



DADE PHELAN



SPEAKER OF THE HOUSE

July 25, 2024

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

As we prepare for the 89th legislative session, the preparation and submission of Legislative Appropriations Requests (LAR) for the 2026-2027 biennium provides one of the first opportunities to demonstrate the priorities that will meet the needs of a growing and diverse state. While I am confident the next budget will prioritize critical items such as additional property tax relief and border security, it will ultimately be up to all members of the legislature to determine the spending priorities next session.

Instructions for the submission of Legislative Appropriations Requests (LAR) for the 2026-27 biennium have been released, and are posted on the websites of the Legislative Budget Board and the Office of the Governor.

Under these instructions, an agency's baseline request for General Revenue Funds and General Revenue- Dedicated Funds may not exceed the sum of those amounts expended in fiscal year 2024 and budgeted in fiscal year 2025. Exceptions to the baseline request limitation include amounts necessary to:

- maintain funding for the Foundation School Program under state law;
- satisfy debt service requirements for bond authorizations;
- maintain funding at fiscal year 2025 budgeted levels plus amounts necessary to cover the impact of payroll growth for state pension systems and employee group benefits (not including payroll contributions made by state agencies and institutions of higher education for retirement and group health insurance), though group benefit modifications may be considered; and
- maintain benefits and eligibility under state law in Medicaid programs, the Children's Health Insurance Program, foster care programs, the adoption subsidies programs, and the permanency care assistance program (baseline requests for these programs should include amounts sufficient for projected caseload growth).

Funding requests that exceed the baseline spending level may not be included in the baseline request but may be submitted as exceptional item requests. While these instructions do not require a reduction to baseline amounts, agencies and institutions should be aware the legislature



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may make reductions to their 2026-27 appropriations. Finally, agencies and institutions must continue to be efficient and effective stewards of limited taxpayer resources, and will be expected to fully justify maintaining baseline spending amounts.

Thank you for your service to the state of Texas

Sincerely,

A handwritten signature in black ink that reads "Dade Phelan". The signature is written in a cursive, flowing style.

Dade Phelan, Speaker
State Representative - District 21