



THE STATE OF TEXAS

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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

Today, Governor Greg Abbott, Lieutenant Governor Dan Patrick, and Speaker Dustin Burrows outline policy priorities and provide technical guidance for the joint instructions for submitting Legislative Appropriations Requests (LARs) for the 2028–29 biennium.

During the 89th Texas Legislature, we worked together to prioritize funding for critical state initiatives, including public education and teacher pay raises, water infrastructure, and healthcare research and innovation. We also built upon the achievements of prior sessions to deliver further property tax relief to Texas homeowners by raising the homestead exemption and expanding benefits for elderly and disabled homeowners. Altogether, the current budget delivers \$51.0 billion in property tax relief, sustaining and expanding the reforms first enacted through House Bill 3 in 2019.

These achievements have provided tangible relief to Texans and underscore the urgency of the work ahead. While the state's economic landscape remains strong, rising costs of living and homeownership have created affordability challenges for families across the state and nation. The 90th Texas Legislature must act boldly to preserve Texas' competitive advantage through targeted affordability measures and additional property tax reform while maintaining our commitment to fully funding public education.

Prudent stewardship of public funds is necessary to maintain Texas' strong fiscal position. All state agencies must conduct a thorough review of each program and budget strategy to determine the value of every taxpayer dollar spent. As the starting point for budget deliberations, we are requiring each agency to reduce its base appropriation request level by three percent.

EXEMPTIONS TO BASE LIMITATIONS:

Exceptions to the baseline request limitation include amounts necessary to:

- Maintain funding for the Foundation School Program as required by state law to ensure the continued full funding of public education;
- Satisfy debt service requirements for bond authorizations;
- Maintain funding at Fiscal Year 2027 budgeted levels, plus amounts necessary to cover the impact of payroll growth for state pension systems and employee group benefits (excluding payroll contributions made by state agencies and institutions of higher education for retirement and group health insurance). Group benefit modifications may be considered;
- Maintain benefits and eligibility as required by state law for Medicaid programs, the Children's Health Insurance Program (CHIP), foster care programs, adoption subsidies programs, the Permanency Care Assistance program (baseline requests for these programs should include amounts sufficient to address projected caseload growth); and
- Maintain funding for the Texas Education Savings Account Program established by Senate Bill 2, 89th Legislature, plus amounts necessary to reflect projected program participation.

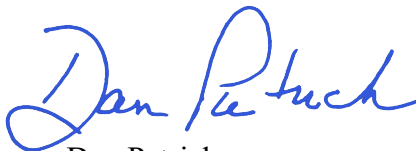
Funding requests that exceed the baseline levels provided to each agency by the Governor's Office and Legislative Budget Board (LBB) may not be included in the baseline request but may be submitted as Exceptional Item requests. Agencies requesting Exceptional Items should be prepared to identify lower-priority programs or other savings to help offset the increased costs associated with those requests.

Detailed instructions for the submission of LARs for the 2028–29 biennium have been posted on the websites of the Governor's Office and the LBB. Included in the instructions is a staggered schedule of submission due dates.

We appreciate your service to the State of Texas and look forward to working with you and your staff in preparation for the 90th Legislative Session.



Greg Abbott
Governor



Dan Patrick
Lieutenant Governor



Dustin Burrows
Speaker of the House