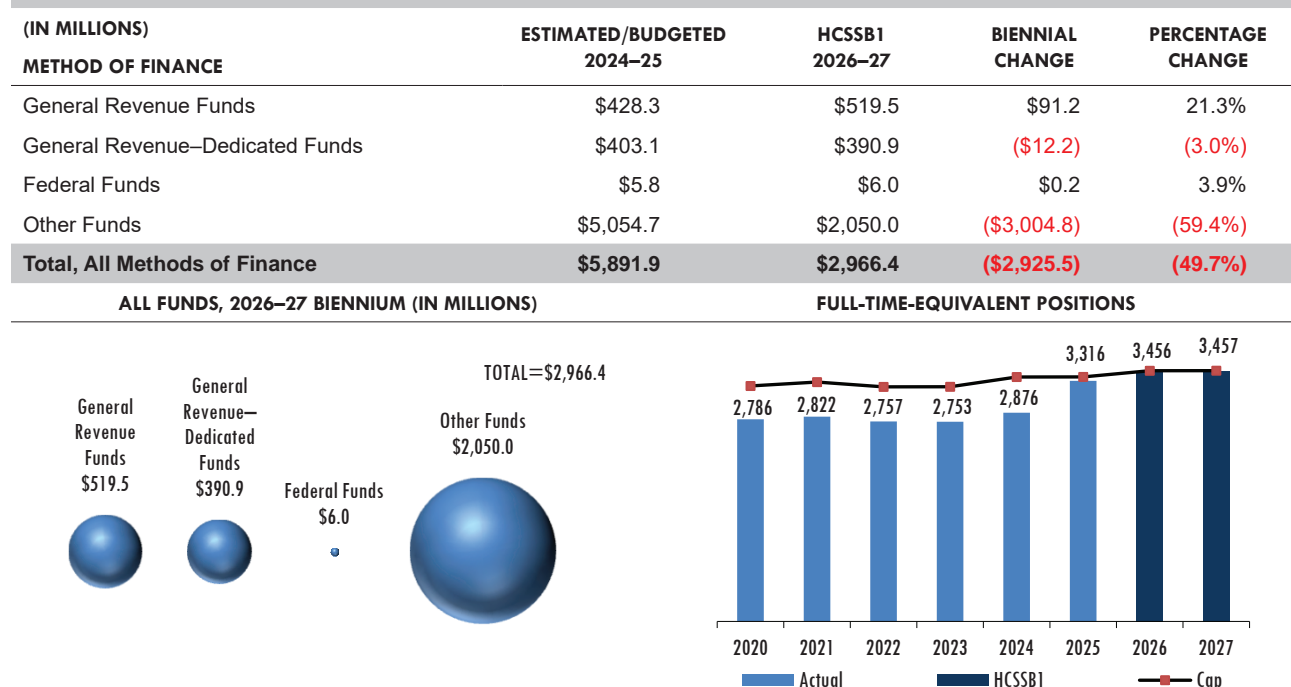
(IN MILLIONS)	ESTIMATED/BUDGETED 2024–25	HCSSB1 2026–27	BIENNIAL CHANGE	PERCENTAGE CHANGE
FUNCTION				
Texas Department of Housing and Community Affairs	\$28.5	\$29.2	\$0.7	2.4%
Texas Lottery Commission	\$5.1	\$5.2	\$0.1	1.9%
Texas Department of Motor Vehicles	\$107.0	\$102.7	(\$4.3)	(4.0%)
Texas Department of Transportation	\$197.8	\$152.9	(\$44.9)	(22.7%)
Texas Workforce Commission	\$503.0	\$579.3	\$76.3	15.2%
Reimbursements to the Unemployment Compensation Benefit Account	\$0.0	\$0.0	\$0.0	N/A
Subtotal, Business and Economic Development	\$841.4	\$869.2	\$27.8	3.3%
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	\$919.1	\$38.0	4.3%

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.

ARTICLE VIII – REGULATORY

FIGURE 41
ARTICLE VIII – REGULATORY, BY METHOD OF FINANCE



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 for the Regulatory agencies total \$3.0 billion for the 2026–27 biennium, which would be a decrease of \$2.9 billion, or 49.7 percent from the 2024–25 biennium. The net decrease in funding is due primarily to a decrease of \$3.0 billion in appropriations from Other Funds from the Texas Energy Fund. Other changes include the following amounts:

- 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 Texas 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 statewide salary adjustment 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 for the **Texas Department of Insurance** includes \$290.0 million in All Funds, which would be a net decrease of \$7.8 million from the 2024–25 biennium. Funding includes 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, funding includes increases of \$20.0 million in General Revenue Funds to administer Federally Qualified Health Center Primary Care Access grants, \$4.8 million in General Revenue–Dedicated Funds from Account No. 36 for biennialization of the statewide salary adjustment, and \$2.0 million in Other Funds from the TexasSure Fund for continuation of the TexasSure system.
- Funding for the **Texas Department of Licensing and Regulation** includes \$118.1 million in All Funds, which would be a net decrease of \$21.6 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 in combatting human trafficking, an increase of \$1.1 million in General Revenue Funds and 6.0 additional FTE positions for increased agency workload, an increase of \$0.5 million in General Revenue Funds to regulate more combative sports events in Texas, and an increase of \$1.9 million in General Revenue Funds for biennialization of the statewide salary adjustment provided during the 2024–25 biennium. These increases would be 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 for the **Texas Board of Nursing** includes \$31.9 million in All Funds, which would be a biennial increase of \$1.0 million. This amount includes an additional \$0.6 million in Other Funds from Appropriated Receipts to more accurately represent amounts collected by the agency, and \$0.4 million in General Revenue Funds for biennialization of the statewide salary adjustment. Funding amounts would maintain \$850,000 in General Revenue Funds and 6.0 FTE positions for the agency’s regulatory response to Operation Nightingale.
- Funding for the **Texas Racing Commission** includes \$18.9 million in All Funds, which would be a net increase of \$0.6 million from the 2024–25 biennium. The biennial increase includes net increases of \$1.0 million in General Revenue Funds and \$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, an increase of \$0.2 million in General Revenue Funds for the purchase of drug and evidence testing trailers, an increase of \$2.3 million in Other Funds from Appropriated Receipts for racetrack reimbursements for race animal medication and drug testing costs, and a decrease of \$0.9 million in Other Funds from the Texas-bred Incentive Fund to align the estimated appropriation with the Comptroller’s Biennial Revenue Estimate for the 2026–27 biennium.
- Funding for the **Texas State Board of Plumbing Examiners** includes \$9.4 million in All Funds, which would be a net increase of \$1.4 million in General Revenue Funds from the 2024–25 biennium. Funding includes a decrease of \$50,000 for onetime funding for vehicles and approximately \$50,000 for technology upgrades. These decreases would be offset by an increase of \$0.9 million and 7.0 FTE positions for additional staff, \$0.3 million to promote the plumbing profession, \$0.3 million to complete work on two additional testing facilities, and \$0.1 million for biennialization of the statewide salary adjustment.

- Funding for the **Office of Public Utility Counsel** includes \$8.1 million in All Funds, which would be a net increase of \$1.3 million in General Revenue Funds and General Revenue-Dedicated Funds. This increase is due primarily to an additional \$1.2 million in General Revenue Funds and General Revenue-Dedicated Funds for legal expert witness fees
- Funding for the **Texas Funeral Service Commission** includes \$5.0 million in All Funds, which would be a net increase of \$2.4 million from the 2024–25 biennium. Funding includes 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 during fiscal year 2024. These decreases are offset by an increase of approximately \$1.6 million in General Revenue Funds and 12.0 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 pursuant to House Bill 2040, Eighty-eighth Legislature, Regular Session, 2023; \$0.2 million and 1.0 FTE position for an operations manager position to centralize agency operations; \$0.1 million and 1.0 FTE position for an administrative assistant position to assist executive-level positions; \$0.4 million for 4.0 FTE positions for the Licensing Department; \$0.1 million and 1.0 FTE position for an additional investigator position; and \$0.2 million and 1.0 FTE position for an additional attorney position. This General Revenue Funds increase also would include \$0.8 million to expand the agency’s office space.
- Funding for the **Health Professions Council** includes \$4.5 million in All Funds, which would be a biennial increase of \$1.3 million. This amount includes an additional \$0.5 million in General Revenue Funds to migrate servers and data into the Department of Information Resources’ Shared Technology Services program and \$0.7 million in Other Funds from Interagency Contracts for cost increases for the Shared Regulatory Database. Funding amounts would increase the agency’s FTE position cap by 1.0 position to transfer one employee that performs Health Profession Council responsibilities from the Texas Optometry Board.
- Funding for the **Office of Public Insurance Counsel** includes \$3.8 million in All Funds, which would be a net increase of \$0.7 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 in the 2024–25 biennium due to vacant positions and delayed production of a Policy Comparison Tool.

Figure 42 shows the All Funds amounts for each agency in Article VIII, and **Figure 43** shows the General Revenue Funds amounts for each agency.

FIGURE 42
ARTICLE VIII – REGULATORY, ALL FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
FUNCTION	2024–25	2026–27	CHANGE	CHANGE
State Office of Administrative Hearings	\$25.4	\$25.5	\$0.1	0.4%
Texas Behavioral Health Executive Council	\$11.0	\$11.6	\$0.7	6.1%
Texas Board of Chiropractic Examiners	\$2.4	\$2.4	\$0.0	1.3%
Texas State Board of Dental Examiners	\$9.7	\$10.6	\$0.9	8.9%
Texas Funeral Service Commission	\$3.2	\$5.2	\$2.0	64.6%
Texas Board of Professional Geoscientists	\$1.4	\$1.4	\$0.1	5.5%
Health Professions Council	\$3.3	\$4.5	\$1.3	39.2%
Office of Injured Employee Counsel	\$20.3	\$21.2	\$0.9	4.4%
Texas Department of Insurance	\$297.7	\$290.0	(\$7.8)	(2.6%)
Office of Public Insurance Counsel	\$3.1	\$3.8	\$0.8	24.8%
Texas Department of Licensing and Regulation	\$139.7	\$118.1	(\$21.6)	(15.4%)
Texas Medical Board	\$44.9	\$49.2	\$4.3	9.5%
Texas Board of Nursing	\$30.8	\$31.9	\$1.1	3.6%
Texas Optometry Board	\$1.2	\$1.1	(\$0.1)	(9.0%)
Texas State Board of Pharmacy	\$30.3	\$30.1	(\$0.3)	(0.9%)
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$3.6	\$3.8	\$0.2	4.9%
Texas State Board of Plumbing Examiners	\$7.9	\$9.4	\$1.4	18.0%
Texas Racing Commission	\$18.3	\$18.9	\$0.6	3.4%
Texas State Securities Board	\$18.3	\$18.7	\$0.3	1.8%
Public Utility Commission of Texas	\$5,066.6	\$2,070.5	(\$2,996.0)	(59.1%)
Office of Public Utility Counsel	\$6.9	\$8.1	\$1.3	18.4%
Texas Board of Veterinary Medical Examiners	\$6.3	\$5.9	(\$0.4)	(7.1%)
Subtotal, Regulatory	\$5,752.2	\$2,741.9	(\$3,010.3)	(52.3%)
Retirement and Group Insurance	\$121.2	\$141.6	\$20.4	16.8%
Social Security and Benefits Replacement Pay	\$32.4	\$35.0	\$2.6	7.9%
Lease Payments	\$0.0	\$62.1	\$62.1	N/A
Subtotal, Employee Benefits and Debt Service	\$153.7	\$238.8	\$85.1	55.4%
Less Interagency Contracts	\$14.0	\$14.3	\$0.3	2.4%
Total, All Functions	\$5,891.9	\$2,966.4	(\$2,925.5)	(49.7%)

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 43
ARTICLE VIII – REGULATORY, GENERAL REVENUE FUNDS

(IN MILLIONS)	ESTIMATED/BUDGETED	HCSSB1	BIENNIAL	PERCENTAGE
FUNCTION	2024–25	2026–27	CHANGE	CHANGE
State Office of Administrative Hearings	\$15.6	\$16.4	\$0.8	5.4%
Texas Behavioral Health Executive Council	\$8.6	\$9.3	\$0.6	7.5%
Texas Board of Chiropractic Examiners	\$2.1	\$2.2	\$0.1	2.5%
Texas State Board of Dental Examiners	\$9.2	\$10.1	\$0.9	9.4%
Texas Funeral Service Commission	\$2.6	\$5.0	\$2.4	92.5%
Texas Board of Professional Geoscientists	\$1.4	\$1.4	\$0.1	5.5%
Health Professions Council	\$0.1	\$0.7	\$0.6	559.6%
Office of Injured Employee Counsel	\$0.0	\$0.0	\$0.0	N/A
Texas Department of Insurance	\$0.6	\$20.6	\$20.0	3,534.2%
Office of Public Insurance Counsel	\$2.7	\$3.4	\$0.7	25.8%
Texas Department of Licensing and Regulation	\$121.5	\$100.3	(\$21.2)	(17.4%)
Texas Medical Board	\$34.9	\$39.0	\$4.1	11.9%
Texas Board of Nursing	\$22.8	\$23.4	\$0.5	2.2%
Texas Optometry Board	\$1.0	\$1.1	\$0.0	3.1%
Texas State Board of Pharmacy	\$29.8	\$29.3	(\$0.6)	(1.9%)
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$3.4	\$3.5	\$0.2	5.0%
Texas State Board of Plumbing Examiners	\$7.9	\$9.3	\$1.5	18.7%
Texas Racing Commission	\$2.8	\$4.0	\$1.3	45.4%
Texas State Securities Board	\$18.3	\$18.7	\$0.3	1.8%
Public Utility Commission of Texas	\$55.7	\$59.6	\$3.9	7.0%
Office of Public Utility Counsel	\$5.3	\$6.1	\$0.8	15.9%
Texas Board of Veterinary Medical Examiners	\$6.3	\$5.9	(\$0.4)	(7.0%)
Subtotal, Regulatory	\$352.6	\$369.3	\$16.7	4.7%
Retirement and Group Insurance	\$57.5	\$68.1	\$10.5	18.3%
Social Security and Benefits Replacement Pay	\$18.1	\$20.0	\$1.9	10.4%
Lease Payments	\$0.0	\$62.1	\$62.1	N/A
Subtotal, Employee Benefits and Debt Service	\$75.6	\$150.2	\$74.6	98.6%
Total, All Functions	\$428.3	\$519.5	\$91.2	21.3%

NOTES:

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

SOURCE: Legislative Budget Board.

APPENDIX A – GENERAL APPROPRIATIONS BILL COMPARISONS

FIGURE A-1 ALL FUNDS (IN MILLIONS)									
FUNCTION	ESTIMATED/ BUDGETED 2024-25 (1)	HOUSE BILL 1 AS INTRODUCED 2026-27	COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026-27	COMPARISON OF HCSSBI TO ESTIMATED/BUDGETED		COMPARISON OF HCSSBI TO HB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$21,639.1	\$14,978.4	(\$6,660.6)	(30.8%)	\$15,342.9	(\$6,296.2)	(29.1%)	\$364.5	2.4%
Article II – Health and Human Services	\$101,651.3	\$102,906.0	\$1,254.7	1.2%	\$105,164.9	\$3,513.6	3.5%	\$2,258.9	2.2%
Article III – Agencies of Education	\$121,651.4	\$128,983.3	\$7,331.9	6.0%	\$134,551.1	\$12,899.8	10.6%	\$5,567.8	4.3%
Public Education	\$89,141.2	\$97,339.8	\$8,198.6	9.2%	\$101,253.7	\$12,112.5	13.6%	\$3,913.9	4.0%
Higher Education	\$32,510.2	\$31,643.5	(\$866.7)	(2.7%)	\$33,297.5	\$787.3	2.4%	\$1,654.0	5.2%
Article IV – Judiciary	\$1,241.2	\$1,133.1	(\$108.1)	(8.7%)	\$1,209.9	(\$31.2)	(2.5%)	\$76.9	6.8%
Article V – Public Safety and Criminal Justice	\$19,485.3	\$19,901.5	\$416.2	2.1%	\$20,133.8	\$648.5	3.3%	\$232.2	1.2%
Article VI – Natural Resources	\$11,055.8	\$7,216.0	(\$3,839.8)	(34.7%)	\$7,892.4	(\$3,163.4)	(28.6%)	\$676.4	9.4%
Article VII – Business and Economic Development	\$49,832.2	\$49,108.1	(\$724.1)	(1.5%)	\$48,861.6	(\$970.6)	(1.9%)	(\$246.6)	(0.5%)
Article VIII – Regulatory	\$5,891.9	\$5,929.1	\$37.2	0.6%	\$2,966.4	(\$2,925.5)	(49.7%)	(\$2,962.7)	(50.0%)
Article IX – General Provisions	\$0.0	\$5,041.0	\$5,041.0	N/A	\$738.3	\$738.3	N/A	(\$4,302.7)	(85.4%)
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%	\$540.3	\$19.5	3.7%	\$0.0	0.0%
Total, All Functions	\$332,968.8	\$335,736.8	\$2,768.0	0.8%	\$337,401.5	\$4,432.7	1.3%	\$1,664.7	0.5%

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 A-2 GENERAL REVENUE FUNDS (IN MILLIONS)									
FUNCTION	ESTIMATED/ BUDGETED 2024-25 (1)	HOUSE BILL 1 AS INTRODUCED 2026-27	COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026-27	COMPARISON OF HCSSB1 TO ESTIMATED/BUDGETED		COMPARISON OF HCSSB1 TO HB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$11,040.2	\$9,327.3	(\$1,712.9)	(15.5%)	\$9,652.3	(\$1,387.9)	(12.6%)	\$325.0	3.5%
Article II – Health and Human Services	\$43,571.5	\$44,479.1	\$907.6	2.1%	\$45,327.2	\$1,755.7	4.0%	\$848.1	1.9%
Article III – Agencies of Education	\$69,310.6	\$72,118.0	\$2,807.3	4.1%	\$74,553.5	\$5,242.8	7.6%	\$2,435.5	3.4%
Public Education	\$47,835.0	\$50,807.2	\$2,972.2	6.2%	\$51,702.4	\$3,867.4	8.1%	\$895.2	1.8%
Higher Education	\$21,475.6	\$21,310.8	(\$164.9)	(0.8%)	\$22,851.0	\$1,375.4	6.4%	\$1,540.3	7.2%
Article IV – Judiciary	\$850.9	\$772.1	(\$78.8)	(9.3%)	\$807.0	(\$44.0)	(5.2%)	\$34.9	4.5%
Article V – Public Safety and Criminal Justice	\$13,401.1	\$19,376.5	\$5,975.4	44.6%	\$19,607.1	\$6,206.0	46.3%	\$230.6	1.2%
Article VI – Natural Resources	\$2,639.9	\$1,387.5	(\$1,252.4)	(47.4%)	\$1,588.1	(\$1,051.8)	(39.8%)	\$200.6	14.5%
Article VII – Business and Economic Development	\$881.1	\$839.1	(\$41.9)	(4.8%)	\$919.1	\$38.0	4.3%	\$80.0	9.5%
Article VIII – Regulatory	\$428.3	\$483.0	\$54.7	12.8%	\$519.5	\$91.2	21.3%	\$36.5	7.6%
Article IX – General Provisions	\$0.0	\$4,741.0	\$4,741.0	N/A	\$135.9	\$135.9	N/A	(\$4,605.1)	(97.1%)
Article X – Legislature	\$520.8	\$540.1	\$19.3	3.7%	\$540.1	\$19.3	3.7%	\$0.0	0.0%
Total, All Functions	\$142,644.4	\$154,063.7	\$11,419.2	8.0%	\$153,649.7	\$11,005.3	7.7%	(\$414.0)	(0.3%)

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 A-3
GENERAL REVENUE-DEDICATED FUNDS

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2024-25 (1)	HOUSE BILL 1 AS INTRODUCED 2026-27	COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026-27	COMPARISON OF HCSB1 TO ESTIMATED/BUDGETED		COMPARISON OF HCSB1 TO HB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$2,530.5	\$594.7	(\$1,935.8)	(76.5%)	\$606.2	(\$1,924.3)	(76.0%)	\$11.5	1.9%
Article II – Health and Human Services	\$545.3	\$545.6	\$0.3	0.1%	\$543.4	(\$1.9)	(0.4%)	(\$2.2)	(0.4%)
Article III – Agencies of Education	\$3,287.6	\$3,072.0	(\$215.6)	(6.6%)	\$3,093.0	(\$194.6)	(5.9%)	\$21.1	0.7%
Public Education	\$2.6	\$2.6	\$0.0	0.0%	\$2.6	\$0.0	0.0%	\$0.0	0.0%
Higher Education	\$3,285.0	\$3,069.4	(\$215.6)	(6.6%)	\$3,090.4	(\$194.6)	(5.9%)	\$21.1	0.7%
Article IV – Judiciary	\$172.8	\$164.2	(\$8.6)	(5.0%)	\$206.1	\$33.4	19.3%	\$42.0	25.6%
Article V – Public Safety and Criminal Justice	\$117.1	\$33.0	(\$84.1)	(71.8%)	\$34.5	(\$82.6)	(70.5%)	\$1.5	4.7%
Article VI – Natural Resources	\$1,529.2	\$1,468.7	(\$60.5)	(4.0%)	\$1,481.5	(\$47.6)	(3.1%)	\$12.8	0.9%
Article VII – Business and Economic Development	\$1,316.2	\$713.6	(\$602.6)	(45.8%)	\$708.2	(\$608.0)	(46.2%)	(\$5.4)	(0.8%)
Article VIII – Regulatory	\$403.1	\$389.3	(\$13.8)	(3.4%)	\$390.9	(\$12.2)	(3.0%)	\$1.6	0.4%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Total, All Functions	\$9,901.8	\$6,981.1	(\$2,920.7)	(29.5%)	\$7,064.0	(\$2,837.8)	(28.7%)	\$82.9	1.2%

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 A–4
GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS**

(IN MILLIONS)

(IN MILLIONS)		ESTIMATED/ BUDGETED 2024–25 (1)	COMPARISON OF HB1 AS INTRODUCED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026–27	COMPARISON OF HCSB1 TO ESTIMATED/BUDGETED		COMPARISON OF HCSB1 TO HB1 AS INTRODUCED	
			HOUSE BILL 1 AS INTRODUCED 2026–27	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government		\$13,570.7	\$9,922.0	(\$3,648.7) (26.9%)	\$10,258.5	(\$3,312.2) (24.4%)	\$336.5	3.4%	
Article II – Health and Human Services		\$44,116.9	\$45,024.8	\$907.9 2.1%	\$45,870.6	\$1,753.7 4.0%	\$845.8	1.9%	
Article III – Agencies of Education		\$72,598.2	\$75,190.0	\$2,591.7 3.6%	\$77,646.5	\$5,048.3 7.0%	\$2,456.6	3.3%	
Public Education		\$47,837.6	\$50,809.8	\$2,972.2 6.2%	\$51,705.0	\$3,867.4 8.1%	\$895.2	1.8%	
Higher Education		\$24,760.6	\$24,380.1	(\$380.5) (1.5%)	\$25,941.5	\$1,180.9 (4.8%)	\$1,561.3	6.4%	
Article IV – Judiciary		\$1,023.7	\$936.2	(\$87.4) (8.5%)	\$1,013.1	(\$10.6) (1.0%)	\$76.9	8.2%	
Article V – Public Safety and Criminal Justice		\$13,518.2	\$19,409.4	\$5,891.3 43.6%	\$19,641.6	\$6,123.4 45.3%	\$232.2	1.2%	
Article VI – Natural Resources		\$4,169.1	\$2,856.3	(\$1,312.8) (31.5%)	\$3,069.6	(\$1,099.4) (26.4%)	\$213.4	7.5%	
Article VII – Business and Economic Development		\$2,197.3	\$1,552.8	(\$644.5) (29.3%)	\$1,627.3	(\$570.0) (25.9%)	\$74.5	4.8%	
Article VIII – Regulatory		\$831.4	\$872.3	\$40.9 4.9%	\$910.4	\$79.0 9.5%	\$38.1	4.4%	
Article IX – General Provisions		\$0.0	\$4,741.0	\$4,741.0 N/A	\$135.9	\$135.9 N/A	(\$4,605.1) (97.1%)		
Article X – Legislature		\$520.8	\$540.1	\$19.3 3.7%	\$540.1	\$19.3 3.7%	\$0.0	0.0%	
Total, All Functions		\$152,546.2	\$161,044.8	\$8,498.5 5.6%	\$160,713.7	\$8,167.5 5.4%	(\$331.1) (0.2%)		

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 A-5
FEDERAL FUNDS**

(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2024-25 (1)	HOUSE BILL 1 AS INTRODUCED 2026-27	COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026-27	COMPARISON OF HCSSB1 TO ESTIMATED/BUDGETED		COMPARISON OF HCSSB1 TO HB1 AS INTRODUCED	
			\$ CHANGE	% CHANGE		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$5,583.6	\$3,411.5	(\$2,172.0)	(38.9%)	\$3,438.9	(\$2,144.6)	(38.4%)	\$27.4	0.8%
Article II – Health and Human Services	\$55,995.3	\$56,449.7	\$454.4	0.8%	\$57,854.3	\$1,859.1	3.3%	\$1,404.7	2.5%
Article III – Agencies of Education	\$15,749.9	\$16,372.6	\$622.8	4.0%	\$16,372.6	\$622.8	4.0%	\$0.0	0.0%
Public Education	\$12,734.6	\$13,709.2	\$974.6	7.7%	\$13,709.2	\$974.6	7.7%	\$0.0	0.0%
Higher Education	\$3,015.2	\$2,663.5	(\$351.8)	(11.7%)	\$2,663.5	(\$351.8)	(11.7%)	\$0.0	0.0%
Article IV – Judiciary	\$6.3	\$3.9	(\$2.4)	(37.6%)	\$3.9	(\$2.4)	(37.6%)	\$0.0	0.0%
Article V – Public Safety and Criminal Justice	\$5,779.8	\$327.9	(\$5,451.9)	(94.3%)	\$328.0	(\$5,451.8)	(94.3%)	\$0.1	0.0%
Article VI – Natural Resources	\$5,601.6	\$3,829.3	(\$1,772.2)	(31.6%)	\$3,834.2	(\$1,767.4)	(31.6%)	\$4.8	0.1%
Article VII – Business and Economic Development	\$19,604.8	\$18,016.5	(\$1,588.3)	(8.1%)	\$18,146.6	(\$1,458.2)	(7.4%)	\$130.1	0.7%
Article VIII – Regulatory	\$5.8	\$6.0	\$0.2	3.9%	\$6.0	\$0.2	3.9%	\$0.0	0.0%
Article IX – General Provisions	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Article X – Legislature	\$0.0	\$0.0	\$0.0	N/A	\$0.0	\$0.0	N/A	\$0.0	N/A
Total, All Functions	\$108,326.9	\$98,417.5	(\$9,909.5)	(9.1%)	\$99,984.5	(\$8,342.4)	(7.7%)	\$1,567.1	1.6%

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 A-6 OTHER FUNDS (IN MILLIONS)									
FUNCTION	ESTIMATED/ BUDGETED 2024-25 (1)	HOUSE BILL 1 AS INTRODUCED 2026-27		COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026-27		COMPARISON OF HCSSBI TO ESTIMATED/BUDGETED TO HB1 AS INTRODUCED	
		\$	%	\$ CHANGE	% CHANGE	\$	%	\$ CHANGE	% CHANGE
Article I – General Government	\$2,484.8	\$1,644.9		(\$839.9)	(33.8%)	\$1,645.4		(\$839.3)	(33.8%)
Article II – Health and Human Services	\$1,539.1	\$1,431.5		(\$107.6)	(7.0%)	\$1,439.9		(\$99.2)	(6.4%)
Article III – Agencies of Education	\$33,303.3	\$37,420.7		\$4,117.4	12.4%	\$40,532.0		\$7,228.7	21.7%
Public Education	\$28,569.0	\$32,820.8		\$4,251.9	14.9%	\$35,839.4		\$7,270.5	25.4%
Higher Education	\$4,734.3	\$4,599.9		(\$134.4)	(2.8%)	\$4,692.5		(\$41.8)	(0.9%)
Article IV – Judiciary	\$211.2	\$192.9		(\$18.3)	(8.6%)	\$192.9		(\$18.3)	(8.6%)
Article V – Public Safety and Criminal Justice	\$187.3	\$164.2		(\$23.1)	(12.3%)	\$164.2		(\$23.1)	(12.3%)
Article VI – Natural Resources	\$1,285.1	\$530.4		(\$754.7)	(58.7%)	\$988.6		(\$296.6)	(23.1%)
Article VII – Business and Economic Development	\$28,030.1	\$29,538.9		\$1,508.8	5.4%	\$29,087.7		\$1,057.6	3.8%
Article VIII – Regulatory	\$5,054.7	\$5,050.8		(\$3.9)	(0.1%)	\$2,050.0		(\$3,004.8)	(59.4%)
Article IX – General Provisions	\$0.0	\$300.0		\$300.0	N/A	\$602.4		\$302.4	100.8%
Article X – Legislature	\$0.1	\$0.2		\$0.1	276.5%	\$0.2		\$0.1	276.5%
Total, All Functions	\$72,095.7	\$76,274.6		\$4,178.9	5.8%	\$76,703.3		\$4,607.6	6.4%
								\$428.7	0.6%

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 A-7
GENERAL REVENUE FUNDS, GENERAL REVENUE-DEDICATED FUNDS, AND OTHER FUNDS
(IN MILLIONS)

FUNCTION	ESTIMATED/ BUDGETED 2024-25 (1)	COMPARISON OF HB1 AS INTRODUCED TO ESTIMATED/BUDGETED		HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 1 2026-27		COMPARISON OF HCSB1 TO ESTIMATED/BUDGETED		COMPARISON OF HCSB1 TO HB1 AS INTRODUCED	
		HOUSE BILL 1 AS INTRODUCED 2026-27	\$ CHANGE	% CHANGE	2026-27	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
Article I – General Government	\$16,055.5	\$11,566.9	(\$4,488.6)	(28.0%)	\$11,903.9	(\$4,151.6)	(25.9%)	\$337.0	2.9%
Article II – Health and Human Services	\$45,656.0	\$46,456.3	\$800.3	1.8%	\$47,310.5	\$1,654.5	3.6%	\$854.3	1.8%
Article III – Agencies of Education	\$105,901.5	\$112,610.7	\$6,709.1	6.3%	\$118,178.5	\$12,277.0	11.6%	\$5,567.8	4.9%
Public Education	\$76,406.6	\$83,630.6	\$7,224.1	9.5%	\$87,544.5	\$11,137.9	14.6%	\$3,913.9	4.7%
Higher Education	\$29,494.9	\$28,980.0	(\$514.9)	(1.7%)	\$30,634.0	\$1,139.1	3.9%	\$1,654.0	5.7%
Article IV – Judiciary	\$1,234.9	\$1,129.2	(\$105.7)	(8.6%)	\$1,206.0	(\$28.9)	(2.3%)	\$76.9	6.8%
Article V – Public Safety and Criminal Justice	\$13,705.5	\$19,573.6	\$5,868.1	42.8%	\$19,805.8	\$6,100.3	44.5%	\$232.2	1.2%
Article VI – Natural Resources	\$5,454.2	\$3,386.7	(\$2,067.5)	(37.9%)	\$4,058.2	(\$1,396.0)	(25.6%)	\$671.5	19.8%
Article VII – Business and Economic Development	\$30,227.4	\$31,091.6	\$864.3	2.9%	\$30,715.0	\$487.6	1.6%	(\$376.6)	(1.2%)
Article VIII – Regulatory	\$5,886.1	\$5,923.1	\$37.0	0.6%	\$2,960.4	(\$2,925.7)	(49.7%)	(\$2,962.7)	(50.0%)
Article IX – General Provisions	\$0.0	\$5,041.0	\$5,041.0	N/A	\$738.3	\$738.3	N/A	(\$4,302.7)	(85.4%)
Article X – Legislature	\$520.8	\$540.3	\$19.5	3.7%	\$540.3	\$19.5	3.7%	\$0.0	0.0%
Total, All Functions	\$224,641.9	\$237,319.4	\$12,677.5	5.6%	\$237,417.0	\$12,775.1	5.7%	\$97.6	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.

