



LEGISLATIVE BUDGET BOARD

Base Reconciliation Instructions 2026–27 Biennium

**Instructions for State Agencies,
Appellate Courts,
and Institutions of Higher Education
for the Ninetieth Legislature, Regular Session**

**LEGISLATIVE BUDGET BOARD STAFF
OFFICE OF THE GOVERNOR, BUDGET AND POLICY DIVISION**

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MEMORANDUM

TO: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Justices and Judges
Chancellors, Presidents, and Directors of Institutions of Higher Education

FROM: Fisher Reynolds, Budget Director, Office of the Governor
Nora Velasco, Deputy Director, Legislative Budget Board

DATE: April 13, 2026

SUBJECT: 2026–27 Base Reconciliation

The development of the estimated 2026–27 base spending level is the first step of the 2028–29 Legislative Appropriations Request (LAR) process. Each state agency, appellate court, and institution of higher education is required to submit a 2026–27 base reconciliation for review and approval by its assigned analysts at the Legislative Budget Board (LBB) and Governor’s Office, Budget and Policy Division (Governor’s Office). The base approved by the LBB and the Governor’s Office staff, with some possible adjustments, will become the basis for developing the 2028–29 LAR.

The 2026–27 base reconciliation will be entered directly into the Automated Budget and Evaluation System of Texas. Each agency must submit a base reconciliation by the date identified in the submission schedule.

Step-by-step instructions, including a sample reconciliation, appear on the LBB website at https://www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Base Reconciliation Instructions.

If you have questions or need assistance, please contact the LBB or Governor’s Office analyst assigned to your agency.

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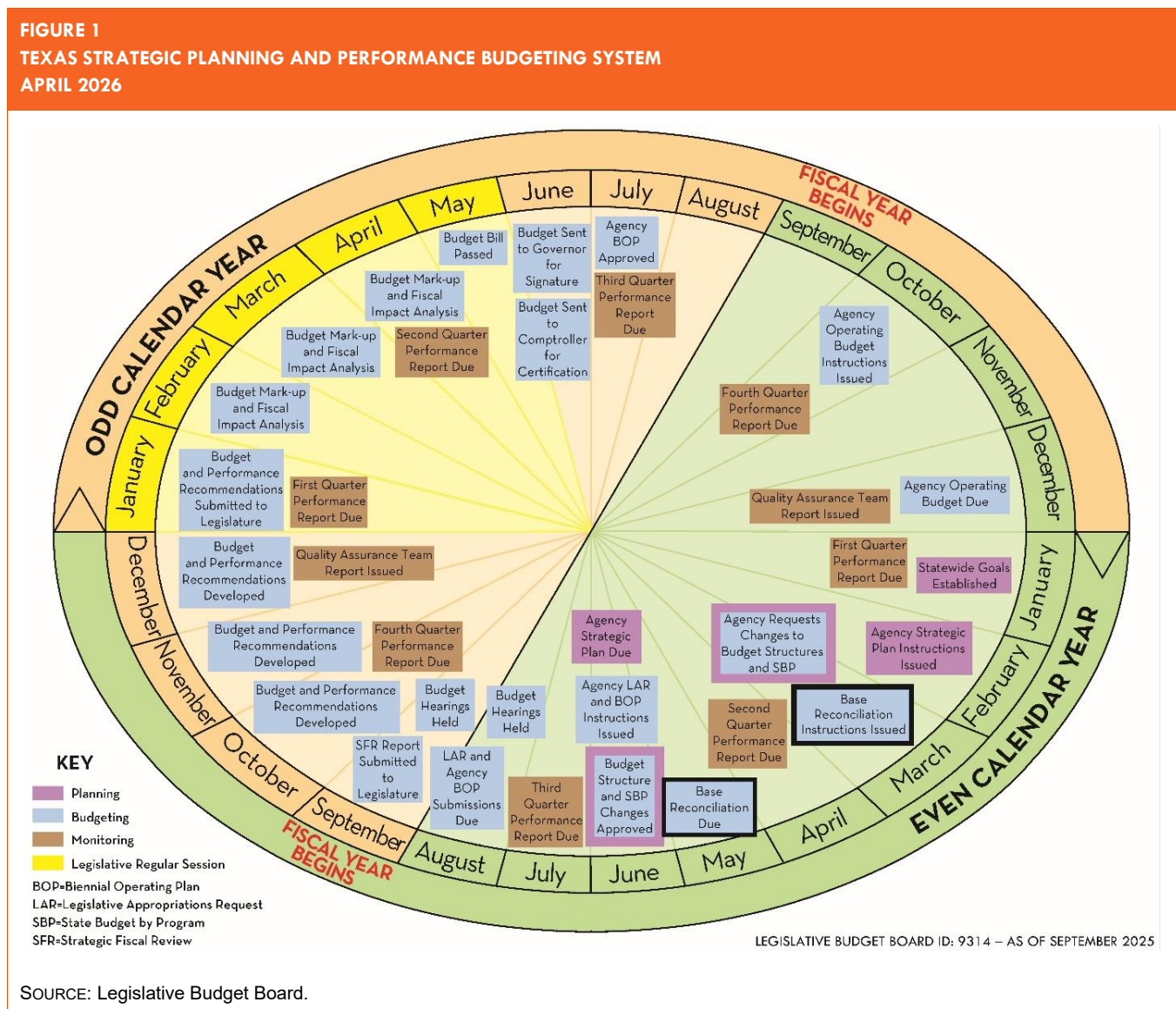
INTRODUCTION

The Base Reconciliation process enables state agencies, appellate courts, and public institutions of higher education to reconcile their original appropriations by method of finance (MOF) and full-time-equivalent (FTE) positions to the final fiscal year 2025 expended, fiscal year 2026 estimated, and fiscal year 2027 budgeted amounts.

The 2026–27 Base Reconciliation approved by Legislative Budget Board (LBB) staff and the Office of the Governor (OOG), Budget and Policy Division, staff will become the basis for the General Revenue Funds and General Revenue–Dedicated Funds limits provided to state agencies for preparing their baseline requests for the 2028–29 biennium. The 2026–27 biennial base is the total of the estimated expenditures for fiscal year 2026 plus the budgeted expenditures for fiscal year 2027 for the agency’s General Revenue Funds and General Revenue–Dedicated Funds amounts.

STATE BUDGET CYCLE

Figure 1 shows the two-year state budget cycle, which may be subject to change. The portion of the cycle that pertains to the information in this document has a black border.



PROCESS**AGENCY SUBMISSION**

All agencies, institutions of higher education, appellate courts, and judicial branch agencies enter all base reconciliation data directly into the Automated Budget and Evaluation System of Texas (ABEST), located on the LBB's website at <https://abest1.lbb.texas.gov>. To request a user ID, click AGENCIES PORTAL from the LBB website (www.lbb.texas.gov). Under AGENCY INSTRUCTIONS AND APPLICATIONS, click FOR NEW USERS AND LOG ON INFORMATION, then click Request Agency Logon.

REVIEW

LBB and OOG staff review each submission and raise any questions or concerns regarding appropriations and adjustments. In some cases, revisions to the reconciliation may be necessary to comply with legislative appropriation authority provided in the General Appropriations Act and other legislation affecting appropriations. If requested, agencies may be required to reconcile other budget-related items (e.g., capital budgets or estimated revenue collections) in a format specified by the LBB and the OOG.

APPROVAL

After the review process is complete, LBB and OOG staff approve the 2026–27 Base Reconciliation, which becomes the basis for the General Revenue Funds and General Revenue–Dedicated Funds limits provided to agencies for preparing baseline requests for the 2028–29 biennium.

SUBMISSION DATES

Figure 2 shows the submission due dates for the 2026–27 biennial Base Reconciliation.

FIGURE 2
BASE RECONCILIATION SUBMISSION SCHEDULE, 2026–27 BIENNIUM
MAY 1, 2026

Texas Commission on the Arts	State Commission on Judicial Conduct
Texas Behavioral Health Executive Council	Texas Commission on Law Enforcement
Bond Review Board	State Law Library
Cancer Prevention and Research Institute of Texas	Texas State Library and Archives Commission
Office of Capital and Forensic Writs	Texas Department of Licensing and Regulation
Texas Board of Chiropractic Examiners	Texas Low-level Radioactive Waste Disposal Compact Commission
Supreme Court of Texas	Texas Medical Board
Court of Criminal Appeals	Texas Board of Nursing
Courts of Appeals (15)	Texas Optometry Board
Texas State Board of Dental Examiners	Pension Review Board
Commission on State Emergency Communications	Texas State Board of Pharmacy
Texas Emergency Services Retirement System	Executive Council of Physical Therapy and Occupational Therapy Examiners
Texas Ethics Commission	Texas State Board of Plumbing Examiners
Texas Commission on Fire Protection	Office of the State Prosecuting Attorney
Texas Funeral Service Commission	Texas Racing Commission
Texas Board of Professional Geoscientists	Texas State Securities Board
Health Professions Council	Public Utility Commission of Texas
Texas Higher Education Coordinating Board	Office of Public Utility Counsel
Agencies and institutions of higher education	Texas Veterans Commission
Texas Department of Housing and Community Affairs	State Board of Veterinary Medical Examiners
Texas Commission on Jail Standards	

MAY 8, 2026

State Office of Administrative Hearings	Secretary of State
Texas Alcoholic Beverage Commission	Teacher Retirement System of Texas
Texas Animal Health Commission	Texas Department of Transportation
Texas Juvenile Justice Department	Reimbursements to the Unemployment Compensation Benefit Account
Texas Military Department	Texas Workforce Commission
Texas Department of Motor Vehicles	Texas State Soil and Water Conservation Board
State Preservation Board	Texas Permanent School Fund Corporation
Judiciary Section, Comptroller's Department	
Dementia Prevention and Research Institute of Texas	

FIGURE 2 (CONTINUED)
BASE RECONCILIATION SUBMISSION SCHEDULE, 2026–27 BIENNIUM

MAY 15, 2026

Texas Department of Agriculture	Texas Department of Public Safety
Texas Facilities Commission	Railroad Commission of Texas
Department of Family and Protective Services	State Office of Risk Management
Department of State Health Services	Texas Water Development Board
Texas Historical Commission	Office of Court Administration, Texas Judicial Council
Texas General Land Office	Health and Human Services Commission

MAY 22, 2026

Texas School for the Blind and Visually Impaired	Office of the Governor
Comptroller of Public Accounts	Department of Information Resources
Texas Department of Criminal Justice	Office of Injured Employee Counsel
Texas School for the Deaf	Texas Department of Insurance
Texas Education Agency	Office of Public Insurance Counsel
Employees Retirement System of Texas	Legislative agencies
Texas Public Finance Authority	Texas Parks and Wildlife Department
Texas Commission on Environmental Quality	Office of the Attorney General
Education Programs – Comptroller of Public Accounts	

HIGHLIGHTS AND WHAT'S NEW

These instructions are similar to those used for preparing the 2024–25 biennial Base Reconciliations. Please see the following notable highlights and differences:

- **Unexpended Balance Authority.** Agencies that receive authority to carry forward unexpended balances through a rider should classify that appropriation type as an Unexpended Balance (UB) rather than a Rider Appropriation (RI). See part 6 of the Step-by-Step Guidelines in these instructions for more details.
- **Art. IX Sec. 17.15 Attorney Salary Increase Instructions.** If your agency received appropriations pursuant to this provision, please cite this as a transfer appropriation. Appropriations should be reflected as General Revenue unless otherwise directed by the Comptroller's Office.
- **Relevant Legislation.** Consistent with processes implemented during previous years, agencies should adjust appropriated amounts as shown in the Conference Committee Reports on House Bill 1, Eighty-eighth Legislature, Regular Session, 2023, and Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, as appropriate, for the following legislation:
 - House Bill 500, Eighty-ninth Legislature, Regular Session, 2025;
 - House Bill 4486, Eighty-ninth Legislature, Regular Session, 2025;
 - House Bill 4488, Eighty-ninth Legislature, Regular Session, 2025;
 - Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025;
 - Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023;
 - House Bill 3461, Eighty-eighth Legislature, Regular Session, 2023;
 - House Bill 4041, Eighty-eighth Legislature, Regular Session, 2023; and
 - Senate Bill 3, Eighty-eighth Legislature, Fourth Called Session, 2023.
- **Grants from Trusteed Programs within the Office of the Governor.** Use Method of Finance (MOF) Code 8000 (Other Funds) to report grant funds received from the Trusteed Programs within the Office of the Governor. These funds include any grant received pursuant to the Eighty-eighth and Eighty-ninth Legislatures, General Appropriations Act (GAA), for either the 2024–25 or 2026–27 biennium, Article I, Trusteed Programs within the Office of the Governor, Rider 2, Disaster and Deficiency Grants. MOF Code 8000 also is required to report any funds received from Trusteed Programs when the sources were the emergency appropriations made available by the 2024–25 or 2026–27 GAAs, Article I, Trusteed Programs, Rider 3, Governor's Emergency Appropriations. Entries reported as a Governor's Disaster/Deficiency/Emergency Grant (GV) will be treated similarly to Interagency Contracts for budget summary purposes.
- **Payroll Contribution for Group Health Insurance and Additional Payroll Contribution for Retirement Contribution.** The payroll contribution for Group Health Insurance, pursuant to the 2024–25 and 2026–27 GAAs, Article IX, Section 17.03, Payroll Contribution for Group Health Insurance, and the retirement contribution, pursuant to the 2024–25 and 2026–27 GAAs, Article IX, Section 17.06, Additional Payroll Contribution for Retirement Contribution, should be treated as expenditures and not as transfers. Accordingly, they should not be shown as appropriations adjustments in the Base Reconciliation. Instead, for contributions pursuant to these provisions, agencies should use Objects of Expense Code 2009. Please contact your LBB or OOG analyst if you have additional questions.
- **COVID-19 Appropriations.** Use MOF Code 0325 (not MOF Code 0555) for all federal awards and expenditures for enacted federal bills related to recovery from the COVID-19 pandemic and any other federal funding awarded for COVID-related expenditures.
- **Supplemental Documents in ABEST.** Article II agencies can submit/upload supplemental documents they deem useful, or as required by their assigned LBB budget analyst, to assist with the Base Reconciliation through the Supplementals menu in ABEST. The menu will not display for non-Article II agencies.

STEP-BY-STEP GUIDELINES

Follow each of the following steps to complete the 2026–27 Base Reconciliation. Please contact your LBB or OOG analyst if you have any questions before making a submission.

1. Identify regular appropriations for each method of finance (MOF) by category of fund.
2. Identify rider appropriations.
3. Identify supplemental, special, or emergency appropriations.
4. Identify Governor’s Disaster/Deficiency/Emergency Grants.
5. Identify transfers to or from the agency.
6. Identify unexpended balances authority.
7. Identify base adjustments.
8. Identify appropriation lapses.
9. Identify the authorized number of full-time-equivalent (FTE) positions.
10. Provide comments to explain adjustments to the regular appropriations.

1. IDENTIFY REGULAR APPROPRIATIONS FOR EACH METHOD OF FINANCE BY CATEGORY OF FUND

Regular Appropriations (RA) are direct appropriations included in the agency’s MOF table in the Conference Committee Report of the applicable General Appropriations Act (GAA). RA typically are the first entry for each MOF code, and all other entries are shown as adjustments to this amount using other types of appropriation.

Enter the RA identified in the MOF section of the agency’s bill pattern from the Conference Committee Report of the applicable GAA for each fund or account within the appropriate fund category (General Revenue Funds, General Revenue–Dedicated Funds, Other Funds, and Federal Funds). Separately reconcile each fund or account within a fund category. Several funds or accounts may be placed within each category (e.g., General Revenue Funds and General Revenue Funds Match for Medicaid).

Subsequent entries, or adjustments, must include increases or decreases to the RA amounts. Select or enter the correct authority for each adjustment within the Summary Description field in ABEST.

Determine RA amounts using the following sources:

- for fiscal year 2025, use amounts identified in the MOF table in the **Conference Committee Report** on House Bill 1, Eighty-eighth Legislature, Regular Session, 2023; and
- for fiscal years 2026 and 2027, use amounts identified in the MOF table from the **Conference Committee Report** on Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025.

Information for properly identifying the Method of Finance and Revenue Object codes appear in **Appendix A, Helpful Links and Other Reference Documents**.

IMPORTANT

Do not enter the amounts shown in the MOF table from the final GAA, which is published after the regular legislative session and includes adjustments to appropriations to incorporate Article IX appropriations and other legislation and resolutions. Use only the Conference Committee Reports located on the LBB website.

Additional considerations include the following guidelines:

- start with the exact RA amount listed in the Conference Committee Report for each MOF for each fiscal year;
- do not net out any adjustments to amounts reported as RA;
- do not include amounts labeled “Other Direct and Indirect Costs Appropriated Elsewhere in this Act”;
- use current fund and account numbers and names. Some funds and accounts shown in the GAA might be outdated. For example, some funds identified as General Revenue–Dedicated Accounts in the GAA may not have been exempted from funds consolidation by other legislation. Refer to House Bill 3461, Eighty-eighth Legislature, Regular Session, 2023, and House Bill 4488, Eighty-ninth Legislature, Regular Session, 2025, for a complete listing of General Revenue–Dedicated Funds accounts for fiscal years 2025, 2026, and 2027;
- only use fund names, account names, or account numbers that are included in the ABEST classification system for the budget cycle;
- do not use labels or codes from an internal accounting system, Comptroller of Public Accounts’ Uniform Statewide Accounting System (USAS) classification, or a previous budget cycle; and
- do not use Undistributed MOF as a code. Fund and account classifications for the 2024–25 and 2026–27 biennia are available in **Appendix A, Helpful Links and Other Reference Documents**.

CATEGORIES OF FUNDS

ABEST uses four categories of funds: (1) General Revenue Funds, (2) General Revenue–Dedicated Funds, (3) Federal Funds, and (4) Other Funds. Method of Finance codes assign each MOF to a particular category of fund. ABEST sums amounts in the Base Reconciliation by category of fund.

GENERAL REVENUE FUNDS

General Revenue Funds include all nondedicated General Revenue Funds and accounts and Earned Federal Funds (EFF).

- EFF include all monies received in connection with a federally funded contract, grant, or program that are not required by the governing agreement to be distributed on that program. EFF typically include, but are not limited to, recoveries of costs previously paid from a nonfederal fund source, indirect cost allocations, sales of fixed assets purchased with Federal Funds, and interest earned on advances of Federal Funds. These federal receipts are treated as General Revenue Funds for state accounting purposes.
- Tobacco Settlement Receipts require the appropriate MOF codes for funds received as tobacco settlement receipts that are not dedicated.

REMINDER: EARNED FEDERAL FUNDS

Pursuant to the General Appropriations Act (GAA), 2024–25 and 2026–27 biennia, Article IX, Section 13.10, Earned Federal Funds (EFF) are classified as collected revenue to the General Revenue Fund and included as part of the Method of Finance (MOF) Code 0001. Article IX provisions provide the amount of General Revenue Funds appropriations contingent on the collection of EFF by agency.

The Base Reconciliation should identify the incremental amount of EFF greater than or less than the fiscal years 2025, 2026, and 2027 amounts estimated in Article IX, Section 13.10(b) (2024–25 and 2026–27 GAAs). Affected agencies should identify the incremental amount greater than the amounts estimated in the provisions as Rider Appropriations within the General Revenue Funds MOF. Reductions due to uncollected revenue should be shown as Lapsed Appropriations (LA). Affected agencies receiving additional appropriation authority via these provisions should review and comply with the notification and reporting requirements included in Article IX, Section 13.10, subsections (c) and (d).

Pursuant to Article IX, Section 13.10(h) (2024–25 and 2026–27 GAAs), EFF collected for post-retirement health insurance should not be included in agency appropriations. Agencies currently including collections for post-retirement health insurance in General Revenue Funds appropriations must reduce the appropriation by this amount. Agencies should contact the Employees Retirement System of Texas to determine amounts for retiree insurance.

Article IX, Section 13.10(f) authorizes any unexpended and unobligated balances in General Revenue Funds appropriations contingent on EFF remaining at the end of the first fiscal year of a biennium to be carried forward to the second fiscal year of the biennium and identified as an Unexpended Balance (UB) adjustment. However, pursuant to Article IX, Section 13.10(e), no UB authority of EFF is carried forward between fiscal biennia, and any UB of EFF that remained on August 31, 2025, lapse to the General Revenue Fund. Affected agencies should include any unspent, unobligated amounts that are not carried forward as an LA entry in the Base Reconciliation.

GENERAL REVENUE–DEDICATED FUNDS

General Revenue–Dedicated Funds include all dedicated General Revenue Funds accounts. The MOF codes on the LBB website list the General Revenue–Dedicated Fund accounts and incorporate changes made by House Bill 3461, Eighty-eighth Legislature, Regular Session, 2023, and House Bill 4488, Eighty-ninth Legislature, Regular Session, 2025, relating to the creation and re-creation of funds and accounts.

A link to the MOF codes is available in **Appendix A, Helpful Links and Other Reference Documents**.

FEDERAL FUNDS

Federal Funds include all revenue received from the federal government that is not classified as EFF. The MOF code for most Federal Funds is 0555. Federal Funds received in response to the COVID-19 pandemic are reported using MOF Code 0325. Federal reimbursements related to natural disasters should be shown as Federal Funds.

OTHER FUNDS

Other Funds may include Appropriated Receipts, Interagency Contracts, bond proceeds, and certain constitutionally or statutorily dedicated funds. These funds should be itemized using MOF codes from the list in **Appendix A, Helpful Links and Other Reference Documents**.

- **Appropriated Receipts** include all receipts—such as fees, reimbursements, and other revenue—received for an authorized service and appropriated to the agency, usually to offset costs of providing the service. The MOF code for Appropriated Receipts is 0666.

Appropriated Receipts should be organized by specific appropriation authority, such as 2026–27 GAA, Article IX, Section 8.02, Reimbursements and Payments; Section 8.03, Surplus Property; Section 8.07, Appropriation of Collections for Seminars and Conferences; or other relevant authority. Use an RA entry to show any amounts of Appropriated Receipts included in the agency’s MOF in the GAA. If collections are anticipated to be greater or less than the RA amount, show the incremental difference with an adjustment for RI (increases) or Lapsed Appropriations (LA) (decreases).

- **Interagency Contracts** include funds received from another state agency in exchange for services, material, or equipment through a written agreement. Unless directed otherwise by the LBB or OOG, these funds do not include transfer of funds from another state agency pursuant to enactment of legislation that transfers programs. The MOF code for Interagency Contracts typically is 0777.

The MOF section should show the source of funds applicable to the fiscal year for which the amount was appropriated. An agency purchasing goods or services from another state entity uses the original MOF (General Revenue Funds, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses Interagency Contracts as the MOF.

Agencies receiving criminal justice grants from the Truisted Programs within the Office of the Governor, regardless of the original funding source, should identify those funds using MOF code 0444, Interagency Contracts - Criminal Justice Grants, which are considered a type of Interagency Contract. Agencies should explain in the comments section the amount, purpose, and original funding source of each criminal justice grant.

- **Bond proceeds** include appropriated funds from authorized General Obligation or revenue bond issuances. Agencies appropriated bond proceeds for new construction, rehabilitation, and repair projects may be required to submit

supplemental information regarding budgeted projects, including project categories and descriptions (e.g., water and wastewater improvements, deferred maintenance, locations, and timelines).

2. IDENTIFY RIDER APPROPRIATIONS

Rider Appropriations (RI) include amounts that are not itemized specifically in the agency's MOF table in the GAA, but which are appropriated to the agency by a general, special, or agency-specific provision of a GAA. General Provisions are included in Article IX of the GAA, Special Provisions are included at the end of some articles, and agency-specific provisions are included at the end of the agency's bill pattern.

For each fund or account, enter each RI made by the GAA for the agency. Each entry should show the amount stated in the rider as the sum-certain or estimated amount. Subsequent entries, or adjustments, must show increases or decreases to the original rider amount. Enter the correct legal citation for each rider amount and adjustment. Note that the reference number for a rider in the GAA for one biennium may be different from the corresponding rider in the GAA for the next biennium.

Additional considerations include the following:

- Some riders provide estimated appropriation authority for revenue collections, with the estimated amounts identified in the riders and included in the agency's regular appropriations in the MOF table. If the actual amounts are greater than or less than the amount stated in the rider, show the incremental difference as a separate entry. If multiple revisions to an estimate result from different events, list each revision separately and show the same rider authorization for each. Appropriation reductions due to uncollected revenue may be shown either as a revised receipt RI adjustment or as an LA adjustment.
- In addition to riders in agency bill patterns, certain provisions in Article IX of the GAA authorize agencies to increase or decrease appropriations. Examples include Article IX, Part 13, Federal Funds, and Article IX, Section 8.02, Reimbursements and Payments (2024–25 and 2026–27 GAAs).
- Use caution when identifying appropriation adjustments related to a capital budget rider. Amounts shown in a capital budget rider are included in the agency's MOF table. However, agencies may be authorized to carry forward unspent appropriations for a capital budget item. An appropriated amount that is carried forward from a previous fiscal year or biennium should be cited as an Unexpended Balance (UB). Capital Budget riders in agency bill patterns may provide other authority for Capital Budget adjustments or may contain restrictions on that authority.
- When an appropriation is contingent upon certification by the Comptroller of Public Accounts (CPA), include only the certified amount. If the entire appropriation is not certified, include the appropriation stated in the rider, then show a negative entry for the amount that is not certified. Note that the appropriation related to the certification might be included in the RA in the MOF table. In these instances, do not enter the amount as an RI because the result will double-count the appropriation.

IMPORTANT

Agencies that receive authority to carry forward unexpended balances through a rider should classify that appropriation type as an Unexpended Balance (UB) rather than a Rider Appropriation (RI).

3. IDENTIFY SUPPLEMENTAL, SPECIAL, OR EMERGENCY APPROPRIATIONS

Supplemental, Special, or Emergency Appropriations (SU) may apply to any fund or account. Enter appropriation amounts made specifically by legislation other than the GAA. Subsequent entries or adjustments to this appropriation type, including authorized carry-forward of unspent appropriations, may include increases or decreases to the original supplemental or special appropriations amount. However, any lapses of supplemental or special appropriations should be entered as an LA type. Select or enter the correct authority for each adjustment within the Summary Description field in ABEST.

Supplemental or special appropriations include but are not limited to the following sources:

- Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023;

- Senate Bill 3, Eighty-eighth Legislature, Fourth Called Session, 2023;
- House Bill 500, Eighty-ninth Legislature, Regular Session, 2025;
- Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025;
- House Bill 4486, Eighty-ninth Legislature, Regular Session, 2025;
- House Bill 4488, Eighty-ninth Legislature, Regular Session, 2025;
- legislation from the Eighty-eighth Legislature, 2023, and Eighty-ninth Legislature, 2025, (including called sessions) that makes, reduces, or reclassifies appropriations to the agency; and
- Governor’s Veto Proclamation reductions.

Appropriations referenced in the Governor’s Veto Proclamation should represent their current status in CPA’s USAS and should be shown as SU reductions as appropriate. Therefore, amounts related to the Governor’s vetoes must be negative entries in this category.

IMPORTANT

Agencies that receive authority to carry forward unexpended balances through a supplemental appropriation should classify that appropriation type as a Supplemental, Special, or Emergency Appropriations (SU) with the appropriate supplemental legislation cited.

4. IDENTIFY GOVERNOR’S DISASTER/DEFICIENCY/EMERGENCY GRANTS

Governor’s Disaster/Deficiency/Emergency Grants (GV) require the use of MOF Code 8000 (Other Funds) to report grant funds received from the Trusteed Programs within the Office of the Governor. These funds include any grant received pursuant to Article I, Trusteed Programs within the Office of the Governor, Rider 2, Disaster and Deficiency Grants (2024–25 or 2026–27 GAAs), which should be cited as the authority for these funds. MOF Code 8000 also is required to report any funds received from Trusteed Programs when the sources were the emergency appropriations made available by Article I, Trusteed Programs, Rider 3, Governor’s Emergency Appropriations (2024–25 or 2026–27 GAAs), which is the authority to cite for these funds. Entries reported as GV will be treated similarly to Interagency Contracts for budget summary purposes.

5. IDENTIFY TRANSFERS TO OR FROM THE AGENCY

Transfer (TR) appropriations adjustments include transfers affecting the agency for each affected fund and account. Record funds received as a positive entry and funds transferred as a negative entry. Separately identify each transfer by authority and amount. All subsequent entries or adjustments must show increases or decreases to the original transfer amount. Transfers include funds transferred to the agency for expenditure by the agency (positive entry), and funds transferred from the agency for expenditure by another agency (negative entry). These transfers may be pursuant to a provision in the GAA, a budget execution order, or other statutory authority relating to the transfer of programs and funds between agencies. Transfers also may include appropriation increases or decreases required by legislation and GAA, Article IX, provisions.

Both the receiving agency and the transferring agency should identify expenditures and budgeted amounts, including FTE positions, for transferred programs only for the years or portion of a year in which program funds were transferred. Both the transferring agency and the receiving agency should report the authorization for the program transfer. Program expenditures during years before the transfer should be shown at the agency that made the expenditures; receiving agencies should not enter historical expenditures for a transferred program as if the program had existed at the receiving agency during those years. This direction applies to transferred programs for which appropriations are transferred between agencies, and to programs for which appropriations were made directly to the receiving agency.

Classify the following as TR:

- an agency should report the fiscal year 2025 salary adjustments as TR only if the agency was unable to implement the salary increase with amounts appropriated and received an additional allocation from the CPA;

- funds transferred from the CPA to an agency pursuant to Article IX, Section 17.15, 2026-27 GAA, to provide salary increases for licensed attorneys in certain positions;
- budget reductions related to efficient use of state-owned and state-leased space, Article IX, Section 11.04 (2024–25 and 2026–27 GAAs), and lease savings, Article IX, Section 11.06 (2024–25 and 2026–27 GAAs);
- budget transfers authorized by contingency appropriation provisions;
- funds transferred by a budget execution order—do not reference cases in which budget execution authority transfers funds between strategy items within the agency;
- disaster-related transfers authorized by Article IX, Section 14.04 (2024–25 and 2026–27 GAAs); and
- program transfers between agencies pursuant to legislation but not addressed in the GAA or other appropriation legislation.

Do not classify the following as TR:

- benefit replacement pay and employee benefits such as retirement, group insurance, Social Security, and post-retirement healthcare costs should not be included in the base reconciliation;
- the 50.0 percent reimbursement paid to the Texas Workforce Commission (TWC) for unemployment benefits—Article IX, Section 15.01, Reimbursements for Unemployment Benefits (2024–25 and 2026–27 GAAs)—is a payment made from agency appropriations and should be treated as an expenditure at the strategy level. Agencies that are required to reimburse TWC an additional 50.0 percent from unappropriated fund balances likewise should not show the additional 50.0 percent as a TR or other adjustment in the base reconciliation;
- amounts transferred pursuant to the Statewide Cost Allocation Plan—Article IX, Section 15.04, Appropriation Transfers: Billing for Statewide Allocated Costs (2024–25 and 2026–27 GAAs)—should be treated as expenditures when they are transferred from appropriated funds;
- amounts transferred to the Health Professions Council—pursuant to Article VIII, Special Provisions Relating to All Regulatory Agencies, Section 3, Funding for Health Professions Council (2024–25 and 2026–27 GAAs)—should be treated as expenditures when they are transferred from appropriated funds;
- payroll contributions for group health insurance—authorized by Article IX, Section 17.03, Payroll Contribution for Group Health Insurance (2024–25 and 2026–27 GAAs)—should be treated as expenditures when they are transferred from appropriated funds; and
- additional payroll contribution for retirement contribution—pursuant to Article IX, Section 17.06, Additional Payroll Contribution for Retirement Contribution (2024–25 and 2026–27 GAAs)—should be treated as expenditures when they are transferred from appropriated funds.

6. IDENTIFY UNEXPENDED BALANCES AUTHORITY

Unexpended Balances (UB) are funds carried forward from a previous year's appropriation as authorized by a specific provision in the GAA, other legislative or constitutional authority. See Article IX, Section 6.01, Unexpended Balance (2024–25 and 2026–27 GAAs), for a complete definition. Agencies should include UB by MOF and report amounts unspent and unobligated as a negative entry in the first year and a corresponding positive entry in the following fiscal year. Identify the specific carry-forward authority, which may include a designated MOF, strategy, rider, or Article IX provision, and list it as a UB type of appropriation. Agencies with UB authority for bond proceeds must provide a reasonable estimate of unencumbered and unissued appropriation balances appropriated by previous legislatures.

For each fund and account, enter amounts for UB carried forward and cite the authority for each UB for that MOF. Subsequent entries, or adjustments, must show increases or decreases to the original UB amount. Enter the correct citation for each adjustment.

Use caution when identifying appropriation adjustments related to a capital budget rider. Amounts shown in a capital budget rider are included in the agency's MOF table. However, agencies may be authorized to carry forward an unspent appropriation for a capital budget item. For example, Article IX, Section 14.03, Transfers – Capital Budget (2024–25 and 2026–27 GAAs); Article IX, Section 14.031, Energy and Water Conservation, and Article IX, Section 14.032 (2026-27 GAA), Transfer to the Master Lease Purchase Program, enable agencies to carry forward unspent capital budget amounts from the first year to the second year of the biennium. Carry-forward should be cited as UB.

7. IDENTIFY BASE ADJUSTMENTS

Base Adjustments (BA) include adjustments to estimated strategy appropriations or MOFs due to revised revenue receipts or changes in spending demands. Note that entries of this type should not include estimated appropriations for which the authority to adjust the amount is explicitly granted by an agency-specific rider, General Provision, or Special Provision. Those adjustments should be cited as an RI type.

8. IDENTIFY APPROPRIATION LAPSES

Lapsed Appropriations (LA) within each fund and account should be identified as negative entries. Lapsed appropriations are amounts left unspent and unobligated at the end of a fiscal year. Uncollected revenue may be shown as a lapse or a revised receipt in another appropriation type. Do not include amounts identified as UB. Include amounts that have lapsed as a negative entry by each applicable MOF code. Report any anticipated lapses for fiscal years 2026 and 2027.

9. IDENTIFY THE AUTHORIZED NUMBER OF FULL-TIME-EQUIVALENT POSITIONS

Agencies are required to submit summary information regarding FTE positions. ABEST has a separate data-entry screen for FTE information.

The FTE position summary follows the same format previously described for MOFs regarding the source for RA: an agency's authorized FTE position cap as identified in the Conference Committee Report for House Bill 1, Eighty-eighth Legislature, Regular Session, 2023, for fiscal year 2025 and the Conference Committee Report for Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025, for fiscal years 2026 and 2027. Adjustments to the FTE position cap should be itemized following the RA using the categories of appropriation types (e.g., RI, TR, etc.) and specific authority for each.

Unless specific legislative exceptions have been made for an agency, the total adjusted FTE positions reported as expended for fiscal year 2025 should equal the average of the four quarterly position amounts reported to the State Auditor's Office. A link to the reports is available in **Appendix A, Helpful Links and Other Reference Documents**.

Additional categories of appropriation types that are unique to FTE positions include:

- Unauthorized Number Over (Below) Cap (UN) is entered to represent any difference between the agency's adjusted cap and the actual number of FTE positions (in completed fiscal years) or budgeted FTE positions (in the current fiscal year) after all authorized adjustments to an agency's cap have been entered; and
- Board or Administrator FTE Adjustments. A state agency or institution of higher education may exceed its FTE position cap by the lesser of 50.0 FTE positions or 10.0 percent of the position cap in its bill pattern, subject to the requirements and limitations listed in Article IX, Section 6.10, Limitation on State Employment Levels (2024–25 and 2026–27 GAAs). Show these adjustments as an RI and use the appropriate ABEST dropdown selection.

The number of 100.0 Percent Federally Funded FTEs is the number of FTE positions included in the expended and budgeted position totals that are funded entirely with Federal Funds. These positions are entered on the separate ABEST data entry screen for each fiscal year. Note that these FTE positions are not in addition to those entered in the summary of FTE positions, but rather they describe a portion of the total. Do not include FTE positions that are funded partially with Federal Funds in these totals.

For health-related institutions with FTE positions funded with patient income, please provide clarification to the LBB on the methodology used to calculate the number reported on the FTE line in the Base Reconciliation. This clarification is especially important when the FTE positions reported do not match the State Auditor's Office FTE reporting.

10. PROVIDE COMMENTS TO EXPLAIN ADJUSTMENTS TO THE REGULAR APPROPRIATIONS

Agencies may provide explanations in the comments section for significant variances from the RA in the MOF and FTE position tables and their related effects to agency operations. Agency comments also assist LBB and OOG staff in conducting a more thorough and efficient review of the Base Reconciliation.

Agencies should consider including comments to address the following areas:

- variances in UB and lapses from amounts reported to the CPA at the time of Base Reconciliation submission;
- for changes in UB or estimated appropriation, explain why amounts changed from the original amount allocated and provide information on how the funds will be used and what program areas will be affected;
- for Federal Funds, explain whether the variance is due to changes in federal grant requirements or the availability of state funds for federal match requirements;
- regarding Appropriated Receipts or appropriations contingent on revenue collections, provide information for variances due to changes in fee collections, fee rates, or program service levels;
- for amounts appropriated by rider, explain how the funds were spent, such as specific programs and activities; in cases when the appropriations were not spent, explain the circumstances that prevented use of the funds;
- explain whether appropriations lapsed due to insufficient generation of supporting revenue, efficiencies in agency operations, or delays in new program implementation; also, explain how the lapse affected agency programs;
- discuss variances for fiscal year 2025, if any, when comparing amounts entered in the 2026 Operating Budget to amounts entered in the 2026–27 biennial Base Reconciliation;
- discuss differences, if any, from Earned Federal Funds amounts reported in this Base Reconciliation to estimates in Article IX, Section 13.10 (2024–25 and 2026–27 GAAs); and
- if additional revenue was collected that the agency has authority to spend, explain why the actual revenue collections exceeded projections.

CHECKLIST ITEMS

- Do the Regular Appropriations MOF and FTE positions represent fiscal years 2025, 2026, and 2027 amounts shown in the **Conference Committee Reports** on House Bill 1, Eighty-eighth Legislature, Regular Session, 2023, and Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025?
- Do actual, estimated, and budgeted expenditures and FTE positions for fiscal years 2025, 2026, and 2027 indicate all applicable Article IX and end-of-article Special Provisions, agency-specific riders, and vetoes?
- Where applicable, are significant variances in expenditures, such as lapses or unanticipated changes, addressed in the comments section?
- Did the agency use supplemental materials to prepare the base reconciliation that might assist an LBB or OOG analyst in reviewing the base reconciliation (e.g., budgets or year-to-date expenditures)? If so, please provide the materials to the assigned analysts.
- If appropriations were received related to the COVID-19 pandemic, did the agency record them using MOF Code 0325?
- Are carry-forwards categorized as Unexpended Balances?

APPENDIX A: HELPFUL LINKS AND OTHER REFERENCE DOCUMENTS

Conference Committee Report on House Bill 1, Eighty-eighth Legislature, Regular Session, 2023

www.lbb.texas.gov/Legislative_Session.aspx → View Other Legislative Sessions → 88th Legislature 2024–2025 → Conference → Bills

Conference Committee Report on Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025

www.lbb.texas.gov/Legislative_Session.aspx → Conference → Bills

Base Reconciliation Instructions

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Base Reconciliation Instructions

ABEST Instructions for Base Reconciliation

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Base Reconciliation Instructions

Base Reconciliation Example

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Base Reconciliation Instructions

Operating Budget Instructions

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Operating Budget Instructions

LBB Document Submissions

docs.lbb.texas.gov

State Auditor's Office (SAO) FTE Reports

www.sao.texas.gov → Resources → Tools → Online Systems → Full-time-equivalent (FTE) State Employee System

Object of Expense (OOE) Codes

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Data Entry Reference Materials → Object of Expense Codes

Method of Finance (MOF) Codes

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Data Entry Reference Materials → Method of Finance Codes

Comptroller of Public Accounts (CPA) Revenue Codes

www.lbb.texas.gov/Agencies_Portal.aspx → Instructions: Budget Submissions & Other Reporting → Data Entry Reference Materials → Revenue Object Codes